

CANADA

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TO THE TWENTY-FIFTH DAY OF JANUARY, 1978

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HOUSE OF COMMONS

Tuesday, November 22, 1977

The House met at 2 p.m.

● (1407)

ROUTINE PROCEEDINGS

[*English*]

ENERGY

PROPOSED REFERENCE TO COMMITTEE OF HARE REPORT ON USE OF NUCLEAR ENERGY—MOTION UNDER S.O. 43

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, I rise under the provisions of Standing Order 43. I hope that all members will support this motion which I believe is urgent and of pressing necessity and even essential at this point in the development of nuclear energy in this country. My motion concerns the widespread concern by Canadians all over this country about the hazards of nuclear power, particularly in the areas of waste disposal and plutonium reprocessing. With regard to the report prepared by Professor Kenneth Hare and his colleagues, I move, seconded by the hon. member for St. John's West (Mr. Crosbie):

That this report be referred to a special committee of this House which shall be empowered to conduct a full and public inquiry into the future of nuclear energy in Canada, and further that this special committee submit by January 1, 1978, an interim report to this House detailing the financial and human resources necessary to complete a full and effective inquiry into this subject.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

LABOUR CONDITIONS

PROPOSAL TO CONDEMN BRITISH AMERICAN BANK NOTE COMPANY FOR ITS TREATMENT OF FEMALE EMPLOYEES—MOTION UNDER S.O. 43

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

That this parliament condemns the action of the British American Bank Note Company in paying its women employees substantially less than it pays its male employees; and supports the action of the women employees of the British American Bank Note Company in demanding equal pay for equal work.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

ENERGY

SUGGESTED ESTABLISHMENT OF FEDERAL-NEWFOUNDLAND INTERIM COMMITTEE TO MANAGE OFFSHORE RESOURCES—MOTION UNDER S.O. 43

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. In view of the fact that the Minister of Mines and Energy of Newfoundland suggested to the government of Canada that pending a final determination of the question of jurisdiction over offshore minerals by the Supreme Court of Canada that a federal-Newfoundland interim offshore management committee be placed in operation so that the oil and gas companies will have a forum for the answering of questions and problems where the two governments can discuss and co-ordinate offshore exploration without prejudice to the rights of either party, I move, seconded by the hon. member for St. John's East (Mr. McGrath):

That the Government of Canada accept the suggestion made by the Minister of Mines and Energy of Newfoundland for the placing into operation of a federal-Newfoundland interim offshore management committee to ensure that exploration for oil and gas resources can continue during the period until the matter of jurisdiction is settled by a decision of the Supreme Court of Canada.

Mr. Speaker: Such a motion can be presented for discussion at this time pursuant to Standing Order 43 only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

ROYAL CANADIAN MOUNTED POLICE

REQUEST FOR CLARIFICATION OF STATEMENTS RELATING TO LESLIE JAMES BENNETT—MOTION UNDER S.O. 43

Mr. Tom Cossitt (Leeds): Mr. Speaker, I rise on a matter of pressing necessity concerning a statement made yesterday by the member for Dollard (Mr. Goyer), Solicitor General during the latter term that Leslie James Bennett was head of the RCMP counter intelligence and also the statement made

yesterday by the Prime Minister (Mr. Trudeau) that they had never heard of the man. I therefore move:

That it is the opinion of this House that if such statements are the truth that the former Solicitor General and the Prime Minister by such ignorance were negligent in performing their duties, or that otherwise they were purposely misleading this House and the Canadian people with false statements, a situation which the government is called upon to clarify immediately.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

VETERANS AFFAIRS

SUGGESTION GOVERNMENT INCREASE BASIC DISABILITY PENSION—MOTION UNDER S.O. 43

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

Considering that veterans were willing to face dangers and sacrifice their lives if necessary; considering that they had to give up most normal activities and that at the present time there is a serious difference between the rates of disability pensions and average wages of non-specialized workers, I move, seconded by the hon. member for Richmond (Mr. Beaudoin):

That the House immediately ask the Minister of Veterans Affairs to implement the recommendations of the National Council of Veterans Associations in Canada providing that necessary steps be taken to correct the gap now existing between disability pensions for veterans and the wages of non-specialized manpower representing five groups of workers now on the labour market.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

OLD AGE SECURITY ACT

PROPOSED AMENDMENT TO REPLACE SPOUSE'S ALLOWANCE WITH ONE FOR ALL PERSONS BETWEEN 60 AND 65 YEARS OF AGE—MOTION UNDER S.O. 43

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, because of the increasing urgency of the matter covered in this motion, I hope that the new Minister of National Health and Welfare (Miss Bégin) will be more sympathetic to it than was her predecessor. I therefore move, seconded by the hon. member for Oshawa-Whitby (Mr. Broadbent):

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

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

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Paproski: Mr. Speaker, Pinard said no.

Some hon. Members: Hear, hear!

* * *

● (1412)

[*Translation*]

INCOME TAX

PROPOSED AMENDMENT OF ACT TO PROTECT CONFIDENTIALITY OF TAX RETURN—MOTION UNDER S.O. 43

Mr. Léonel Beaudoin (Richmond): Mr. Speaker, I rise under the provisions of Standing Order 43 to move a motion of urgent and pressing necessity.

In view of the disturbing revelations related to disclosures by unauthorized persons in the Department of National Revenue about personal income tax returns, I move, seconded by the hon. member for Abitibi (Mr. Laprise):

That this House direct the government to introduce an amendment to the Income Tax Act to force civil servants to protect Canadian citizens against any irregular disclosure of their income tax return.

Mr. Speaker: Order. The House has heard the hon. member's motion. According to provisions of Standing Order 43, such a motion requires unanimous consent of the House. Is there such consent?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

ROYAL CANADIAN MOUNTED POLICE

ALLEGED ACTION TO STOP KEABLE COMMISSION—REASON FOR CHANGE IN ATTITUDE

Mr. Joe Clark (Leader of the Opposition): Thank you, Mr. Speaker. I might await the arrival in the House of the Solicitor General.

An hon. Member: Which one?

Mr. Clark: I shall not try to address questions to former solicitors general.

Some hon. Members: Oh!

Mr. Clark: Can the Solicitor General confirm or deny CBC radio reports this noon that the federal government is acting today to limit or stop the work of the Keable inquiry in the province of Quebec?

Hon. Francis Fox (Solicitor General): Yes, Mr. Speaker. I have instructed my attorneys to appear in front of the judge in a court in Montreal this morning. I understand the matter is presently before that judge. To my mind, because of the way in which it has been conducted, the inquiry has become an inquiry into the day to day operations of a federal government agency. It has become a general inquiry into the operations of the security services of Canada, and I do not believe this is the proper work to be done by a provincial government body. We have set up a federal commission of inquiry to look into all the practices and procedures of the security services; that is the proper place for this to be done. There is also the fact that should a federal commission of inquiry, set up by the federal government, attempt to inquire into the day-to-day operations of a provincial government agency, this would be seen to be beyond the scope and powers of the federal government. So I am asking a judge of the Superior Court in Montreal to decide whether or not the Keable Commission has gone beyond its terms of reference and is now acting beyond its constitutional powers.

Some hon. Members: Hear, hear!

Mr. Clark: This House and the government have known for some time that the Keable inquiry, by its nature, would be looking into the activities of the security services. Having known this for some time, why did the government wait until now before acting on this question?

[*Translation*]

Mr. Fox: Mr. Speaker, it is quite obvious that the attorney general in the province of Quebec has all the necessary powers to inquire into criminal acts. It seems to me that if we note the recent actions of the Keable Commission, it is very clear when I examine the subpoenas which have been served on me that it is not interested only in those criminal acts which apparently it deems rather secondary. Now we are being requested to produce all kinds of documents regarding the organization and the operations of the security service in Canada. I for one believe that it is quite obvious that only the federal government can establish an inquiry commission to look into the daily operations of a federal agency. If the hon. member feels that a provincial commission of inquiry should have that kind of power, I will of course be interested to hear his point of view. It would mean that provincial parliaments rather than the Parliament of Canada have control over federal agencies.

● (1417)

[*English*]

Mr. Clark: Mr. Speaker, this minister knew and admitted to this House long ago that this inquiry would necessarily look into the activities of federal agencies. He even offered to co-operate with provincial inquiries in this matter. When was the decision taken for the government of Canada to change its attitude toward the Keable inquiry, and what specific activities, requests for testimony or revelations that might come before the Keable inquiry have caused the government of Canada now to change its mind, to change its course, to reverse itself, and to try to rule out the Keable inquiry into the activities of the security services?

[*Translation*]

Mr. Fox: Mr. Speaker, the position of people who sit on this side of the House has always been very clear and precise. We have not been vacillating between the positions put forward by the official opposition which claimed not so long ago that a provincial commission should be given the power to investigate all RCMP operations. From the beginning the government legal advisers have stated before the Keable Commission that we were ready to co-operate with the commissioners on specific illegal acts which might have been brought to the attention of the commission and which it would like to investigate.

We also said from the start—as I repeated on several occasions both outside and inside the House—we would not accept that, under the cover of investigating the administration of justice on specific criminal allegations, the Keable Commission should change its terms of reference and investigate the day to day operations of an agency that is essential to the Canadian national security and is in no way under provincial jurisdiction.

[*English*]

Mr. Clark: Mr. Speaker, we now have a situation where the government of Canada refuses to answer questions in the House on this matter. They tell us to go to the McDonald inquiry. The Prime Minister has told me that the testimony of ministers before the McDonald inquiry may very well be limited. The government has refused to co-operate with the Keable inquiry and with the Laycraft inquiry. Now the government is trying to stop the Keable inquiry.

My question is this. What is the government of Canada going to do next to try to stop an inquiry into the activities of the security services? What is the Government of Canada going to do next to stop Canadians from knowing what has

gone on in the security services and what has been the role of ministers of this government?

Mr. Fox: Mr. Speaker, I will say this to the Leader of the Opposition, that unlike him we are not ready to turn over the RCMP to the examination of a provincial commission of inquiry.

REASON FOR DIFFERENTIATION IN ATTITUDE TOWARDS THE KEABLE COMMISSION AND PORTER COMMISSION

Mr. Bill Jarvis (Perth-Wilmot): Mr. Speaker, I have a supplementary question for the Solicitor General. In view of the fact that persistently in this House his colleague the Minister of Energy, Mines and Resources has advanced and advocated the right of the Porter Commission in Ontario, namely that a provincial commission has the right to investigate, among other things, nuclear power, a matter clearly within federal jurisdiction, how can the Solicitor General with any integrity now claim that he and the government are not vacillating in their position when they attempt to stifle the Keable inquiry?

Hon. Francis Fox (Solicitor General): Mr. Speaker, I think it is quite clear if the hon. member wishes to examine the facts. The last time that I looked at them, the RCMP was a federal police force, and when operating in the field of national security it is occupying a field which is under the jurisdiction of the government of Canada, under the constitutional power of peace, order and good government. It seems quite clear to me, Mr. Speaker, that while it is quite proper for a provincial authority to wish to inquire into certain specific illegal acts, it is quite improper—and I am astounded that hon. members opposite would want to get the other idea across—to suggest that a provincial legislature can give powers to a provincial tribunal or court which that provincial legislature does not have.

A provincial legislature does not have the right to call the RCMP before it in order to examine it. In the same manner, a creation of that provincial body does not have the power to examine the day to day operations of federal agencies. What the opposition is now suggesting, Mr. Speaker, is that we turn over a federal Crown agency to the control and supervision of a provincial legislature, and that is not the position of people who sit on this side of the House.

● (1422)

Mr. Jarvis: Mr. Speaker, what the opposition is suggesting is that the minister and the Minister of Energy, Mines and Resources better get their act together in advancing this government philosophy of their's.

My final supplementary question is this. Is it the Solicitor General's position that a provincial inquiry is acting within its jurisdiction when it is investigating a specific criminal activity, but if it ever gets off that one specific activity into more general activity it is then ultra vires? Is that the position the minister is advocating today?

[Mr. Clark.]

Mr. Fox: Mr. Speaker, my position is that when I receive subpeonas which ask me to table, before a provincial inquiry, all the manuals of procedure and all the methods of operations of the security service of Canada, then we on this side of the House believe that commission has gone beyond its mandate and beyond the scope of the constitutional powers of any province in this country, and I have asked a judge of the Superior Court to hand down a decision in this matter.

Mr. Alexander: Have you ever thought what would happen if he turns you down?

Some hon. Members: Oh, oh!

POSSIBLE SURVEILLANCE OF MEMBERS OF BRITISH COLUMBIA GOVERNMENT DURING 1972 AND 1973

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I would say to the Solicitor General if he gets a request that is clearly unconstitutional, it may make sense to turn that down, but that is entirely different from challenging the right of the commission to exist. My question, however, is directed to the Prime Minister. Considering what the Prime Minister has said about the surveillance of democratic political parties in Canada, I would like to ask whether he would confirm that the democratically elected government of the province of British Columbia in 1972-73 was under systematic surveillance by the RCMP? In relation to that, would he tell the House whether the financial records of the New Democratic Party of Canada were at any time acquired by the RCMP and passed on to RCMP headquarters in Ottawa?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I do not know of any investigation of the British Columbia government by the RCMP. I can remember that the leader of the New Democratic Party accused the RCMP of having broken into his headquarters, I believe in Ontario somewhere. He never was able to substantiate that, so I would have some doubt about his second expression.

Some hon. Members: Oh, oh!

Mr. Broadbent: Typical cynical regard for a serious question.

Some hon. Members: Oh, oh!

Mr. Broadbent: Mr. Speaker, on a question of privilege; I at no time ever made the allegation—

Some hon. Members: Oh, oh!

Mr. Speaker: Order, please. If the hon. member has a question of privilege I will hear it at three o'clock. If he has a supplementary question he should put it now.

Mr. Broadbent: Mr. Speaker, the Prime Minister is never comfortable with the truth.

Some hon. Members: Oh, oh!

SURVEILLANCE OF PARTI QUÉBÉCOIS—POSSIBILITY OF INQUIRY ABOUT SURVEILLANCE OF OTHER POLITICAL PARTIES

Mr. Edward Broadbent (Oshawa-Whitby): Let me ask the Prime Minister when he found out in either 1974 or 1975, and his memory is pretty vague on that point too, that the RCMP was keeping surveillance on a systematic basis of the Parti Québécois, and he informed the House on November 2 that he put an end, either in 1974 or 1975, to this practice, did he at that time ask whether the RCMP was keeping surveillance of the activities of any other political party in Canada and, if not, why not?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, it arose, as I reminded the House, when there was a report to me and to the cabinet committee on security and intelligence to the effect that in order to find out more about a violent end of separatism or a violent branch of separatists the RCMP was investigating the party as such, and they were asking us as the government to give them directives as to whether this kind of surveillance should be followed or not, and we indicated that it should not be pursued and that there should not be any surveillance of any freely elected party in Canada.

An hon. Member: Blame the RCMP.

Mr. Broadbent: Mr. Speaker, maybe this time the Prime Minister will try to answer the question. I asked him, when he found out, either in 1974 or 1975, that such a surveillance was taking place by the RCMP, and he expressed deep shock at that revelation at the time, did he or did he not ask the RCMP whether it was monitoring the other activities of democratically elected governments, whether of British Columbia, Manitoba or anywhere else in the country?

Mr. Trudeau: Quite frankly I did not, Mr. Speaker. I did not ask them if they were investigating my party or the hon. member's party.

An hon. Member: You didn't want to know.

* * *

● (1427)

[*Translation*]

RESOURCES

INQUIRY WHETHER QUEBEC REQUESTED AID FOR DEVELOPMENT OF ASBESTOS MINES

Mr. Armand Caouette (Villeneuve): Mr. Speaker, my question is directed to the Minister of Energy, Mines and Resources. Could he tell the House whether his Quebec counterpart asked him financial aid to develop the asbestos mines now owned by the province?

[*English*]

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, I am not aware of any such request.

[*Translation*]

Mr. Caouette (Villeneuve): Mr. Speaker, considering that the minister is touring his province to announce the development of asbestos mines, could the minister tell the House whether he would be interested in meeting his Quebec counterpart to discuss financial aid from the federal government. It would reduce the unemployment rate in Quebec, which is a very great source of concern to the House of Commons.

[*English*]

Mr. Gillespie: Mr. Speaker, I have never been able to understand how the nationalization of the asbestos mines of Quebec would increase the employment in that province.

* * *

ENVIRONMENTAL AFFAIRS

HARE REPORT ON DISPOSAL OF NUCLEAR WASTE—CONCLUSIONS CONTRARY TO OTHER REPORTS

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, my question is for the Minister of State for the Environment. I was wondering whether the minister has seen the Hare report on the disposal of nuclear waste? Is he aware that its principal conclusion to the effect that there is no technological barrier to the disposal of long-lived radioactive waste is in complete contradiction with reports that have been made public recently, such as that by the former chief science adviser to the cabinet and that by the Flowers commission report in the United Kingdom, which state that nuclear development for the moment should go slow? Is he aware that it is also at variance with the United States president's advisory council on environmental quality?

Hon. Len Marchand (Minister of State (Environment)): Mr. Speaker, I am not sure how I can answer all of the questions raised by the hon. member during question period. I have not yet had an opportunity to study the report in detail. I have glanced over it, but within the next few days I will look at it in more detail. Indeed, the Department of the Environment is looking very closely, along with the Department of Energy, Mines and Resources and AECL, into the whole question of the disposal of radioactive waste. It is a question that is preoccupying us very much.

POSSIBILITY OF REFERENCE OF HARE REPORT TO COMMITTEE

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, when the minister examines this report, which is likely to be tabled later this day, I wonder whether he would examine the possibility of having it referred to a special committee of this House so that there might be public hearings, as there were on some of the other reports I have mentioned.

Hon. Len Marchand (Minister of State (Environment)): Mr. Speaker, I would be happy to take that question up with my colleague, the hon. Minister of Energy, Mines and Resources, to see what can be done.

Mr. Alexander: He said "yes".

Mr. Marchand: Well, if he said "yes", that sounds like a good idea to me then.

* * *

NORTHERN AFFAIRS

POSSIBILITY DOME PETROLEUM WILL APPLY FOR EXTENSION OF DRILLING SEASON—GOVERNMENT POSITION

Mr. Doug Neil (Moose Jaw): Mr. Speaker, my question is for the Minister of Indian Affairs and Northern Development. It concerns the proposal by Dome Petroleum, Ltd. to extend the drilling season applicable to its operations in the deep Beaufort Sea from the current 60-90 days to the full year. Will the minister tell the House whether he has been informed of the proposal, and in addition, when he expects to receive a formal application for this extension? Will he assure the House that before considering the application a full environmental assessment will be carried out by Environment Canada?

Hon. Len Marchand (Minister of State (Environment)): Yes, Mr. Speaker. I have not yet had—

An hon. Member: The question was not directed to you.

Some hon. Members: Oh, oh!

Hon. James Hugh Faulkner (Minister of Indian Affairs and Northern Development): Mr. Speaker, my colleague was responding to the third part of the question, and I think he answered it. As to the first and second parts of the question, I have been informed they will probably make a request for an extension of the drilling season. I have not yet received that request, but I expect to receive it some time this month.

* * *

TRANSPORT

SUGGESTION DEPARTMENT LEASING ICEBREAKER FROM DOME PETROLEUM

Mr. Doug Neil (Moose Jaw): Mr. Speaker, I should like to direct my supplementary question to the Minister of Transport. There are also indications that the Department of Transport is now negotiating with Dome Petroleum over possible leasing of the $125 million icebreaker which Dome will be building to enable its year-round drilling program to take place. Will the minister tell the House whether these negotiations are taking place and whether or not it is government policy to support in principle the construction of this vessel?

● (1432)

Hon. Otto E. Lang (Minister of Transport): There have been discussions about the possible development of such an icebreaker and the government's role in relation to it. It has been the government's view, and certainly mine as Minister of Transport, that an icebreaker of this type is very useful for our many national interests in the north and so we are interested in this one as well and are pursuing the matter with that thought in mind.

* * *

INCOME TAX

BREACHES OF CONFIDENTIALITY OF TAX RETURNS—REQUEST FOR REPORT ON INVESTIGATION

Mr. Perrin Beatty (Wellington-Grey-Dufferin-Waterloo): Mr. Speaker, my question is for the Minister of National Revenue. In view of the fact that last Friday the minister indicated that he was not aware of any breaches in his department's security which would make it possible for an individual posing as a chartered accountant to call up a regional office of the tax department to request personal information about an individual's tax return without his authorisation, may I ask the minister whether in the past four days he has conducted any further investigations with members of his staff and can he report to the House on whether he has discovered any instances of such practices having taken place?

Hon. Joseph-Philippe Guay (Minister of National Revenue): Mr. Speaker, the investigation is going ahead exceptionally well but I will not make any report until it is completed.

* * *

GOVERNMENT ADMINISTRATION

USE OF SIN AS IDENTIFICATION OF CONFIDENTIAL INFORMATION IN COMPUTER—POSSIBILITY OF RECONSIDERATION

Mr. Perrin Beatty (Wellington-Grey-Dufferin-Waterloo): My supplementary question is directed to the Minister of Justice. In view of the fact that the revelations of the past week have convinced virtually everyone except the Minister of National Revenue of the fact that it is very easy to breach the security of the tax department, may I ask the Minister of Justice what steps are being taken by the government to tighten up security in other departments which hold personal information in their files, private, confidential information, about individuals, and in particular is the government reconsidering its use of social insurance numbers as the single identification number for the coding of personal information about individuals in their computer files?

Hon. Ron Basford (Minister of Justice): Mr. Speaker, as the Minister of National Revenue made clear on Thursday, steps have been taken to increase the security provisions relating to the Department of National Revenue. With regard to the question of the single use of SIN, a committee has been operating with the government for some time examining the use of SIN. That committee report is a matter for the President of the Treasury Board to deal with.

Mr. Beatty: My supplementary question would obviously be for the President of the Treasury Board. In view of the fact that in its very excellent report the Privacy and Computers Commission back in 1972 recommended against the government forging ahead with the use of SIN as the single identification number, and in view of the fact that the tax department is now requiring that individuals cashing their Canada savings bonds premiums take out their SIN, may I ask the minister whether the government is reconsidering its policy and whether in the name of security it is prepared to require that departments not use SIN as a coding number for personal files in its computer files?

Hon. Robert K. Andras (President of the Treasury Board): Mr. Speaker, I would take that as a representation. I am not sure whether all the implications in the hon. member's preamble to the question are in fact correct. We will look at that matter.

* * *

PUBLIC SERVICE EMPLOYMENT ACT

DATE OF APPOINTMENT OF CHAIRMAN OF REVIEW COMMITTEE

Mr. Lloyd Francis (Ottawa West): Mr. Speaker, I have a question for the President of the Privy Council. Further to my questions of October 19 and October 25 and the statement of the President of the Privy Council to the House on February 4 of this year, can the minister state whether or not a chairman has been appointed to the special committee to review the Public Service Employment Act? If so, does the special committee intend to hold public hearings, and if it does so intend, when will they be held?

Hon. Allan J. MacEachen (President of the Privy Council): Mr. Speaker, the selection of the chairman for the review has not yet taken place, but a suitable person has been identified and discussions are underway now as to the availability of that person to serve.

* * *

ENERGY

HOME INSULATION PROGRAM—POSSIBILITY OF RECONSIDERATION IN CONSULTATION WITH PROVINCES

Mr. John C. Crosbie (St. John's West): Mr. Speaker, my question is for the Minister of Energy, Mines and Resources. I understand that there is to be a meeting of the federal minister with the ten provincial ministers on December 1 to discuss energy matters and I also understand that eight provinces, the provinces other than Nova Scotia and Prince Edward Island which are dissatisfied with the present discriminatory home insulation program, are putting forward a new program. Is the minister prepared to consider their proposal, if it is not more expensive, during the present fiscal year rather than the present disjointed and discriminatory program?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, I think that the program has been very well received. I am not saying that it cannot be improved. My colleague, the Minister of State for Urban Affairs, has indicated that there are particular changes that we might be prepared to contemplate. Before accepting the suggestion or the representation of the hon. member that we adopt the position of the provinces, I think the provinces should make their position clear to me. They have not done so yet.

PROPOSED ESTABLISHMENT OF INTERIM JOINT BOARD TO MANAGE OFFSHORE RESOURCES OF NEWFOUNDLAND—CONSULTATION WITH PROVINCE

Mr. John C. Crosbie (St. John's West): At the meeting of the energy ministers on December 1, will the minister be discussing with the minister from Newfoundland his suggestion, sent to the minister on November 3 about which the minister knew nothing yesterday, that an interim federal Newfoundland management board be set up on the matter of the jurisdiction over offshore oil and gas before it goes to the Supreme Court of Canada? Will that be discussed by the minister?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, I have indicated that I am prepared to consider the joint management structure which was outlined in very general terms. A meeting has been set up and that meeting will follow the federal-provincial ministers' meeting. I would expect it to take place the following day.

* * *

PUBLIC SERVICE

DELAY IN CONTRACT NEGOTIATIONS WITH NURSES IN INUVIK AREA—REQUEST FOR REPORT

Mr. Wally Firth (Northwest Territories): Mr. Speaker, I should like to direct my question to the President of the Treasury Board. It concerns the nurses who are members of the Professional Institute of the Public Service. They are working in the Inuvik zone of the Northwest Territories. These people have been providing an essential service, at times in harsh conditions and for long hours, and have been without a contract since December 28, 1976. I should like to ask the minister what steps he is taking to ensure that a new contract is signed as soon as possible.

Hon. Robert K. Andras (President of the Treasury Board): Mr. Speaker, I am concerned that this negotiation has taken so long. The consultations with the Professional Institute of the Public Service have been going on since January. The difficulty relates to the question of designation under section 79(2) of the Public Service Staff Relations Act as to just which of the employees should be designated as those who should remain on the job in the interest of the public during a strike such as a strike by the nurses. It was referred to the Staff Relations Board on November 4 and hearings are going on now. There

are some 600 classifications or designations involved in this and currently meetings are being held in various parts of the country to resolve it, at which time there will be a reference to the conciliation board. We are trying our best to speed it up, but there are complications of which both sides are aware and I think that both sides are desirous of a successful outcome.

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AIR TRANSPORT

SLOWDOWN BY AIR TRAFFIC CONTROLLERS—GOVERNMENT ACTION TO RECTIFY SITUATION

Mr. Don Mazankowski (Vegreville): Mr. Speaker, my question is for the Minister of Transport. It arises out of the increased frequency and duration of delays experienced in air traffic, particularly in the Toronto area, as a result of the air traffic controllers slowdown which has caused inconvenience to passengers and has increased the airline operating costs. Can the minister tell the House whether he or his officials have had the opportunity to investigate this matter thoroughly, and can he tell the House whether he has been able to determine whether the work to rule is a legitimate precautionary measure to ensure that all safety procedures are being adhered to, and if that is not the case, has the minister been able to indentify the root cause of the problem and can he tell the House what action he is taking or is contemplating to resolve this important issue as we approach the Christmas rush season?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, we have been in touch with the air controllers in Toronto and have received from them a very detailed analysis of their views about the air traffic control situation there. We have also been talking to the executive of the Air Traffic Controllers' Association about this matter. My officials assure me that the techniques that are being employed in Toronto in no way lead to problems endangering the public. Indeed, I would not personally use the expressions work to rule or slowdown because in fact what the air controllers are doing is simply not applying some of the extraordinary but still safe measures which they used to employ to facilitate traffic. That is partly due to a difference in view with other controllers, particularly about the appropriate classification and relative pay for work which should exist, having regard to the extra traffic which goes to the Toronto airport as compared with some others. This is the root of the problem and we are working with it very closely in a variety of attempts to consult and get to the root of it. I cannot be totally optimistic about the ease with which a solution can be found but I think we are doing everything we can.

● (1442)

ALLEGATION OUTMODED EQUIPMENT AND UNSAFE PROCEDURES IN USE AT AIRPORTS—GOVERNMENT POSITION

Mr. Don Mazankowski (Vegreville): A supplementary question, Mr. Speaker. There are reports to the effect that outmoded and unsafe equipment is being used at the airport. I wonder if the minister could assure the House and the people of Canada that such is not the case and furthermore that safety procedures are not being compromised in any way.

[Mr. Andras.]

Hon. Otto. E. Lang (Minister of Transport): Mr. Speaker, I can assure the House that the procedures which are in place fully assure safety regardless of the fact that some of the equipment could be better and will be better with the introduction of the jets program which is a major changeover of equipment throughout our air control services. In the meantime, with the equipment we have, appropriate procedures are adapted to that equipment and as usual a very high level of safety in Canadian air space is maintained.

* * *

TOURISM

PROBLEMS IDENTIFIED AT INDUSTRY CONFERENCE—GOVERNMENT ACTION TO SOLVE

Mr. Dan McKenzie (Winnipeg South Centre): Mr. Speaker, may I put a question to the Minister of Industry, Trade and Commerce. In October last year the Canadian government office of tourism and the travel industry had a one-day conference and identified 13 problem areas in the declining tourism industry in Canada. What specification has the minister and his department taken in regard to these 13 problems?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, we in the department are well aware of the problems in the tourist industry and have announced some measures which I think will help immensely. We will be announcing some measures next week and continuing into the New Year.

Mr. McKenzie: A supplementary question, Mr. Speaker. In Toronto recently the minister stated that all levels of government are losing $2½ million per year in tax revenue due to the increasingly significant drop in tourism in Canada. I should like to ask the minister what action he has taken regarding the resolution passed in Edmonton earlier this year by the travel industry which requested that the federal government form a national tourism policy. What steps is the minister taking in regard to forming a national tourism policy for Canada?

Mr. Horner: Mr. Speaker, we are setting up a tourist advisory board in the department which will be representative of all segments in the industry in all regions of Canada. As I said earlier, we will be announcing policies between now and the New Year which will eventually help the tourist trade in Canada next year.

GRAIN

WHEAT—REQUEST FOR REPORT ON NEGOTIATIONS FOR INTERNATIONAL AGREEMENT

Mr. Jack Murta (Lisgar): Mr. Speaker, may I direct a question to the minister responsible for the Wheat Board. The exporting and importing nations are now apparently at loggerheads on the proposal for a new international wheat agreement. Since Canada is one of the major exporting nations at the London talks, what position have we taken there? Is the minister optimistic that discussions will resume in December in London?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, the discussions are continuing. I, personally, would not use the word loggerheads to describe the differences which exist in discussions at this stage. Indeed, differences may be as much between exporting countries one with another, as between exporters and importers. The discussions are dealing with the technical questions, about price ranges and possible reserve stocks which may be written into an international grains agreement. Our position in Canada is that appropriate reserve conditions have to be written in so that the reserve is really a reserve out of the market, not overhanging it and causing lower prices for producers so that they do not get a fair return. I am still optimistic that the discussions can lead to a basis for negotiations and at some point between the beginning of the year and Easter those negotiations may take place.

Mr. Murta: A supplementary question, Mr. Speaker. Since the negotiations concern maximum and minimum prices as well as assured supply, would the minister assure the House that there will not be a policy set of firm maximum prices at the negotiations in London? If this were the case it would certainly be detrimental to the long-term interests of western Canadian grain producers.

Mr. Lang: Mr. Speaker, the position that some nations are taking that there should be firm minimums and maximums is one which I find not as workable, frankly, as the position put forward particularly by the United States that there be a target area of price, rather than a minimum and maximum and that the reserves be used as ways of holding the price at the bottom and at the upper levels. I think those nations seeking more firmness at those levels can accomplish that by arguing for a larger reserve aside from the regular stocks in our ordinary commercial channels. That is the position that I will be putting forward.

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EXTERNAL AFFAIRS

FRANCE—ALLEGED LACK OF DESIRE TO FURTHER PEACE BID BY EGYPT—POSSIBILITY OF PROTEST

Mr. Ralph Stewart (Cochrane): Mr. Speaker, I should like to put a question to the Secretary of State for External Affairs. In view of a report in the London *Times* which asserts that France has blocked an EEC desire to applaud the exemplary initiative taken by President Sadat to establish a lasting peace in the Middle East and the obvious willingness of Israel to co-operate, is it the intention of this government to express its concern over the unwillingness of France to further these peace advances in the Middle East?

Some hon. Members: Hear, hear!

Hon. Donald C. Jamieson (Secretary of State for External Affairs): No, Mr. Speaker. It would not be my intention to indicate to the French government or authorities anything relating to their internal decision making.

Mr. Hnatyshyn: They might give you a medal.

Mr. Jamieson: I would hope they would show the same regard for our internal decision-making.

* * *

[*Translation*]

EXCISE TAX

REIMBURSEMENT OF TAX ON GASOLINE—ELIMINATION OF DELAYS

Mr. Gilles Caouette (Témiscamingue): Mr. Speaker, my question is for the Minister of National Revenue. In view of the problems associated with the reimbursement of the excise tax on gas, and because the delays are due to the centralization of payments in an Ottawa computer centre, could the minister take the necessary steps to accelerate these payments and reduce the delays in reimbursement which sometimes may take two, two and a half and even three months?

Hon. Joseph-Philippe Guay (Minister of National Revenue): Mr. Speaker, I am having discussions with departmental officials concerning this. I shall advise the hon. member of the outcome as soon as possible.

* * *

[*English*]

EXTERNAL AFFAIRS

UPPER VOLTA—LOAN TO IMPROVE RAILWAY—POSSIBILITY OF SYDNEY STEEL CORPORATION SUPPLYING RAILS

Mr. Robert Muir (Cape Breton-The Sydneys): Mr. Speaker, I also have a question for the Secretary of State for External Affairs regarding the recent grant of $40 million under CIDA to Upper Volta which among other things according to press reports, included $14 million for improving the national railway in that country. Can the minister advise the House what opportunities Canadian steel companies will have to provide rails for this project with particular reference to the Sydney Steel Corporation which as the minister knows is undergoing some rather difficult times?

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, in this case as well as a number of

others where CIDA is participating in the upgrading or the provision of railroad services, I have asked that inquiries be made and the necessary work undertaken to see if the Sydney Steel plant is in a position to provide materials. I will get an up-to-date report on this and provide it to the hon. member as soon as possible. I think the matter came up initially in September when I was in Cape Breton.

* * *

POST OFFICE

DAMAGE TO CHRISTMAS PARCEL—REQUEST FOR REPORT

Mr. Stan Darling (Parry Sound-Muskoka): Mr. Speaker, I would like to direct my question to the Postmaster General. I hope he likes Christmas cake because an angry constituent of mine is sending him this one which arrived via the Canadian postal system. The minister can see how well wrapped it is. Normally, one would expect that a cake in a tin well wrapped in cardboard and tape would not arrive looking as if it had been run over by a transport. Can the minister tell the House how things like this are happening in the post office at the present time?

Hon. J.-J. Blais (Postmaster General): Mr. Speaker, being mindful and knowledgeable of the high quality of cuisine found in the Parry Sound area, I am indeed very interested in ascertaining exactly how such a monstrous event could take place.

* * *

● (1452)

ENVIRONMENTAL AFFAIRS

DELAY IN RESPONDING TO STEVESTON OIL SPILL—GOVERNMENT ACTION TO RECTIFY

Mr. Benno Friesen (Surrey-White Rock): Mr. Speaker, I think that it is appropriate that we move to the Minister of the Environment. In view of the fact that in the Steveston spill last summer, the first report came in at 11 p.m. and the officials did not follow it up until the next day and it took 44 hours to get equipment there from 15 miles away, I wish to ask the minister if anybody responsible in his department has been sacked.

Hon. Len Marchand (Minister of State (Environment)): No, Mr. Speaker, no one has been sacked in relation to the Steveston spill. If the hon. member would like, I can give him a very good run-through on the events in relation to that spill. I did this not long after I got the job. I was satisfied that everything possible had been done. There was a little delay in getting the spill reported, but once it was reported, Environment Canada officials were on the spot right away and did a very thorough cleanup.

[Mr. Jamieson.]

PROPOSED KITIMAT PIPELINE—REQUEST FOR ASSURANCE ENVIRONMENTAL IMPLICATIONS STUDIED

Mr. Benno Friesen (Surrey-White Rock): I beg to differ with the minister. There was no delay in reporting it. His giving me a run-through here will be of small comfort to the fishermen who lost their livelihood for a week or ten days. Shifting that emphasis to the Kitimat proposal, the Minister of Justice said that the Kitimat consortium is trying to do an end run around the government. Does this minister agree with the Minister of Justice? If so, does that not indicate there is a special requirement on his part to make sure that all the environmental implications are put in place and researched before they go ahead with this proposal?

Hon. Len Marchand (Minister of State (Environment)): Mr. Speaker, there will be no end run around the government of Canada by anybody with regard to a pipeline application. All of the environmental implications relating to the proposed Kitimat pipeline or any other pipeline will be investigated by my department.

* * *

LABOUR CONDITIONS

LAY-OFFS BY CANADIAN NATIONAL—UNION REQUEST FOR INVESTIGATION—GOVERNMENT POSITION

Mr. David Orlikow (Winnipeg North): Mr. Speaker, my question is for the Minister of Labour. Has the minister received a request from the Canadian Brotherhood of Railway Transport Workers to appoint a commission of inquiry to look into the fact that Canadian National Railways has in recent months laid off 6,000 of its employees and has instituted sharp cutbacks in service in fields such as express?

Hon. John C. Munro (Minister of Labour): Yes, I have, Mr. Speaker.

Mr. Orlikow: Can the minister indicate whether he will be appointing that commission and, if so, when and who will be involved?

Mr. Munro (Hamilton East): Mr. Speaker, I discussed with the railwaymen to whom the hon. member is referring the advisability of setting up an industrial inquiry commission. We came to the conclusion that the whole subject matter of layoffs could be dealt with in a more general way. We are trying to discuss the best way that this can be done. The process by which it could be done will be of particular interest to the railway people.

ELECTION EXPENSES ACT

REASON FOR FAILURE TO CLOSE LOOPHOLE PERMITTING FUNDS TO GO TO PROVINCIAL PARTIES

Mr. Paul Dick (Lanark-Renfrew-Carleton): Mr. Speaker, I wish to direct my question to the President of the Privy Council. On December 6, 1974, page 1111 of *Hansard* I directed a question to the then President of the Privy Council, the hon. member for Eglinton, with regard to the Election Expenses Act. I pointed out that provincial party affiliates of federal parties were reaping the benefits through a loophole in that act and money taken off of federal tax payable was being taken down to provincial levels to fight provincial election campaigns. At that time the then President of the Privy Council said that they were very interested in closing that loophole and that private members' bill in the name of the hon. member for Windsor-Walkerville would, he hoped, be debated very soon. The same recommendation was made in the report of the Standing Committee on Privileges and Elections on April 29 of last year. Why was that loophole not included in Bill C-5 presently before the committee? Why is there no provision included to cut off that loophole?

Hon. Allan J. MacEachen (President of the Privy Council): To be frank with the hon. member, Mr. Speaker, at the moment I am not aware of the reason that particular amendment has not been proposed. Presumably any loophole that may exist in the law can be in practice closed by the operation of the national political parties and the candidates for whom collections are made. I suggest to the hon. member that this is a matter which might be considered in the committee because the bill is now before that committee. It might be a matter for consideration. Certainly, I will give it some thought and consider whether it would be necessary and desirable to move an amendment to bring this objective about if it does constitute a real problem.

Mr. Dick: Mr. Speaker, there was a private members' bill to cover this loophole and it was requested by the Standing Committee on Privileges and Elections in their report of April 29 of last year that the government provide for this. The bill presently before the committee is silent on this. We cannot introduce an amendment of a provision which has not even been opened up in the government legislation before us. Will the President of the Privy Council take the necessary steps as quickly as possible to refer that subject matter or an amendment to Bill C-5 so that it can be considered at the same time?

Mr. MacEachen: Mr. Speaker, I will consider the representations made by the hon. member and whether at this stage it would be desirable to bring in an amendment, either by consent or otherwise in the committee, or have it done in another way. I still believe it is a loophole that can be closed by the national parties operating as they see fit in the management of collected funds.

Oral Questions

ADMINISTRATION OF JUSTICE

DISALLOWANCE OF BILL BY YUKON COMMISSIONER—REQUEST FOR REFERENCE TO LAW OFFICERS

Mr. Erik Nielsen (Yukon): Mr. Speaker, I have been trying to direct a question to the Minister of Northern Affairs for some time. He appears again to be out answering the telephone. In his absence, I will direct my question to the Minister of Justice. Will the minister consult with his colleague with regard to the action of the minister in instructing his commissioner in the Yukon to disallow a bill to amend the inquiries ordinance there, which appears to be directly contrary to Section 20(2) of the Yukon Act which requires the Governor in Council to make such a decision? I ask the Minister of Justice to take up the matter with his colleague and refer it to the law officers of the Crown in the hope that that highly unconstitutional action will be rectified immediately.

Hon. Ron Basford (Minister of Justice): Mr. Speaker, I will be very happy to consult with my colleague along those lines, although I would presume that my colleague and the commissioner acted on the basis of legal advice.

POSSIBILITY OF REFERENDUM ON CAPITAL PUNISHMENT

Mr. W. C. Scott (Victoria-Haliburton): Mr. Speaker, my question is for the Prime Minister. It deals with petitions that are being circulated to him and members of this House by Ontario municipalities regarding the issue of capital punishment. Now that the Prime Minister has modified his position in respect of the use of a referendum, will he take into consideration the wishes of the countless municipalities who have contacted him on this important matter?

Right Hon. P. E. Trudeau (Prime Minister): I believe I made it quite clear in the House when I answered questions on the proposed referendum that it would not be used in our mind to settle this kind of question, but would merely be used in a way that would deal with constitutional questions and the national unity question.

CAPITAL PUNISHMENT—REQUEST THAT VIEW OF ONTARIO POLICE ASSOCIATION BE CONSIDERED

Mr. W. C. Scott (Victoria-Haliburton): Knowing of the minister's interest in this important matter, will he assure the House that he will give serious consideration to the views of the Ontario Police Association who over the past weekend overwhelmingly indicated their support for the return of capital punishment?

Hon. Ron Basford (Minister of Justice): Obviously, Mr. Speaker, I will give it very serious consideration but obviously the vote of this House, and my personal vote on the matter, indicate that I do not agree with that position.

Oral Questions

TRANSPORT

SUGGESTED INCREASE IN FEDERAL SHARE OF COST OF IMPROVING TRANS-CANADA HIGHWAY IN NEWFOUNDLAND

Mr. Jack Marshall (Humber-St. George's-St. Barbe): Mr. Speaker, my question is for the Minister of Transport. In view of the increased use of the Trans-Canada highway, if I can call it that, in Newfoundland the condition of which is worsening daily, and in view of the fact that the province of Newfoundland has requested a more generous share of funding rather than the 50-50 share offered by the minister, does the minister have the statistics to show the increased use and further deterioration? In order to give us that base, will he reconsider the cost-sharing on the strengthening program in Newfoundland?

● (1502)

Hon. Otto E. Lang (Minister of Transport): We are fully aware of these transportation problems in Newfoundland and a commission is presently looking into the whole transportation situation in the province. As to the particular question the hon. member has raised, it is clear that the operating and maintenance of the highway to which he referred is a provincial responsibility. Our offer to share 50-50 is a fair and generous one; I hope the province will recognize that it is in fact a fair and generous offer and take advantage of it without delay so that the highway can be improved.

* * *

REGIONAL ECONOMIC EXPANSION

REQUEST FOR AGREEMENT PROVIDING FOR LARGER FEDERAL SHARE OF COST OF IMPROVING TRANS-CANADA HIGHWAY IN NEWFOUNDLAND

Mr. Jack Marshall (Humber-St. George's-St. Barbe): My supplementary is addressed to the Minister of Regional Economic Expansion—that minister is a little more generous in his highways agreements with the Province of Newfoundland which he is prepared to conclude on a 90-10 basis. I have in mind the new highway which is being built to take in the great northern peninsula. In view of the fact that the Trans-Canada highway should be part of this whole highway would the minister consult with the minister responsible for highways in Newfoundland and his colleague to determine whether a proper transportation base by road can be provided under a 90-10 sharing arrangement, or, at least, 75-25?

[*Translation*]

Hon. Marcel Lessard (Minister of Regional Economic Expansion): Mr. Speaker, I am very glad to see that the hon. member from Newfoundland recognizes how useful the Department of Regional Economic Expansion is in his province in particular. Indeed we are taking part in the development and upgrading of secondary roads in his province and we have done so for some time now.

Up till now the Department of Regional Economic Expansion has not in any way taken part in the construction, upgrading or expansion of the Trans-Canada Highway. We have merely upgraded or constructed roads which did not exist in some parts of his province, because we considered that that was part of our responsibility in pursuing our objective of improving the economy of the so-called underprivileged areas. Until we have completed—at the very least what is a basic need in his province—the road system in that province to serve the various municipalities now without any roads, I believe it would not be appropriate that my department be concerned with the Trans-Canada Highway.

* * *

[*English*]

PRIVILEGE

MR. STEVENS—URANIUM CARTEL—REPLY BY MINISTER

Mr. Speaker: Order. I have received notice from the hon. member for York-Simcoe of a question of privilege. Before he begins to develop the point, I might indicate to him, in terms of the citation to which he has referred, that what the minister said yesterday fell short of accusing him of anything illegal or unparliamentary. In addition, the minister did not directly make an accusation but simply raised a question. But if the hon. member still wishes to make the point, I will hear him now.

Mr. Sinclair Stevens (York-Simcoe): As you have indicated, Mr. Speaker, I rise on a question of privilege of which I gave you notice yesterday and this morning. In answer to a question of mine about the government's uranium cartel, the Minister of Energy, Mines and Resources said:

> Mr. Speaker, the real question in my mind is whether the hon. member is serving Canadian interests or whether he is acting as an agent of a foreign corporation that is contending with Canadian regulations. We are all aware that the issues which he has been promoting are the issues which Westinghouse of the United States have been promoting because they are looking for a defence for their own mistakes.

Mr. Speaker, because I feel the government has taken actions which are harmful to Canadian interests, I am accused of being "an agent of a foreign corporation" and of actively promoting its interests. I do not believe this kind of insinuation or smear is acceptable under our practices in this House. In this connection, I would quote Standing Order 35 which reads in part:

> No member shall speak disrespectfully of Her Majesty nor of any of the Royal family, nor of His Excellency or the person administering the Government of Canada; nor use offensive words against either House or against any member thereof.

I certainly find the imputation that my motives and actions are against the interests of my country, and that I am under external direction from Westinghouse, to be offensive. I would further cite Beauchesne, citation 110 at page 100 of the fourth edition. The final words read:

> —to constitute a breach of privilege a libel upon a member must concern his character or conduct in his capacity as a member and the conduct or language on which the libel is based must be actions performed or words uttered in the actual transaction of the business of the House. Bad faith must be imputed and the charge cannot be indefinite.

Mr. Speaker, there are four essential ingredients laid out in that citation. I would suggest to you that each of those four are met by my question of privilege. The fact, first, is there has been a reflection upon my character or conduct in my capacity as a member of this House. Second, the actions referred to or the words uttered were used in the transaction of the business of the House. Third, bad faith was imputed and, finally, the charges were very definite: the minister specifically said I was promoting the interest of Westinghouse and was acting as their agent. There could hardly be anything more definite than that.

Citation 111 refers to imputations of corruption against members, in the execution of their duties, as involving privilege. This is supported by May at page 153 of the nineteenth edition. These two citations are precisely relevant to the malicious slander which the minister put on record yesterday.

Further, we usually think of an agent as someone who acts on behalf of a person, or interest, for payment. This is particularly true when speaking of myself, a lawyer. In this connection I would refer Your Honour to the definition in the Oxford Dictionary. The dictionary refers to an agent as follows:

> One who does the actual work of anything, as distinguished from the instigator or employer; hence, one who acts for another.

We then go on to read that it is a term commonly used in commerce, politics and law. The minister's statement implies misconduct on my part as set out and described at page 142 of May as follows:

> The acceptance of any member of either House of a bribe to influence him in his conduct as such member, or of any fee, compensation or award in connection with the promotion of, or opposition to, any bill, resolution or thing, submitted or intended to be submitted to the House or any committee thereof is a breach of privilege.

In British usage, the term "parliamentary agent" has a very specific meaning and members are not permitted to act in that capacity. As you are aware, Mr. Speaker, the term "parliamentary agent" first began to be used in the British parliament in 1837. It consequently became part of our precedents under the British North America Act and is basically a function of our parliamentary system.

Mr. Speaker: Order, please. I do not think the hon. member should dwell on his point about "parliamentary agent". The term which was used was not "parliamentary agent". That term has a very specific usage with respect to the sponsorship of legislation, and I think it ought not to be dealt with extensively.

Mr. Stevens: Mr. Speaker, I am making this point about "parliamentary agent" because I believe it is relevant. May deals with the question of parliamentary agents at page 902. He makes two points. Parliamentary agents promote, and they are agents. Those are exactly the words which were used by the minister yesterday, and I believe those words were used after some forethought on his part.

There are several cases which I should like to draw to Your Honour's attention. This kind of charge was levelled by Mr. Ralston against the then prime minister, Mr. Bennett, in 1935, as reported on page 3639 of *Hansard* for June 14 of that year. We find that the passage to which Mr. Ralston took exception was as follows. The prime minister stated:

● (1512)

> The leading member who spoke for the opposition is a distinguished lawyer; he did not desire to make that speech; he has made his statements and they are well known, but he was told to speak, so he took the brief and made the statement. From whom did he get his facts that he referred to with their "ifs"? Who supplied them to him? Who gave him his brief and what does it represent on the back of it? That is the question.

Those words were challenged by Mr. Ralston and there are 10 pages of discussion in *Hansard* concerning whether in fact the words did constitute a question of privilege. The prime minister hastened to say that he did not intend to impute anything and, based on his statement that he did not intend to impute anything, the Speaker held that there was not a question of privilege. May I refer Your Honour to the statements as they appear in *Hansard*, specifically to the Speaker's statement which appears at page 3669 for June 14, 1935. The Speaker had this to say, and I would emphasize it:

> If I had taken any such imputation I certainly would have requested the Prime Minister to withdraw. The Prime Minister has stated that he made no imputation in the matter and naturally I must accept his statement. He has stated emphatically on more than one occasion since the question of privilege has been raised that he made no such imputation and that is the statement I am bound to accept.

If I may continue, Mr. Speaker, I should like to refer Your Honour to United Kingdom cases. There have been a number of instances in the United Kingdom where cases of privilege or contempt have been held to exist when members have been accused of acting under improper influences, whether by another member or in the press. The appendix to issue No. 1 of your committee, sir, Rights and Immunities of Members, lists two such cases where a prima facie case was found. One was the Ashton case, where the member had said that certain members had accepted financial payment for binding their future actions. The other was the case of Mrs. Gwyneth Dunwoody, a 1974 case, who was accused in a newspaper article of being improperly influenced by certain power brokers.

If I may refer Your Honour more specifically to that case and the report of it from the committee on privileges in the 1974-75 session in the British House of Commons, I think the words which were a question of privilege in that instance are quite similar to the words used by the minister yesterday. The words in question were these:

> The question being asked is: What is the real significance of the Dunwoody broadside?
>
> Is she speaking for the holidaymaker at larger when she claims they could eventually need protection from tour operator collapse by the intervention of a national government?
>
> Or is she being used as a powerful pawn in a protracted battle of travel trade chess aimed at dethroning the present ABTA leadership?

I would ask Your Honour to note that those are all questions in the same sense that the Minister of Energy, Mines and Resources was asked questions yesterday. When the matter was raised in the House, it was ordered that the matter of complaint be referred to the committee on privileges. There

was a full hearing in that committee, and a complete withdrawal from the editor of the newspaper involved was secured. The editor said in writing:

I wish to express my unqualified regret that the newspaper of which I am editor should have offended in this way, and to offer my unreserved apologies. Steps will be taken to avoid any repetition of such an offence.

That was signed by the editor. There is also the famous 1965 case involving the present Prime Minister of the United Kingdom, who accused Conservative MPs of being spokesmen for large corporations and trusts. A prima facie case of privilege was found and Mr. Callaghan appeared in committee to explain his words. May I again put on the record those words, Mr. Speaker, as they appear in the third report of the privileges committee in England. Mr. Callaghan's words were:

I have almost forgotten their constituencies—

He was referring to the opposition.

—but I shall never forget their interests. I wonder sometimes whom they represent? The constituents or their own or friends' particular interests?

Again Your Honour will note that the words were in the form of a question, and the British House found that they were words which required a reference to their committee on privileges. Again there was a full hearing in that committee and the then chancellor of the exchequer was invited to explain the words he had used. In view of the chancellor's explanation that—

—I did not have it in mind in my speech at Swansea either to state or imply that hon. members who possess interests are acting or were acting improperly in taking part in discussions on the finance bill—

—and his assurance that—

—nothing in my speech was intended to be derogatory in any way to parliament—

—the committee recommended that no further action be taken. Each of these instances, and in fact several other precedents that I could cite to Your Honour, support my contention that the words used by the Minister of Energy, Mines and Resources are similar to words which have always been of great concern to members of the House. In all instances the words have either been altered or an assurance has been offered that they were not intended to be taken in the way that the person concerned had taken them. Almost invariably, if there was no withdrawal there was a reference to the appropriate privileges committee.

I appreciate that Your Honour has preferred in the past to deal with this sort of derogatory and insulting language as disorderly, but that you feel that withdrawal should first be requested. I so request such withdrawal from the Minister of Energy, Mines and Resources. However, if that does not occur, based on the precedents that I have cited and many others that I would be pleased to cite to Your Honour, I submit that a question of privilege exists, and if so found I would move:

That the imputations by the Minister of Energy, Mines and Resources that the questions directed to him by the hon. member for York-Simcoe have been put because the member is an agent for foreign corporations and promoting their interests be referred to the Standing Committee on Privileges and Elections.

Mr. Speaker: Order, please. I am concerned that we may be getting a little tender about statements made by one member to another, and that we may have one of these questions of privilege every day. I hope that is not the result of my decision recently with respect to the Prime Minister. I did not hear the hon. member for York-Simcoe quote his comment which I have taken from *Hansard* as follows:

Mr. Speaker, I have a supplementary question for the Minister of Energy, Mines and Resources who seems to be stoutly defending Gulf U.S. for reasons I am not sure of.

If I am to find that the minister has said something derogatory about the hon. member for York-Simcoe, can the hon. member tell me whether I should find that he has said something equally derogatory about the minister?

Mr. Stevens: If you so find, Mr. Speaker, then I would be more than willing to withdraw that comment concerning the minister which I made yesterday. The point, Mr. Speaker, is that I feel I have made great efforts to try to bring to this House and the Canadian public information on exactly what transpired during this uranium cartel's existence, and I resent greatly any suggestion by the minister or anybody else on that side that I have been doing that for false motives or as an agent for anybody, let alone a foreign corporation.

Mr. Speaker: Order, please. I can take the hon. member's remarks under review, those he made yesterday and the arguments that he made today, to see whether or not they do, in fact, come within the terms of my previous ruling, which is as follows as reported at page 818 of *Hansard* for November 14:

The arguments which were made in defence at this time were similar to the ones made in defence on this particular occasion; that is, members are entitled to have certain opinions and to express them, whether or not evidence exists in support of them. In effect, that is exactly the privilege which members enjoy—

However, the fact is that when that opinion expressed turns into a direct statement—as it did in the circumstances of the hon. member for York-Simcoe—that an illegality has occurred, it is on that precedent clear to me that it goes beyond the bounds of what is acceptable in a parliamentary sense—

In examining the argument put forward by the hon. member for York-Simcoe today, and in examining the language which was used yesterday, I find that the question of privilege fails on two grounds. In the first place, it is not a statement, it is a question. In the second place, it is not an illegality. Therefore, the requirement I have set out on previous occasions of a statement of an illegality by one member against another fails because it is not a statement and it is not an illegality. What the minister did yesterday was to put this matter into question, and here is the language that was used:

● (1522)

Mr. Speaker, the real question in my mind is whether the hon. member is serving Canadian interests or whether he is acting as an agent of a foreign corporation that is contending with Canadian regulations. We are all aware that the issues which he has been promoting are the issues which Westinghouse of the United States have been promoting because they are looking for a defence for their own mistakes.

It seems to me that the minister put that into question, and it is, in any case, put into question and is not a statement. In the second place, even if it is put as a statement, which it is not, it is not an illegality to my knowledge.

Some hon. Members: Oh, oh!

Mr. Speaker: It is a suggestion which calls into question, perhaps the interests that were expressed in the circumstances. It is not in any way an offence of any law or regulation of which I am aware. Therefore, on the basis of recent precedents, I find that no question of privilege exists.

MR. BROADBENT—ALLEGED RCMP BREAK-IN—PRIME MINISTER'S ANSWERS

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I, too, rise on a question of privilege, and the ruling you have just made I find rather encouraging. The question of privilege on which I rise pertains to answers given in the House this afternoon by the Prime Minister. Those of us in the House have grown, during the past month, clearly aware of just how this authoritarian master of the half-truth has handled the RCMP, security and ministerial responsibility issues. However, today I submit he overstepped the bounds of the rules of this House and was involved in what we euphemistically call here a misleading of the House—not only once, but twice.

An hon. Member: Was it deliberate?

Mr. Broadbent: Mr. Speaker, the first instance was in reply to a question I asked, in respect of which he made a totally irresponsible allegation that I had at any time said that the RCMP was involved in a break-in of the headquarters of the New Democratic Party here in Ottawa. That was the allegation the Prime Minister made. At no time, Mr. Speaker, either inside the House of Commons or outside, have I ever made such an allegation. My colleague, the hon. member for Greenwood, did move the following motion in the House on November 1:

> That in the light of the fact that the federal office of the New Democratic Party was broken into on December 3, 1972, the government be directed to institute full inquiries into the searching or breaking into the property of any political party in Canada.

I know the Prime Minister has a vivid imagination, Mr. Speaker, but it would take one equal to his imaginative capacities to distort that into the suggestion that I had alleged the RCMP was involved in a break-in at our headquarters. That motion, I repeat, was moved by the hon. member for Greenwood. I had nothing to do with it—and the motion itself, of course, makes no such allegation. Any questions that have been raised on this matter, as the Prime Minister well knows, have always been in the form of questions, and not accusations, in any case. I submit that the Prime Minister, as I said, to use a euphemism that we are familiar with in the House, has misled the House by claiming that I made the allegation that the RCMP did, indeed, break into the headquarters of our political party here in Ottawa.

The second bit of misinformation came from the Prime Minister in response to a question I put to him as to whether or not he was considering at the time that it was proper he should exercise his prime ministerial responsibilities—he does that from time to time—when he discovered in 1974 and 1975 that the RCMP was involved in illegally obtaining information about the Parti Québécois, making inquiries as to whether the RCMP was involved in a systematic surveillance of any other political party. His reply to me today was, "Frankly, no."

The implication—and that is as far as it goes—was that he knew the answer, that there was not any surveillance of any other political party. He said the following on November 2 in the House, in response to a question put to him by another member, the hon. member for Perth-Wilmot, who was making inquiries about the same subject matter, that is, whether or not other political parties had been the subject of unwanted RCMP intrusions, as recorded at page 561 of *Hansard:*

> —I know of no surveillance exercise of any political party as such, only the one I referred to in the case of the Parti Québécois and I had it stopped as soon as I learned about it.

In that answer he is saying he had no knowledge, or to his knowledge there was not any surveillance of any other political party. Today, in reply to my question as to whether he had made such inquiries of any other parties involved, he said, "Frankly, no"—he had never done it. He may get out of that aspect of my question of privilege by saying he did not put the question. But when he was answering on November 2, even though he left the impression with the House that he had not made inquiries, he never explicitly said that. That comes back to a half-truth, and therefore perhaps I would not have a question of privilege on that.

I repeat that on the first part I do have a question of privilege. He said that I had said something which I had never said either inside the House or outside it. If you rule I have a *prima facie* question of privilege, I will move that this matter be referred to the committee on privileges and elections.

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I believe that the second point raised by the leader of the New Democratic Party can be dismissed out of hand. Any reasonable reader would just say that the leader of the New Democratic Party was trying to interpret what I said, which is not substantiated by the texts. I do not believe I have to get into it any further. I answered then, as I answered today, to the best of my knowledge when I said that I knew of no surveillance. That is what it meant; I knew of no surveillance. The leader of the New Democratic Party admits that maybe that one is not very strong, in that sense.

He does put more attention on the first point that was raised today about the alleged RCMP break-in of the offices of the New Democratic Party. Mr. Speaker, I can understand that the New Democratic Party is now trying to back away from the position it has put itself in over the past few weeks. I believe the leader of the NDP met some of his people in Saskatchewan, I believe it is, over the weekend and has discovered that the position of his party in making all these hysterical allegations about the RCMP is not supported among them.

Some hon. Members: Hear, hear!

Mr. Trudeau: That does not mean, Mr. Speaker, that the people of Canada or, indeed, members of this party are not concerned with illegalities or illegal activities by some RCMP

officers. We have, I repeat, in each case referred them either to the attorney general of the province or to the royal commission of inquiry. We are concerned with these. We think they are of great importance as far as civil liberties are concerned.

Simply speaking, we have not on this side magnified a number of things. There may be a handful, or there may be five handfuls—I do not know—but when you have a force of some 20,000 people, which I believe it is, more or less, there are bound to be mistakes that happen. I believe this is now the position that the leader of the New Democratic Party took in the west this weekend when he said they are not accusing the RCMP. The majority of them are all very good people, but there is some minority which is not. This is the new position of the leader of the NDP.

An hon. Member: Oh, come on.

Mr. Trudeau: I can understand—

An hon. Member: That is really despicable.

Some hon. Members: Oh, oh!

Mr. Trudeau: I can understand that in this present frame of mind—

Some hon. Members: Oh, oh!

Mr. Trudeau: I can understand, Mr. Speaker, that in this present frame of mind, the leader of the New Democratic Party forgets what he said as little as three weeks ago. The accusation—

An hon. Member: Where are the statements? Where are the responses?

Mr. Trudeau: Mr. Speaker, would you ask this hyena to be a bit silent over there.

An hon. Member: And would you ask the Prime Minister to stick to the point?

Mr. Trudeau: I allowed him to make his question of privilege without interruption. He is now sensitive because I suggest he accused the RCMP of having been responsible for a break-in of the New Democratic Party offices and he says he never said anything of the kind. Perhaps he now wishes he had not said anything of the kind.

● (1532)

I have two quotations from reputable newspapers. I cannot vouch for their authenticity. If the hon. leader of the New Democratic Party stands up and says that he never said what he is alleged to have said by the newspapers, then of course I will say that we have both been badly served by the newspapers.

In the House, during an answer to the leader of the New Democratic Party, I was stating what I learned from the newspapers. I have two quotations in my possession of statements which were made outside the House. I will not look up every newspaper from last week during the time when I was embarked on this operation; Your Honour has indicated that a few quotations are enough. I am sure I can get more. But the leader of the New Democratic Party did not fall behind the screen that the Tory party used last week when they were talking about the hon. member for Central Nova and said that he had never accused the RCMP outside the House and that what he had done outside was irrelevant to them.

Mr. Hnatyshyn: How old are you, Pierre?

Mr. Trudeau: At least the hon. leader of the New Democratic Party has been honest enough to say that he did not say anything either inside or outside the House. I should like to read from an article by Mr. Lawrence Martin which appeared in the *Globe and Mail* of November 3, 1977. It reads in part as follows:

> NDP leader Ed Broadbent has alleged the Mounties broke into party offices in Ottawa in December, 1972, and an outraged Stephen Lewis, the Ontario party leader, says the provincial activities of the Mounties might warrant a separate Ontario inquiry.

Mr. Speaker, I am reading this from the article which appeared in the *Globe and Mail*. I do not know what the shaking of the head by the leader of the New Democratic Party means, but at least he will concede that it is saying the same thing as I said and it is quoting him.

Mr. Broadbent: It is not a quote. Is he quoting me?

Mr. Trudeau: "Is he quoting me", is the outraged scream. There are no quotation marks.

Mr. Broadbent: Right.

Mr. Trudeau: There are no quotation marks, but I should like to read it once again:

> NDP leader Ed Broadbent has alleged the Mounties broke into party offices—

What am I supposed to do? Am I supposed to phone up the *Globe and Mail* and ask them why they did not put quotes in there, or what?

Some hon. Members: Hear, hear!

Mr. Trudeau: I am not saying that the hon. member actually said this; I am saying this is the basis of my assertion in the House. If he tells me he has been maligned by the *Globe and Mail,* then I will say my authorities are not reliable—

Mr. Hnatyshyn: What else is new?

Mr. Trudeau: —and I will not ask anyone in the House in the future to use the *Globe and Mail* as the basis of any fact. I should like to quote from an article which appeared in the London *Free Press.* The by-line is John McKeough, and it is dated Wednesday, November 2, 1977. It reads as follows:

> Asked if RCMP security forces could be suspected in the break-in, Broadbent replied: "there's now good reason to at least suspect that the RCMP or security services were involved"—

Some hon. Members: Hear, hear!

Mr. Trudeau: In one case there are no quotes, and it appears that it is a clear allegation. In the other case there are quotes, and the quote is that he at least suspects the RCMP or security services were involved. I do not know if the hon. leader of the New Democratic Party will try to hide behind that innuendo, because it is the kind of smear we have had from that party in the past few weeks. They do not quite accuse and they do not quite allege, but they suspect the RCMP is involved.

This is the basis on which I made my statement. Once again, if the leader of the New Democratic Party wants to withdraw his suspicion or his innuendo that the RCMP were involved, of course I will withdraw what I said; but it was based upon reported facts by reputable newspapers.

Some hon. Members: Hear, hear!

Mr. Speaker: Order, please. As hon. members will know, there is no process by which we can encourage participation a second time by any member in the same question.

The hon. member for Oshawa-Whitby has raised a question of privilege. The basis of his question of privilege is that earlier today the Prime Minister made an answer which contained a false statement and misled the House. The Prime Minister has responded to that question of privilege by saying that his comment was based on some authority. If that authority is to be called into question, then surely we are into a dispute as to interpretation as to facts.

The matter has been argued on both sides. In my opinion, it is a difference of opinion and does not constitute a question of privilege.

MR. PAPROSKI—PROCEDURE USED IN CONNECTION WITH S.O. 43 MOTIONS

Mr. Stephen E. Paproski (Edmonton Centre): Mr. Speaker, I rise on a question of privilege which has to do with routine proceedings and particularly Standing Order 43 where the Speaker says, "The presentation of such a motion pursuant to Standing Order 43 can be done only with the unanimous consent of the House. Is there unanimous consent?"

With respect, we do have electronic media now. It is only fair that the people of Canada and the people of this House should be able to see on the monitors who the party is that says "No", and particularly on the government side. I have been accused of saying "No" to questions which have been put by my own party. I have noticed the hon. member for Outremont has said "No", and I have noticed the hon. member for Drummond has said "No". Both of those members are on the government side of the House.

With all due respect, perhaps Your Honour could indicate whether it was the government side that said "No" or whether the opposition said "No." This would clear the situation. Perhaps the cameras could focus on the particular individual who says "No", so that the people of the country will know who said it.

Some hon. Members: Oh, oh!

Mr. Speaker: Order, please. I am perfectly prepared to entertain the idea of identification of the member who refuses unanimous consent on any occasion, so long as it is understood that the member must be given an opportunity to take the floor and explain his reasons for withholding unanimous consent. When we do one, we ought to do the other.

Some hon. Members: Hear, hear!

ROUTINE PROCEEDINGS

[*English*]

ENERGY

TABLING OF REPORT "THE MANAGEMENT OF CANADA'S NUCLEAR WASTE"

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, I should like to table, under Standing Order 41(2), a report prepared by an independent panel of experts entitled, "The Management of Canada's Nuclear Waste", in both official languages.

* * *

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

CONCURRENCE IN FIRST REPORT OF STANDING JOINT COMMITTEE

Mr. Robert McCleave (Halifax-East Hants) moved that the first report of the Standing Joint Committee on Regulations and other Statutory Instruments, presented to the House on Thursday, November 17, be concurred in.

Motion agreed to.

* * *

BUSINESS OF THE HOUSE

TIME ALLOCATION FOR SECOND READING OF BILL C-11

Hon. Norman A. Cafik (Minister of State (Multiculturalism)): Mr. Speaker, pursuant to the notification which I gave to the House yesterday, I move:

That in relation to Bill C-11, an act to amend the statute law relating to income tax and to provide other authority for the raising of funds, five hours shall be allotted to the further consideration in second reading stage of the bill:

That, at the end of the fifth such hour, any proceeding before the House shall be interrupted, if required, for the purpose of this order and, in turn, every question then necessary in order to dispose of the second reading stage of the bill shall be put forthwith and successively, without further debate or amendment.

Mr. Speaker, addressing myself to the motion I have just made—

Mr. Speaker: Order, please. The House has heard the motion moved by the hon. Minister of State for Multicultural-

ism and the deputy House leader (Mr. Cafik), seconded by the hon. Minister of Justice (Mr. Basford). Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Mr. Knowles (Winnipeg North Centre): No.

● (1542)

Mr. Speaker: Since a limited debate is provided by the Standing Orders, the House might agree that we should now take a few minutes to conclude routine proceedings, which would include the answering of questions on the order paper, and then go on to the debate of this motion. Is that agreed?

Mr. Baker (Grenville-Carleton): That is agreed, Mr. Speaker.

Mr. Knowles (Winnipeg North Centre): Agreed, Mr. Speaker.

* * *

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today: Nos. 211, 230, 234, 260, 273, 286, 290, 319, 450 and 472.

[*Text*]

NUMBER OF PERSONS UNDER CONTRACT—DEPARTMENT OF NATIONAL DEFENCE

Question No. 211—**Mr. McKenzie:**

1. What is the total number of persons under contract to Defence Construction (1951) Ltd. and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Hon. Barney Danson (Minister of National Defence): 1. Nil.

2. Not applicable.

NUMBER OF PERSONS UNDER CONTRACT TO NATIONAL CAPITAL COMMISSION

Question No. 230—**Mr. McKenzie:**

1. What is the total number of persons under contract to the National Capital Commission and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Hon. André Ouellet (Minister of State for Urban Affairs): 1. The total number of persons under contract to the National Capital Commission on October 20, 1977 is eight. The number of retired public servants in this group is one.

[Mr. Speaker.]

2. (a) The total amount paid in fiscal year 1975 to people under contract was $48,478.86. The amount paid to retired public servants included in that total was $2,300. (b) The total amount paid in fiscal year 1976 to people under contract was $48,056.56. The amount paid to retired public servants included in that total was $12,400.

NUMBER OF PERSONS UNDER CONTRACT TO NATIONAL MUSEUMS

Question No. 234—**Mr. McKenzie:**

1. What is the total number of persons under contract to the National Museums of Canada and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Hon. John Roberts (Secretary of State): I am informed by the National Museums of Canada as follows: 1. 1977, 367 (No retired public servants).

2. (a) 1975, $963,869.71 (No retired public servants). (b) 1976, $1,181,989.35 (One retired public servant who earned $5,500).

CANADA COUNCIL—PERSONNEL OBTAINED FROM PRIVATE EMPLOYMENT AGENCIES

Question No. 260—**Mr. McKenzie:**

1. Has the Canada Council obtained (a) part-time (b) full-time employees from private employment agencies in (i) British Columbia (ii) Alberta (iii) Saskatchewan (iv) Manitoba (v) Ontario (vi) Quebec (vii) New Brunswick (viii) Nova Scotia (ix) Prince Edward Island (x) Newfoundland and, if so, in each case, how many?

2. Are such employees paid from supplementary estimates and, if not, from what estimates are they paid?

3. By province, what was the (a) average hourly rate paid to employment agencies (b) average hourly rate paid to employees (c) total amount paid by the Canada Council in (i) 1975 (ii) 1976?

Hon. John Roberts (Secretary of State): I am informed by the Canada Council as follows: 1. The Canada Council has only dealt with private employment agencies located in Ontario. (a) 74 in 1975 and 52 in 1976. (b) 2 in 1975 and none in 1976.

2. No. They are paid from the regular Council budget.

3. Ontario: (a) (i) $6.00, (ii) $6.25; (b) This information is not available to the Council. (c) (i) $34,375 plus $1,232 for 2 permanent employees; (ii) $29,974.

CISTI—PERSONNEL OBTAINED FROM PRIVATE EMPLOYMENT AGENCIES

Question No. 273—**Mr. McKenzie:**

1. Has the Canada Institute for Scientific and Technical Information obtained (a) part-time (b) full-time employees from private employment agencies in (i) British Columbia (ii) Alberta (iii) Saskatchewan (iv) Manitoba (v) Ontario (vi) Quebec (vii) New Brunswick (viii) Nova Scotia (ix) Prince Edward Island (x) Newfoundland and, if so, in each case, how many?

2. Are such employees paid from supplementary estimates and, if not, from what estimates are they paid?

3. By province, what was the (a) average hourly rate paid to employment agencies (b) average hourly rate paid to employees (c) total amount paid by the Canada Institute for Scientific and Technical Information in (i) 1975 (ii) 1976?

Mr. Frank Maine (Parliamentary Secretary to Minister of State for Science and Technology): In so far as the National Research Council is concerned, the answer is as follows: 1. (a) Part-time: (i) British Columbia, none; (ii) Alberta, none; (iii) Saskatchewan, none; (iv) Manitoba, 2; (v) Ontario, 9; (vi) Quebec, none; (vii) New Brunswick, none; (viii) Nova Scotia, none; (ix) Prince Edward Island, none; (x) Newfoundland, 2. (b) Full-time, none.

2. No, they are paid from the main estimates of the National Research Council of Canada.

3.

	(a) Average hourly rate paid to employment agencies		(c) Total amount paid	
	1975	1976	1975	1976
(iv) Manitoba	5.20	6.30	858	803
(v) Ontario	5.85	5.61	878	10,169
(x) Newfoundland	4.45	4.45	710	1,494

(i), (ii), (iii), (vi), (vii), (viii), (ix): none. (b) Not known.

CANADIAN PATENTS AND DEVELOPMENT LTD.—PERSONNEL OBTAINED FROM PRIVATE EMPLOYMENT AGENCIES

Question No. 286—**Mr. McKenzie:**

1. Has Canadian Patents and Development Ltd. obtained (a) part-time (b) full-time employees from private employment agencies in (i) British Columbia (ii) Alberta (iii) Saskatchewan (iv) Manitoba (v) Ontario (vi) Quebec (vii) New Brunswick (viii) Nova Scotia (ix) Prince Edward Island (x) Newfoundland and, if so, in each case, how many?

2. Are such employees paid from supplementary estimates and, if not, from what estimates are they paid?

3. By province, what was the (a) average hourly rate paid to employment agencies (b) average hourly rate paid to employees (c) total amount paid by Canadian Patents and Development Ltd. in (i) 1975 (ii) 1976?

Mr. Frank Maine (Parliamentary Secretary to Minister of State for Science and Technology): In so far as Canadian Patents and Development Limited is concerned: 1. (a) (i) Nil; (ii) nil; (iii) nil; (iv) nil; (v) 2-1975, 1-1976; (vi) nil; (vii) nil; (viii) nil; (ix) nil; (x) nil. (b) (i) nil; (ii) nil; (iii) nil; (iv) nil; (v) nil; (vi) nil; (vii) nil; (viii) nil; (ix) nil; (x) nil.

2. Operating Fund.

3. (a) Ontario 1975, $5.16; 1976, $6.75. (b) Information not available. (c) 1975, $2,205.62; 1976, $160.31.

CRTC—PERSONNEL OBTAINED FROM PRIVATE EMPLOYMENT AGENCIES

Question No. 290—**Mr. McKenzie:**

1. Has the Canadian Radio-television and Telecommunications Commission obtained (a) part-time (b) full-time employees from private employment agencies in (i) British Columbia (ii) Alberta (iii) Saskatchewan (iv) Manitoba (v) Ontario (vi) Quebec (vii) New Brunswick (viii) Nova Scotia (ix) Prince Edward Island (x) Newfoundland and, if so, in each case, how many?

2. Are such employees paid from supplementary estimates and, if not, from what estimates are they paid?

3. By province, what was the (a) average hourly rate paid to employment agencies (b) average hourly rate paid to employees (c) total amount paid by the Canadian Radio-television and Telecommunications Commission in (i) 1975 (ii) 1976?

Mr. C. Douglas (Parliamentary Secretary to Minister of Communications): The Canadian Radio-television and Telecommunications Commission has submitted the following: 1. (a)

	1975-76	No. of employees
(i)	British Columbia	1 part-time
(ii)	Alberta	1 part-time
(iii)	None	
(iv)	Manitoba	1 part-time
(v)	Ontario	39 part-time
(vi)	None	
(vii)	None	
(viii)	None	
(ix)	None	
(x)	None	
	1976-77	
	Ontario	26 part-time
	1977-78	
	Ontario	20 part-time

(b) Not applicable.

2. 1975-76—1976-77 Main Estimates; 1977-78 Paid from main and supplementary estimates.

3. (a)

1975-76 Province	Average hourly rate paid to agencies
British Columbia	12.30
Alberta	4.35
Manitoba	8.00
Ontario	5.50
1976-77	
Ontario	5.60
1977-78	
Ontario	6.05

(b) Average hourly rate paid to employees is not available: determined by employment agencies. (c) 1975-76, Total amount paid by CRTC to employment agencies $36,825.01; 1976-77, Total amount paid by CRTC to employment agencies $23,409.62; 1977-78 to October 28/77, Total amount paid by CRTC to employment agencies $19,740.10.

Order Paper Questions

METRIC COMMISSION—PERSONNEL OBTAINED FROM PRIVATE EMPLOYMENT AGENCIES

Question No. 319—**Mr. McKenzie:**

1. Has the Metric Commission obtained (a) part-time (b) full-time employees from private employment agencies in (i) British Columbia (ii) Alberta (iii) Saskatchewan (iv) Manitoba (v) Ontario (vi) Quebec (vii) New Brunswick (viii) Nova Scotia (ix) Prince Edward Island (x) Newfoundland and, if so, in each case, how many?

2. Are such employees paid from supplementary estimates and, if not, from what estimates are they paid?

3. By province, what was the (a) average hourly rate paid to employment agencies (b) average hourly rate paid to employees (c) total amount paid by the Metric Commission in (i) 1975 (ii) 1976?

Hon. A. C. Abbott (Minister of State (Small Business)): 1. (a) and 3. (a) and (c):

1975	Agency Employees	Average Hourly Rate	Total Cost
British Columbia	6	10.00	5,880.00
Alberta	10	7.50	2,100.00
Saskatchewan	nil	nil	nil
Manitoba	4	10.00	600.00
Ontario	196	5.97	433,845.00
Quebec	18	6.00	3,240.00
New Brunswick	nil	nil	nil
Nova Scotia	nil	nil	nil
Prince Edward Island	nil	nil	nil
Newfoundland	nil	nil	nil
Total	234		445,673.00

1976	Agency Employees	Average Hourly Rate	Total Cost
British Columbia	4	10.00	3,000.00
Alberta	4	9.00	900.00
Saskatchewan	4	6.00	1,440.00
Manitoba	4	6.00	1,200.00
Ontario	206	6.04	340,000.00
Quebec	18	6.00	5,280.00
New Brunswick	nil	nil	nil
Nova Scotia	nil	nil	nil
Prince Edward Island	nil	nil	nil
Newfoundland	nil	nil	nil
Total	240		351,820.00

1. (b) Not applicable.

2. All employees were paid from main estimates.

3. (b) Not known.

FEDERAL EXPENDITURES IN CONSTITUENCY OF NEW WESTMINSTER

Question No. 450—**Mr. Leggatt:**

In each fiscal year since 1970, what amount was spent in the Constituency of New Westminster by the Ministry of State for Science and Technology and those agencies that report to it?

[Mr. Douglas (Bruce-Grey).]

Mr. Frank Maine (Parliamentary Secretary to Minister of State for Science and Technology): In so far as the Ministry of State for Science and Technology is concerned: Nil return.

CBC—CLOSED CIRCUIT TELEVISION IN ELEMENTARY AND SECONDARY SCHOOLS

Question No. 472—**Mr. Schellenberger:**

1. What is the policy of the Canadian Broadcasting Corporation with respect to the use of audio/visual tapes, scripts and the transmission and retransmission of broadcasts through closed-circuit television in elementary and secondary schools?

2. (a) What services or programmes are available through the CBC to elementary and secondary school teachers for educational purposes (b) by province, what was the total cost for such services or programmes for each of the past five years?

3. By province, what is the total amount of air time allocated per week to educational programmes for elementary and secondary school age children by the CBC?

Hon. John Roberts (Secretary of State): I am informed by the CBC as follows: 1. Under CBC's "Further Use" project, a substantial number of CBC television programmes have been made available for non-commercial use by schools, church groups, service clubs and other similar organizations. Additional titles are cleared for this purpose each year. Copies of these programmes may be borrowed at no cost or purchased by organizations from any of the 27 NFB libraries. No permission is granted to transmit any Further Use program, but closed circuit distribution throughout a school or urban school district is permissible. In some cases, where the rights can be cleared, scripts have been made available on request, although this service is limited by the internal resources which can be allocated to it. School broadcasts are produced cooperatively by CBC and the provinces for regional broadcast and by CBC and the Council of Ministers of Education for national release. In many cases the scripts would be the property of the educational authorities and could not be released by CBC.

2. (a) In addition to programmes released following broadcast in its "Further Use" project, CBC works jointly with the provinces and the Council of Ministers of Education in the preparation and distribution of television and radio school broadcasts for both regional and national use.

(b)	(000's)				
	1972/73	73/74	74/75	75/76	76/77
Newfoundland	56	134	132	103	18
Nova Scotia	318	404	389	692	611
New Brunswick	16	26	20	—	—
Quebec	250	70	241	238	237
Ontario	920	900	997	373	696
Manitoba	128	282	154	225	244
Saskatchewan	136	19	228	186	—
Alberta	202	227	116	177	154
British Columbia	174	212	179	201	23
Total	2,200	2,274	2,456	2,195	1,983

NOTE: About 28 per cent of these costs is recovered from the educational authorities.

3. While the quantity can vary, the usual amount of time allocated by CBC each week during the school broadcast year (in half-hour units) is as follows:

English Services: (in half-hours)	Radio	Television
Network (to all provinces)	1	2
Newfoundland	4	3
Maritimes	4	13
Quebec	3	3
Ontario	4	3
Manitoba	4	3
Saskatchewan	4	3
Alberta	4	3
British Columbia	4	3
French Services		
Quebec	5	5 (plus 2×20 mins.)
Other provinces		25 per year (average)

* * *

[*Translation*]

QUESTION PASSED AS ORDER FOR RETURN

Mr. Yvon Pinard (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, if question No. 101 could be made an order for return, this return would be tabled immediately.

[*Text*]

GRANTS BY CANADA COUNCIL

Question No. 101—**Mr. Herbert:**

Were grants made by the Canada Council to the (a) aid to artists (b) aid to arts organizations (c) touring office (d) artists in residence (e) aid to the humanities and social sciences (f) aid to writing and publication programme and, if so, in each case, by province, what was the amount in each of the past five years?

Return tabled.

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, I ask that all remaining questions be allowed to stand.

Mr. Speaker: Should the remaining questions stand?

Some hon. Members: Agreed.

Time Allocation for Bill C-11

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Speaker: Before proceeding to government orders, perhaps I could intervene briefly to inform the House that at six o'clock this evening, pursuant to Standing Order 40, the subjects to be raised are as follows: the hon. member for Ottawa-Vanier (Mr. Gauthier)—Public Works—Rideau Centre development—Date of termination of commitment to Rideau Viking group; the hon. member for Humber-St. George's-St. Barbe (Mr. Marshall)—Veterans Affairs—Reason for failure to increase basic disability pension—Possible reference to committee; the hon. member for Winnipeg North Centre (Mr. Knowles)—Veterans Affairs—Suggested reconsideration by cabinet of increase in basic disability pension.

* * *

BUSINESS OF THE HOUSE

TIME ALLOCATION FOR SECOND READING OF BILL C-11

The House resumed consideration of the motion of Mr. Cafik:

That in relation to Bill C-11, an act to amend the statute law relating to income tax and to provide other authority for the raising of funds, five hours shall be allotted to the further consideration in second reading stage of the bill; and

That, at the end of the fifth such hour, any proceeding before the House shall be interrupted, if required, for the purpose of this order and, in turn, every question then necessary in order to dispose of the second reading stage of the bill shall be put forthwith and successively, without further debate or amendment.

Mr. Norman A. Cafik (Minister of State (Multiculturalism)): Mr. Speaker, I wish to address to the House a few remarks in relation to the time allocation motion that I moved under Standing Order 75C. First of all, when the House rose last night, Bill C-11 had been debated at second reading stage for nine separate days, for a total of 25 hours. My understanding is, in light of the extended hours that we have had, that this is the equivalent of a regular 11 days of sitting on the subject.

That, in itself, is a lengthy period of time. But when one bears in mind that the budget which was introduced in the last session of parliament, which constitutes the basis of the bill we have before us, was debated for six days last spring, and in the throne speech debate—which itself lasted eight days and dealt primarily with economic matters related to the original budget proposals—and that some of those remarks related to the recent proposals of the Minister of Finance (Mr. Chrétien), it seems quite evident, at least to me, to other hon. members and to the public, that an adequate period of time has been given to the debate on these provisions.

In addition, the Minister of Finance has been in the House in this session 19 out of the 22 days. He has dealt with 60

economic questions addressed to him, and has made himself available during this whole period in order to debate, in the various forms available to members of the House, all matters relating to these economic issues.

There is another point which I think is relevant at this time; that is, that the Standing Committee on Finance, Trade and Economic Affairs has had the supplementary estimates referred to it. That committee is very anxious to have the Minister of Finance appear before it to deal with matters relating to those supplementary estimates, and the minister, like all hon. members, finds it extremely difficult to be in two places at the same time. Therefore, while the debate goes on in this chamber regarding Bill C-11, it is, in fact, impossible for him to appear before the finance committee in respect of the supplementary estimates.

All of these matters, combined with the urgency of passing this legislation, make it imperative that the government take the necessary steps for time allocation under Standing Order 75C so as to deal with this question expeditiously.

There is no doubt that in recent days parliament has found it more and more difficult to deal effectively and efficiently with all the legislative demands imposed upon it and upon parliament. Therefore, the motion under Standing Order 75C at this time is, we think, a very responsible approach by the government in order to deal with this bill expeditiously.

Perhaps I should take a moment to highlight a few key elements of the bill which give rise to the necessity to pass it rather quickly. The purpose of the bill is not only to amend the Income Tax Act, but to increase the government's borrowing authority, both of which are important and urgent matters. It is designed to help solve short and medium-term economic problems, to establish a climate of confidence for business expansion, and to encourage job creation in the private sector, all of which are important and urgent matters.

Most important of all, the bill affects the lives and the affairs of millions of Canadians as well as the lives and affairs of almost all the business community. The changes in tax credits benefit over 7.5 million Canadians and completely eliminate the federal tax for a large number of low income taxpayers.

Private investment is to be stimulated by continuing the investment tax credit that was supposed to expire this year and in certain cases is increased in order to benefit those regions where unemployment currently is highest. The credit is also being extended to include capital and current expenditures on scientific research, and the proposed special 3 per cent deduction of the cost of inventories is designed to increase business cash flow by some $300 million a year.

The bill includes measures to help business borrowing abroad. It expands the $1,000 dividend and interest exemption to include capital gains. It introduces special rules for replacement of business and farm properties. It increases the offset for capital losses and provides a guarantee of capital gains treatment on disposal of Canadian securities.

[Mr. Cafik.]

The bill is designed to facilitate expansion by Canadian-controlled private companies through joint ventures, business acquisitions and plant replacement. It has special provisions for employee stock options and share purchase loans. There is special accommodation for provincial investment corporations. There are important provisions in this bill to promote investment in Canadian equity, which anyone who has ever been in business in this country will know is vital for the continuation and expansion of Canadian business.

These areas of genuine assistance to the business community and to taxpayers at large are important measures, and in order to provide some degree of certainty as to the direction that the government is taking under the tax laws it is imperative that the bill be passed with as little delay as possible. We have decided to bite the bullet, to take the bull by the horns, as it were, and to show the kind of leadership which we think the Canadian people expect of their government in the conduct of affairs in parliament. Therefore, I moved, on behalf of the government, the time allocation motion under Standing Order 75C in order that we may properly deal with the government's business in the broad public interest.

Some hon. Members: Oh, oh!

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, I make no comment on the bovine quality of the minister's speech to which he himself alluded, but I will say to the minister that if the matters are as important as he said they were, and if this tax bill does what the minister says it will do, then I think it is the kind of legislation that should be debated in the House for a reasonable period of time.

Some hon. Members: Hear, hear!

Mr. Baker (Grenville-Carleton): I do not think the government should move in and use the tremendous powers it has to cut off debate in mid-stream. The minister has been out in the country, and so have I, talking to my constituents and to people across the country in the last few days. What I have heard is that the people in the country are concerned that parliament is not dealing with economic matters: that is what they are saying.

● (1552)

Here is the only opportunity in this session of parliament when members of parliament representing Canadians all over Canada, in fact, debate at some length matters relating directly to the economy which affect the welfare of the people we represent—the people in our constituencies.

What does the government do when we get to a point in these proceedings and it is the only occasion when we can deal with matters economic? The government moves in after an unreasonably short period of time, in terms of the nature of the bill, to move closure, to cut off debate, to put a gag on parliament.

Some hon. Members: Hear, hear!

An hon. Member: I hope the hon. member is not referring to it as closure, which is a different rule.

Some hon. Members: No.

Mr. Baker (Grenville-Carleton): I think the deputy House leader of the government should know better than to intervene on something that is not point of order. Let me answer it this way: A gag by any other name is still a gag.

Some hon. Members: Hear, hear!

Mr. Baker (Grenville-Carleton): The effect on the bill is going to be just that. My friend says there has been an inordinate period of time to debate major problems facing the country in this House. Of the nine days, six of those are long when we sit during the day and the evening; three of those days are short days. When we have that period of time to debate such a major matter, as the government House leader says it is, then I think the government are being unreasonable. They are going to be criticized very badly for that kind of attitude.

In addition, the government introduced a budget in March, 1977. It was going to do wonders for the country; people were going to be employed; the industries would be working well; there would be all these things. Yet this House sat from March, 1977, through to August, 1977, and did not debate on one occasion the bills that arose out of that great economic statement, so-called.

Now, having come to the House when the country did need a budget, and having bootlegged into the throne speech what the government called a major economic statement but what most Canadians are calling a farce and a fraud, thereby depriving members of parliament of a normal budget debate, the government terminates the debate in nine days. I think if the minister checks the precedents he will see that a period of nine days for what the government has termed a budget is not a long period at all, considering one would be dealing with the budget and legislation arising therefrom.

Take a look at this bill, Mr. Speaker. It contains 212 pages of legislation. There are a great number of sections in this bill. It is a tremendous piece of legislation.

Some hon. Members: Hear, hear!

Mr. Baker (Grenville-Carleton): I mean, in volume of paper used, not in terms of what it is going to do for this country. That is the issue. It covers billions of dollars of revenue of this government, and the government decides parliament cannot debate that. It decides that nine days is too long a period for parliament to debate it. That is utter nonsense.

Some hon. Members: Shame!

Mr. Baker (Grenville-Carleton): This is the issue respecting which Parliament is now being gagged because the government has become somewhat uncomfortable in terms of this economic debate. The members go home, see their own people, see the concerns in the community and just how little is being done. The hon. member for Algoma (Mr. Foster) talks. He has mines closing in his area. In Newfoundland, mines are closing. The pulp and paper industry is flat. The electronics industry is in trouble. The whole manufacturing sector of this country is in trouble. Canadians are asking this parliament to deal with economic matters. When we attempt to deal with economic matters, this minister today moves with the obvious support of the hon. member for Algoma who is making one of his greatest speeches just sitting on his rear end—

An hon. Member: Don't sputter.

Mr. Baker (Grenville-Carleton): This government proposes that we cut off that kind of debate. There is no way that can be justified. The minister in his submission tried to make it appear that the opposition was holding up this bill. That is not quite true. During the course of the debate there have been some Liberal members speaking each day, except for the last two days. Why are they speaking? They are just as dissatisfied as everyone else—

Some hon. Members: Hear, hear!

Mr. Baker (Grenville-Carleton): —with respect to the operation of their government. The hon. member for Halton (Mr. Philbrook) criticized the government, quite properly, and I replied to him in the course of the debate. He criticized the government and said what a ridiculous attitude they are adopting toward this country, toward jobs and the future of Canadians. There is no doubt about it, by whatever criteria you view it, Mr. Speaker, whether it is the meanest of the Canadian standards that have been applied to debates of this nature, this has been a short debate—what the government itself has called a major economic bill but which may be somewhat doubted by Canadians in terms of that description. It is a short debate wherein Parliament has already been denied the appropriateness of the government coming forward and introducing a budget where members of parliament, not just the Minister of Finance (Mr. Chrétien), adequate or inadequate as the case may be, but all members can examine in a constructive, critical way, the economic program of the government. The government has failed to bring in a budget, and then has relied on the throne speech debate to bootleg in what they choose to call a budget, and now call a halt to the debate within a very short period of time.

The ministers of the Crown have spoken. They have tried to use this in a surreptitious way in terms of promoting their own causes. If this is the attitude the government is taking to parliament, to shorten debate on the major problem concerning Canadians, then I think the government ought to be ashamed of itself. I think the people of Canada are suddenly going to have a new opportunity because the proceedings of this House are now televised across the nation and people can see the attitude of this government.

There are towns in Canada where plants are closing. This is what is happening in Canada. There are young people of this country who cannot get a job. These are the people we have educated and told the world would be their oyster if they

received their education. And they cannot find a job! There are opportunities wasted. There are mayors and reeves, people all over Canada who are concerned about the economic matters facing this country. They have asked this parliament to deal with them. That is why we came here. They have asked this government to deal with them, and when we have tried to advise the government, they decide that we cannot deal with the problem at all. They say, "We are not going to allow you to discuss it. In a short period of time debate is going to be cut off". Mr. Speaker, if that is the attitude of the government, then it has befouled this chamber with that attitude and it will hear from the Canadian people at the next opportunity.

Some hon. Members: Hear, hear!

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I rise to support the House leader of the Conservative party in his arguments against this motion which the deputy House leader has introduced.

● (1602)

Mr. Speaker, to oppose this motion one has to deal with the substance of the bill and argue, as did the House leader of the Conservative party, that a bill of some 200 pages brought before the country at a time when there are one million people unemployed—a bill that has as its stated purpose job creation—requires more discussion than we have given it. I say this in view of the glaring and, to us if not to the government, obvious injustices and banalities of the bill. I want to deal with that point as the central point of my remarks opposing this closure motion.

This bill is supposed to deal with job creation. That is what the tax measures are all about. The evidence, however, is overwhelming that this government and the two previous ministers of finance, going back to John Turner in 1974, have said that the way to produce jobs in Canada is to give out, in an indiscriminate way, tax concessions to the corporate sector and hope that spreading around billions of dollars to corporations will translate into jobs being created.

The argument against this approach is not an ideological one to the effect that there should not be a tax policy for the corporate sector. Of course, any mixed economy must have a tax policy that is relevant to the corporate sector that is interested in job creation, particularly when there is high unemployment. I say, however, that this is the wrong tax policy if the purpose is to create jobs. The best evidence of the glaring inadequacy of this package of proposals is to be found in the report of the Department of Industry, Trade and Commerce last week pertaining to the findings on the investment intentions for next year of the 300 largest corporations in Canada.

If the arguments the government made when they introduced these measures last March were sound, and were when the Minister of Finance (Mr. Chrétien) trotted them out again last fall, we would instead have these 300 corporations announcing an intention to extend their investment considerably. A tax proposal that has as its purpose the stimulation of jobs and new investment should be able to bring that about. This report, which I think is the most disturbing document to come out in recent weeks, was unfortunately buried in the financial pages of the press. That is often where we find out what is really happening in the country. It indicated that the investment intentions of these large corporations for next year showed an increase of only 6.4 per cent over this year.

One might say that is not so bad, because it is an increase. These companies, of course, consider the rate of inflation when making their investment plans, so what we have is really a negative factor. There is going to be less investment in the Canadian economy in 1978 than there was in 1977. That is very serious indeed. It confirms the point I have made on behalf of my party, and which other people have made in this House and outside it for many weeks, that things are going to be worse next year in terms of job creation. There could be no more serious indictment of this bill than the alarming fact that investment in Canada next year will expand by only 6.4 per cent. Most of us assume that inflation will be at least 8 per cent, and even if it is down to 7 per cent it will eat up the expansion of these companies, when expressed in real dollars.

These give-aways to the corporations do not necessarily lead to expansion, and I do not blame them. If there is a fall-off in demand, businessmen are not going to overexpand their production facilities and shoulder the cost of keeping them up if it just means more unused capacity. If industry is operating at only 83 per cent capacity, as is presently the case, corporations will not, naturally, be willing to expand further. When we have 28 per cent unused capacity, it makes no economic sense to expand. That is not criticism of the corporations. They know what they are doing. It is the government that does not know what it is doing. It is giving away the people's money in a futile cause.

Not only is industry not expanding next year, but in fact it is contracting. I should like to put on the record some information about the companies which will benefit from this $1.2 billion tax package the government has introduced. Out of this tax proposal that is supposed to create jobs, Alcan will receive a tax credit of $4.5 million. Meanwhile, they are laying people off, the most recent case being 170 workers at St. Lawrence, Newfoundland, in a mine that is being shut down, not because it was losing money but because the corporation could make more money using some other facility elsewhere in the world.

Canadian General Electric will receive a tax credit of $2.5 million. They already owe the government some $11 million in deferred taxes which has not been paid. They have not created more jobs, but in Peterborough have laid off 2,000 employees. Northern Telecom owes the government $41 million in deferred taxes and will receive $2 million as a tax credit through this bill. It has laid off 2,000 workers at Bramalea, Ontario. Falconbridge owes the government $34 million in deferred taxes, and through this bill will receive $2 million in tax credits. They are laying off 4,000 employees on a temporary basis, and 500 on a permanent basis.

That is how four companies have responded to this tax bill—not by job creation but by laying off about 8,000

employees. I suppose the king of kings, in response to this kind of measure in recent weeks, is Inco. It is a case unto itself, a veritable monstrosity demonstrating the genius of the economic policies of this government. So far Inco has made $93 million profit this year, and in the past decade it made $1.7 billion. The previous minister of finance announced $75 million in assistance to Inco through the Expert Development Corporation. This will provide jobs—but in Indonesia and Guatemala, not in Canada. When they had to announce some shutdowns, they said the government of Indonesia would not put up with it but the Canadian government would, so they would lay off Canadians.

A month ago the Minister of Finance, with a flower in his buttonhole, stepped into the House and announced on that fateful day that the government would reintroduce the bill we are now debating which would give Inco another $10 million. The very day the government announced the $10 million additional gift to Inco to create jobs, Inco was having a press conference in downtown Toronto to announce the lay-off of some 4,000 Canadians in Ontario and Manitoba. Nothing could demonstrate economic stupidity in more vivid terms than that announcement.

We oppose this package of proposals because, at a time when we have over one million unemployed, they are the wrong policies at the wrong time. Jobs will not be created in Canada, at a time when demand is slack, by giving corporations the capacity to expand even further. We should increase demand. That means tax concessions, and all of this money should be going to the consumers of Canada.

[*Translation*]

● (1612)

Mr. Gérard Laprise (Abitibi): Mr. Speaker, I do not intend to repeat what the two previous speakers of the opposition have said on this motion of closure as a motion of closure is ever unpopular because usually the government always imposes it when it has an unpopular law to pass. This Bill C-11 amending the Income Tax Act is clearly incomplete. When we go through our ridings we see that people do not take the government seriously on this act. What does a tax cut of $100 a year mean? A tax break of $2 a week, and that makes people laugh and turns them against the government and this bill. People realize that the government is not thinking about them but others.

So I think the government instead of applying its motion of closure today could have waited a few more days and allowed the members of this House to continue to make suggestions and propose amendments, and the government should be considering those suggestions from the opposition and put to a vote the amendments introduced by the opposition because the truth does not lie only on the side of the majority. It can also come from the other side of the House. It was said that this is a bill of about 1,000 pages and one-inch thick containing many words but little substance.

Mr. Speaker, this bill amending the Income Tax Act contains many tax breaks for big businesses seemingly to allow them to create jobs but there is nothing in this bill to help small and medium-size businesses. There is nothing of substance. The government does not even want to define what a small business is. The government does not know at present. I asked the Minister of State in charge of small business (Mr. Abbott) if he could define what a small business is. His answer to me was: no, he had not gone that far yet. There are projects, studies, but nothing concrete, nothing ready.

Mr. Speaker, I think bills like Bill C-11 could go much further. They should not be limited to proposals such as those which were made by the Minister of Finance (Mr. Chrétien) the other day, namely an additional $150 million through government programs to create temporary jobs, jobs that are going to disappear after a few months.

Mr. Speaker, we realize that all these temporary job creation programs are not what is needed, that they do not meet the objectives of Parliament to fight against the employment crisis that has been going on for too long.

The government proposes programs to fight against unemployment and create jobs, but each time we realize that this is useless and that unemployment still increases. The same holds true for inflation. Every time the government suggests programs to fight inflation, the rate of inflation goes up, to such a point that I am tempted to ask the government to stop fighting against these problems because the more it fights, the worse the problems get. The government should change its programs and accept the proposals of opposition parties and existing agencies, such as the Canadian chambers of commerce and small or medium business associations, which make really valid suggestions. The government should agree to consider those proposals.

Mr. Speaker, I believe that instead of bringing in closure like it has done today and like it always does for unpopular bills, the government should be patient for a few more days and allow not only opposition members, but also government members to offer suggestions so that the opposition members can learn what suggestions government members have to make.

For those reasons, Mr. Speaker, I am against the use of Standing Order 75C, which should be used only in extreme situations, since in my opinion, Bill C-11 certainly does not represent at this time an extreme situation.

[*English*]

Hon. Iona Campagnolo (Minister of State (Fitness and Amateur Sport)): Mr. Speaker, I do not rise to speak long in this debate. I rise to support Standing Order 75C and the five hours further debate that will be allowed in this House as a result of it. This parliament is based on Westminster, the mother of parliaments, yet we have not modernized to any degree whatsoever our monstrously inept rules to deal with the lightning-quick world in which we live.

It is evident to me that the opposition House leader finds it necessary to represent the great electors of Ottawa-Carleton day after day with histrionic delaying tactics. I have no intention of using this time allocation to further his woolly-

thinking in the House, his extraneous data or unctuous manner. The unctuous manner in which the hon. member continuously addresses this House is really quite shocking. I find that the hon. member finds it impossible to do anything but rise and delay. Perhaps he will get the ACTRA award this year for the best television performance.

I supported television in this House for two reasons. The first was to inform the Canadian public. Ours is the party that has brought in and made possible television in this House of Commons so that the people of this country will know what is happening within this chamber. My second reason for supporting television was so that the rules of this House would be changed and these inoperable, blunt nineteenth century rules which we insist on using in the House will be changed when the public has looked at this place and seen with what ineptitude the debates grind on.

In Westminster, this bill would have passed seven days ago, yet we continually talk and gather wool around a subject that is only too clear to the people of this country. The people of Canada, looking in on these discussions, will not tolerate further delay, sophistry and repetition. The clear obstructions that are evident as continued regurgitation of the same tired arguments come forth for the third, fourth and fifth time, will not be overlooked by the public of this country. My faith is in the people watching, who will say to us clearly, "Cut the nonsense. Have a sensible debate and make a decision."

Some hon. Members: Hear, hear!

Mr. Friesen: Mr. Speaker, I rise on a point of order. I just want to point out that Aimee Semple McPherson, the hon. member for Skeena (Mrs. Campagnolo), does not know the difference between bombast and reason.

Mrs. Campagnolo: Mr. Speaker, I consider that a matter of privilege. The hon. member for Surrey-White Rock (Mr. Friesen) continually makes reference to Biblical ethics. He, of course, is a member of the Biblical cast. He is from a part of the country where this is very much respected and he is very much admired for his feelings. However, to combine my name with Aimee Semple McPherson is a sexist remark which I know the people of Surrey-White Rock, North Delta, would not like to hear.

● (1622)

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, I rise to participate in this debate. The Minister of State (Fitness and Amateur Sport) (Mrs. Campagnolo) has made her contribution to the debate. The fact is that she has certainly taken the precedent set by the Prime Minister (Mr. Trudeau) in this chamber and outside by giving us, in her own way, an argument that as far as parliament is concerned, it is rather irrelevant. Also, that as far as the rights of members of parliament are concerned with regard to expressing points of view strongly held about the very pressing issues in our country today, we have no rights and that it is the all-powerful government which is going to sit around and dictate to parliament precisely what is going to happen in this chamber, and thereby curtail the right of freedom of speech.

Some hon. Members: Oh!

Mr. Hnatyshyn: We know that the minister, by putting forward that point of view, is only echoing the position which was taken time and time again by the Prime Minister who likes to think that when members of parliament—as he likes to term it—go 50 yards off Parliament Hill, they turn into nobodies. I am concerned about this government and this group of people who want to manipulate parliament, who want to take parliament and turn it into simply a little, private sounding-board for the cabinet. They are going to provide improvements, as they see it, which will make members of parliament nobodies on Parliament Hill, as opposed to being nobodies off Parliament Hill.

I am going to fight this particular tendency of the government, a government which forgets easily and readily the traditional and proper function of parliament, which is to be a forum for some of us who represent people, or who try to represent people as best we can, to stand up and express the positions they are experiencing and which they take in various parts of our country, the attitudes they take toward legislation which is brought forward, and so on. This is not, as someone said, a sausage factory were the government can bring its legislation and think two hours' debate is fine, and that every four years they will go back to the people, at which time there will possibly be a reassessment of the way in which the government has conducted our affairs.

Parliament has a role to play. Parliament is a forum giving us an opportunity to stand in our place and bring forward, not only criticism of our government but also suggestions. We have a twofold obligation. I am amazed that this move at this point in time is being supported by those on the government back benches who are not members of the cabinet. They have very little opportunity to express their points of view and to bring to the attention of the cabinet the changes which they believe are necessary in the interests of the people of our country.

An hon. Member: We don't complain.

Mr. Hnatyshyn: Well, that is a very sad state of affairs. The parliamentary secretary, aspiring as he does to greater things, would naturally go along with almost anything the Prime Minister or the Minister of Finance (Mr. Chrétien) said. We know that if he stood up and really expressed his feelings or the feelings of his constituents, it would very much hinder any chance of advance he has, as far as the motion is concerned, so we always qualify what some of these parliamentary secretaries say with respect to criticism of government policy. We know that their position is one of merely being yes-men to everything that happens as far as the cabinet is concerned.

As a result, they are limited in their ability to speak on behalf of their constituents. I simply say to those who are not parliamentary secretaries that I know how difficult it is for them when they realize there is television coverage of this

House. It ignores them. I understand the kind of pressure they get back in their constituencies when their constituents say, "You represent us. Why don't we hear you speaking up once in a while, making suggestions to the government by way of economic policy?"

We understand the pressure which is placed upon those who sit on the back benches. We realize how they feel about the limitation on opportunities available to express themselves on issues which come before the House. We do not expect very much more, because they are all sitting there squirming around, waiting to get up and debate this particular issue, to get their five or ten minutes in on this particular debate. They know that if they are good boys, chances will come their way and they may have an opportunity to advance to a parliamentary secretaryship or possibly even to a cabinet post. I say this simply by way of introduction to the main point I want to make.

I very much regret that the government is veering very severely from the traditional precepts and concepts of Liberalism. Anyone who observes parliament ought to sit down and watch this group of technocrats, so-called, who want to bring everything into parliament, speed it through and get rid of parliament—because it is a nuisance to the government, after all, having members stand and discuss the policies they bring forward. It is a nuisance to the cabinet to have a question period, for instance. But that is really what parliament is all about. The exercise of power without opposition is an unhealthy and unsatisfactory situation.

The most amazing thing about this motion is that there is no evidence of any inefficiency on the part of this chamber. All of us on this side who have participated in this debate have tried, as well as we are able, to make suggestions, to point out instances where we feel there are shortcomings in the legislation. We are responding to the cry which comes from our constituents to discuss economic matters. That is what the bulk of my mail is about. I do not know whether members on the other side receive that kind of representation from their constituents.

If this government had its way, we would talk for five or six minutes, look over a list of legislation and then retire from debate and they would merrily carry on in their own way. But do we not have a responsibility, as parliamentarians, to come forward and make suggestions to try to improve legislation? That is the role of a member of parliament. Although the members of the executive are part of this parliament, it is their responsibility to propose legislation and it is ours to criticize and make suggestions with regard to changes which we feel ought to be made.

As I began to say a few moments ago, the incredible part of all this is that the motion before us to terminate discussion on this bill does not reflect any inefficiency on the part of this chamber. It shows the helter-skelter way in which the cabinet has conducted its affairs and the way in which the business of the House generally has been conducted. It would be laughable if it were not a serious matter.

The budget was brought forward in March of this year. We finished the session, and the tax bills from that budget are only now being brought forward. One is led to ask: What kind of strategy is the government following? What kind of legislative program has it in mind, so that we can assess it in a responsible manner?

The answer, I am afraid, is that the government has no idea what it is doing. It goes from one bill to another for no apparent reason. Apparently they wait until Senator Keith Davey is ready to advise the Prime Minister as to the advantages of one course of action compared to another. It is the height of irresponsibility, in the first place, for the government to bring forward such an important piece of legislation as this at such a late date and then to talk about its urgency.

I notice that both the House leader and the deputy House leader have left the chamber, having made their little speeches. They are not very interested in what goes on now, because they know that members on the back benches over there will support any action which is proposed to them. But if there is some urgency about getting this bill through, let the House leader give us some indication of the legislation they wish to bring forward, so that we may know precisely what programs they have in mind and what measures they consider to be of consequence. But let them not bring forward a closure motion to shut down debate contrary to the wishes of most of the people in Canada who want us to discuss economic matters.

Some hon. Members: Oh, oh!

Mr. Hnatyshyn: Government members laugh. Of course they laugh, because they have the tendency to reject anything which might be of consequence. The people want us to address ourselves to economic matters. If the members supporting the government feel that the economy is of secondary or tertiary consequence, they will continue to support the government. If they feel the rights of members of the House are minimal, of course they will support the government.

• (1632)

All I say to them is that we could conceivably have got through this debate. We are now wasting time on this motion. We could have had speakers dealing with the bill before us and be finished by the end of this week. We could have had a full discussion of the matter. This motion demonstrates, once again, the contempt of the government and the Minister of Finance for this House of Commons.

[*Translation*]

Mr. Peter Stollery (Spadina): Mr. Speaker, I would like to take a few minutes to talk about the inconsistencies in the attitude of the opposition which is being ever more ridiculous with its abuse of the standing orders of the House of Commons.

Mr. Speaker, I have here the names of the members who have risen and expressed their views about Bill C-11 during the last nine days. In fact, twenty-seven Conservative members have talked. About fifty speeches have been made in the

House concerning this bill. I for one think that it is a shame that the business of the people of Canada cannot be dealt with in the House or, at least, go through the various stages in the parliamentary system.

Frankly, I am not the least surprised to hear that the people of Canada are worried about the parliamentary system when I see the opposition and more particularly the Conservative party take nine days to repeat, speaker after speaker, the same thing 27 times over.

Mr. Speaker, I wonder how many times we have to repeat what we say in the House.

[*English*]

I find the comments of the hon. member for Saskatoon-Biggar (Mr. Hnatyshyn) very difficult to follow. First of all, he gives this rather grandstand performance about members on this side not having an opportunity to discuss the legislation before the House. I take it from his remarks that the hon. member for Saskatoon-Biggar, in the several years he has been in parliament, has failed to understand the parliamentary system. This is unfortunate. For example, we on this side of the House have meetings with the minister, as do members on that side. We have an opportunity to discuss these matters with the minister, without taking up the valuable time of this House of Commons.

I think the Canadian people would be interested to learn that the Canadian House of Commons sits the second longest number of hours of any chamber in the democratic world. Yet we have a legislative program which is continually disrupted by the opposition. It is no wonder that the people of Canada wonder—and I am sure, having seen us on television, they are wondering even more—just what it is they are sending their members down to Ottawa to do, when they hear the same speech made by members of the Conservative party 27 times. Twenty-seven times we have heard the same old, sad story.

They do not have the sense to assist in the passage of a matter of such importance as a tax bill which is designed to create demand in the economy and give a $100 tax cut which will be of benefit to over 7½ million Canadians. The Conservative party is not even interested in sending that kind of legislation to committee of the whole. When members talk so bravely of going to their constituencies and hearing what they have to say, I hope their constituents will tell them that there are issues which are more important than the RCMP, about which we have heard nothing but for the last three weeks. We are interested in getting on with business of the House and improving the economy. What we would like is some co-operation from the opposition parties.

We are trying to stimulate private investment and create jobs. Therefore, we would like those people who want to invest to have some idea where they stand. But not the Conservative party; they do not want to give these people any idea where they stand. They would prefer to talk, talk, talk in this House, always saying the same thing. I have looked through some of the speeches which have been made over the last nine days of this debate and have concluded that hon. members opposite must have only one speech writer. I do not believe there are 27 different lines of thought, so they must have one speechwriter whose speech has been given 27 times. When they go to their constituencies and try to explain why their constituents cannot make the kind of investment decisions which are needed in order to create jobs, I hope they are also prepared to explain why they make the same speech 27 times.

Following the advice of the government, Mr. Speaker, I am not going to go into the bill before the House, because what we are trying to do is to get Bill C-11 into committee of the whole so it can be discussed in detail. How can you deal with members who contradict themselves? On the one hand, for three weeks they have been downgrading the RCMP; on the other hand, they do not want to deal with the real issues in this country and the economy; they only want to talk about them. It is the old story, Mr. Speaker—they do not want to do something, they only want to talk about it, and they say the same thing 27 times. Frankly, I think that is a disgraceful performance.

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I am surprised to hear a member for whom I have some regard make such foolish remarks in the House as those made by the hon. member who has just taken his seat. Since I have a decent regard for him, I shall not refer to him further during the few minutes at my disposal.

We must be taken to understand, from the fact that the government has brought in closure, that the government have tremendously important, world-shaking legislation on the other paper of this House that they are dying to have the House pass. Otherwise, why would they try to rush through this legislation which really encompasses two budgets? One was brought in by a wolf in sheep's clothing when the Minister of Finance (Mr. Chrétien) spoke in the throne speech debate several weeks ago. The other budget was brought down by a wolf who has now become a sheep and who will be going off, we understand, at the end of the month to McCarthy and McCarthy, where doubtless he will restrain his demand for greater compensation in the interest of government policy which he has been espousing in the last year or two.

Just what is it for which we are waiting with bated breath, Mr. Speaker? What is this fantastic legislation which will change the face of Canada and which the government wants to have passed by putting closure on the income tax amendments? As far as we kow, there are two pieces of legislation. One is CALURA, not "coloratura", or whatever it is, which we hear over in the National Arts Centre, but CALURA—which has to do with amendments to labour legislation and is of infinitesimal importance. I say it is laughable, Mr. Speaker. Having brought forward that piece of legislation, I can see hon. members opposite committing collective hari-kari—and I will supply hon. gentlemen with the knives if they want to do that.

The other world-shaking piece of legislation which will rock this House to its foundations, and which justifies our being televised, is legislation having to do with petroleum corporations, legislation that will tell the oil companies that they have to do what they have been doing for the last 18 months, but

which only now they will be doing in accordance with the force of law rather than in accordance with the force of the proclamations of the Minister of Energy, Mines and Resources (Mr. Gillespie) which have the force of law. They will now have to give information to the Minister of Energy, Mines and Resources on how they spend the revenue they bring in.

● (1642)

This House is being cut off from debate. Our members are being prevented from debating these tax measures, puny as they are. Closure is being brought in. The government House leader, God bless him, has only been back with us for 24 hours, but I have to tell him that we "inappreciate" the fact that he has come back here and slammed down closure so quickly. We "inappreciate" that fact, just as the Minister of Industry, Trade and Commerce (Mr. Horner) "inappreciates" the Cape Breton miners and says they "inappreciate" working, that they don't want to work and that they "inappreciate" labour and work. We, too, "inappreciate", we do not appreciate, we do not agree with, we do not go along with, we are not capitivated by, and we are not enamoured of the fact that the House leader comes back and within 24 hours puts the iron heel of closure on our necks. We do not see why it is necessary, Mr. Speaker, because we do not see any legislation coming before this House in the next few weeks that is of any importance.

The hon. gentleman who just spoke mentioned that we had 27 speakers. Yes, we are not afraid to speak on this side of the House—and we are not afraid to run into power if the voters will endorse what we say and what we believe in. He forgot to mention that his own Prime Minister (Mr. Trudeau) spoke in this House for an hour, or in excess of an hour, on opening day, or the day after opening day—whenever it was—on October 19. He spoke for over an hour and a half. That gentleman not only looked tired, but he was morose, he was mournful, he was in a misogynistic mood, he was dispirited, he was dismal, he was dull and he was dejected. In fact, he was downcast and he was dumpish, meaning he was in the dumps, and he felt that the Canadian people had to examine themselves and realize that they themselves were at fault for all that he and his government had done or had failed to do.

He was decidely dejected because the Canadian people were not rallying around him saying, "We are to blame, Mr. Prime Minister; it is our fault". So he was very dejected, he was slumpful, he was sluggish, he was singularly pained, Mr. Speaker, when he gave us his message. Not only that, he was painful, he was peeved, he was peevish, he was decidedly non-productive, pedantic but unperturbed. The Prime Minister is always unperturbed; nothing perturbs him, nothing shakes him.

The Prime Minister is going to Newfoundland in 48 hours' time, and the fact that we have got the worst unemployment we have ever had in our history, with 29,000 people out of jobs in Newfoundland, does not perturb the Prime Minister. He is unperturbable. He is going to get off his jet plane at Torbay airport, with his rose in his lapel, or whatever other sprig he chooses to wear at that moment, unperturbed over the fact that Newfoundland is in the throes of the worst unemployment that any Canadian province has had since the 1930s; and is going to give them his message of good cheer, that they should be concerned about national unity and should blame it all on Premier Lévesque of Quebec.

It is not Prime Minister Trudeau's fault, or his government here in Ottawa, that they are unemployed, that their economy is in tatters, that they are treated like second-class citizens, that they are treated like peasants, that the mines are permitted to close at St. Lawrence, that the linerboard mills are permitted to close at Stephenville, that the whole place is permitted to close! It is not the Prime Minister's fault; it is the fault of Premier Lévesque! And it is their own fault! The Prime Minister singularly "inappreciates" the fact that they might blame the Prime Minister and his government or think that they might have something to do with that. He is going to find out that they don't like being discriminated against, that they do not like to see Gulf Oil with a plant at Shawinigan, in the Minister of Finance's district receiving grants and loans of great generosity from the Minister of Industry, Trade and Commerce and from DREE.

They "inappreciate" that while their linerboard mill, with 1,500 jobs, is allowed to go while the government of Canada says "We cannot help you because our job is to create jobs, not to save jobs". Then we pick up a release which says that this money is being spent to save jobs in Shawinigan. I say fine, let us save them in Shawinigan, but let's save them in Stephenville and throughout Newfoundland also. Let us save them at Shawinigan and save them at St. Lawrence. Let's save the jobs in Newfoundland as well as in Quebec. Then we pick up a release that says that the Valleyfield Chemical Products Company Limited is going to have lashed into it $11.25 million from ITC and DREE to save 300-odd jobs in Valleyfield. This is to save jobs, not create them. We realize that not a hand is lifted to help save jobs in Newfoundland at Stephenville, and it is no wonder that the people get perturbed. I know that the Prime Minister is unperturbed and that nothing perturbs him.

Today the Prime Minister assassinates the administration of justice in the province of Quebec. He does not want that discussed in this House. He does not want these things discussed in the House. He wants us to discuss CALURA—have you had your CALURA today—or petroleum corporations. He likes non-controversial things. He does not want us to discuss the economy and the miserable shape the hon. gentleman opposite has got this country into. He does not want that discussed—no, cut off the debate. He brings back the President of the Privy Council (Mr. MacEachen), knowing we have a sneaky regard for that elderly gentleman. He thinks we won't protest if he brings down the iron heel of closure and imposes it on our necks as he is doing here today. The Prime Minister had all the fire and fervour, when he discussed our economy, of an emasculated buck rabbit.

It is obvious, Mr. Speaker, why gentlemen opposite do not want to participate in this debate any further. They cannot defend their actions on the economy. Nor can they defend what they are doing today with the Keable commission by

saying, on one hand, that the administration of justice is provincial, as we have heard so many ministers answer here when they are asked questions: they say the administration of justice is provincial, but when the provincial administration in Quebec investigates the administration of justice, which includes the RCMP—and surely it is part of the system of justice—the minister is now going to say they cannot investigate the RCMP because it is not the administration of justice. This is the administration of what—mercy?

He is afraid that the Keable inquiry will be independent. He knows it is not under the thumb of the Solicitor General (Mr. Fox) and not under the Prime Minister's thumb. He knows the Laycraft inquiry in Alberta is not under his thumb, so they will not co-operate with those commissions. We hear today that the Solicitor General will co-operate with the federal commission of Mr. Justice McDonald. The government is going to co-operate with that commission which the government itself appointed and which will not get down to the brass tacks, the meat and the nub of the question, until after the next federal election is over. They are not going to co-operate with the two provincial royal commissions; they are not going to co-operate with anyone but Mr. Justice McDonald, they say now.

We will see in a few months how much they co-operate with Judge McDonald if he shows any signs of independence whatsoever. It is a sad day for Canada when we see the iron heel of tryanny again imposed in this House today by a government which has nothing to offer, nothing coming up, nothing on the agenda, but sneaks in a budget speech and tries to prevent the House from discussing these measures brought in so pitifully by the Minister of Finance several weeks ago.

The Minister of Industry, Trade and Commerce does not want to have matters discussed here. He said the other day in Winnipeg, according to the *Free Press* of November 9, that he wished the federal government would borrow less in order to make the money market more accessible to private industry. Did you ever hear anything more hypocritical? The Minister of Industry, Trade and Commerce wants the government to borrow less, yet the bill we have before us authorizes the government to borrow $9 billion because of this spendthrift administration.

Why doesn't the Minister of Industry, Trade and Commerce get together with the Minister of Finance and get on the same wavelength. One minister says he wishes the federal government would borrow less in order to make the money market more accessible to private industry. I hope the Minister of Finance goes along with the Minister of Industry, Trade and Commerce. Of course, that minister rides in every direction. He is not riding on the Mounties, but he is riding in every direction. In order to get power, he did not ride on the Mounties; he rode on something else I won't mention here this afternoon.

Mr. Speaker, I see you rising. May I carry on, with unanimous consent?

Some hon. Members: No.

[Mr. Crosbie.]

Mr. Arnold Peters (Timiskaming): Mr. Speaker, I certainly do not intend to compete with the hon. member who preceded me. I was impressed with his vocabulary, particularly with the words he invented during his discourse. I was even impressed with the words he initiated, because they are like words my House leader accuses me of using all the time.

We are again faced with closure. I was impressed with the statement of the minister for amateur sports and fitness (Mrs. Campagnolo) about the British parliament. It is an interesting thing that, while it is true there are limitations in respect of the length of speeches in the British parliament, they at least know where they are going. If this parliament were to get cracking and pass this bill tonight, and probably two or three other little bills, we could do what I overheard an hon. member opposite say he would like to do—that is, go home. He can go home at any time, because his contribution is very limited. We were sent to this parliament to discuss a number of things. Obviously, one of them should be the economy of the country. The government has handled things so badly recently that we are still working on a budget from a year ago, and a pseudo budget from a few weeks ago, neither of which will solve any of the problems. In the opinion of my party it would be wise not to pass these particular bills, because we do not agree with the distribution of the tax structure which will give more to the corporations and less to the people.

● (1652)

In the British parliament there is an order of what is going to be decided. I heard a couple of hon. members say that we should carry on this debate on economic matters until Christmas. The reason for doing that was simply because they did not want to get on to the subject of national unity. These are two subjects which have been handled very badly by the government. While economics may not be as devastating as far as our country is concerned, to get on to the other one is even less appetizing than staying on this one until Christmas. By that time they might find other problems to solve.

Canada has an immense unemployment problem. My colleagues have referred to the 3,000 people who will be laid off very shortly in Sudbury. Last year, in my constituency, we lost probably 1,700 or 1,800 jobs in approximately four plants. An entire industry was closed down in my community within the last ten years. No one cared and no one paid much attention to that. With the way the dollar is going today, perhaps they will rue the day that they neglected that industry and realize that stockpiling would not have been such a bad deal. That would not have been a bad deal for most governments, but this one could not see it.

When we allowed the gold mines in Kirkland Lake to close, gold was worth $35 an ounce. We were subsidizing the production of gold to a limited extent. In fact, it was to such a limited extent that mining of gold could not be continued. If it had been subsidized to an extent at least twice as much as it now is, and if that gold had been stockpiled, we would have eliminated many of our troubles. It is a fact that the price of

our dollar in relation to the American dollar would have been very close to par, in that event.

Gold went up from $35 an ounce to almost $200 an ounce. Now it is approximately $162 an ounce, and in my opinion, it is headed once again for the $200 an ounce level. Therefore, it would not be a bad idea to consider doing something about gold, as it is an activity which requires high employment. It is not the kind of activity which requires immense equipment. It is not the kind of mining activity where there are large veins and the use of large equipment is required. The industry requires a lot of employees. It should be thought about, especially when the currencies of all the countries in the world are very shaky and many of them are taking their lead from the Canadian economy, which is the worst in the field.

This government talks about bailing out corporations; it talks about giving out $1½ billion in tax concessions to corporations. These corporations are not working to capacity. They do not have foreign markets and they do not have sales for their products. It seems somewhat ridiculous to give them more money, without any controls. If assistance was provided to the resource sector, whether it be in the forest or mining industry, a lot of secondary jobs would be created very easily in this country.

How many jobs could be created in Sudbury by the establishment of smelting and refining plants there, rather than the shipment of raw materials to Norway and other ports? How many jobs would be created in northern Ontario if lignite is not developed in the Cochrane area? Iron ore should be brought in from the Adams mines at Kirkland Lake, the Temagami mines and from Belcher Islands to be produced in northern Ontario. That would result in the production of six times as many jobs as would the use of very elaborate, costly and heavy equipment to mine, with a minimum of employment and a maximum of profit.

Members opposite may want to have a national emergency debate on the state of our nation, but those interested in employment should honestly participate in this debate. I am sure some hon. members opposite are faced with unemployment in their constituencies. The only reason they do not participate in this debate is that they depend upon the national Liberal party to provide them with funds for the election which will come up very shortly. They do not want to rock the boat. Since this session started, only the hon. member for Fort William (Mr. McRae) felt strongly about the wishes of his constituents to rise and vote against what he knew was a bad bill. In fact, 50 per cent of his colleagues from the northern regions of this country realized this was a bad bill. That hon. member voted against it. His colleagues should be proud of him for the guts he displayed.

This is an important debate. The economy of Canada has not been in such bad shape since the last depression. If the government knows nothing about the economy, it should talk to the people who are unemployed. They know about the economy and would be willing to participate. Also, they would be willing to ask the Minister of Finance (Mr. Chrétien) to provide the economic leadership that would provide jobs, and not just vote for an inept government which happens to be in power.

May I call it five o'clock?

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

● (1702)

PRIVATE MEMBERS' PUBLIC BILLS

[*Translation*]

Mr. Deputy Speaker: Order No. 2, in the name of the hon. member for Matane (Mr. De Bané).

Some hon. Members: Stand.

Mr. Deputy Speaker: Order No. 4, in the name of the hon. member for Egmont (Mr. MacDonald).

* * *

SOCIAL AFFAIRS

PROVISION OF EMERGENCY MEASURES TO DEAL WITH INFLATION

Mr. Adrien Lambert (Bellechasse) moved that Bill C-205, to provide for emergency measures to deal with the inflation of prices, be read the second time and referred to the Standing Committee on Health, Welfare and Social Affairs.

He said: Mr. Speaker, I would like—

Mr. Yvon Pinard (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, there is an order to which there has been no answer. I ask on behalf of the government that the order stand.

Mr. Deputy Speaker: Agreed. But I would insist that the hon. parliamentary secretary do so when orders are called, otherwise we would establish in the House a practice which will be very difficult to follow. As long as we do not decide on a new procedure, when the Chair goes to the trouble of calling an order, I wish someone would speak up because that creates a problem. I think that those who have the responsibility to speak on behalf of the government should do so. The House has heard the hon. parliamentary secretary who asked, on behalf of the government, that Orders Nos. 2 and 4 stand.

Mr. Pinard: Mr. Speaker, I would like to understand the remark you have just made so that it could be useful to us in the future. Do you want me to stand up each time you call an order to ask for such and such order to stand or do you want me to advise you right at the beginning by saying: do not call orders, proceed directly to such and such order? I am prepared to make your task easier but I should like to understand the nature of your request.

Inflation

Mr. Deputy Speaker: Order, please. The hon. parliamentary secretary is aware that the programming of the private members' business hour is being studied by the Chair and that the Chair has initiated a debate on the procedure. By the way, such a debate will be held and hopefully we shall arrive at a formula which will be acceptable to all hon. members and which will enable us perhaps to avoid situations such as the one we are in now. Meanwhile, however, if the hon. parliamentary secretary wants to ask, when calling the hon. members' hour, that some orders stand, it is his privilege. If not, the Chair calls the orders and at this time if they are not allowed to stand, and if they have been called for the second time, they will automatically be removed from the top of the list on the order paper. They will go to the bottom of the list or of the orders, as the case may be.

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, in the Speech from the Throne that was delivered at the opening of this session, the government established a few things of which we were already aware. I believe all hon. members had been aware of this situation for a long time. Let me quote the paragraph in the Speech from the Throne which deals with unemployment and inflation and which reads as follows:

> High rates of unemployment and inflation are clear signals of the inadequacy of economic strategies appropriate to simpler times. They are also signals of the urgent need for important structural adjustments in the economies of Canada . . . More than that, they are the symptoms of an illness which can be cured only by a readjustment of our values, and by a re-discovery of the merits of self-discipline and fair sharing.

Further, they make a few more obvious statements regarding the effects of inflation and unemployment. One can read the following:

> The human hardship imposed by the current level of unemployment in Canada is deeply disturbing. It is neither just nor tolerable that in this country there should be so many men and women deprived of the dignity of self-supporting work, unable to meet their financial commitments and plan confidently for the future. It is intolerable that so many are deprived of their right to secure and productive lives, and that their families bear an unfair burden of worry, uncertainty, and deprivation. On a national scale, unemployment now constitutes a very serious obstacle to economic growth.

Mr. Speaker, as result of these statements, the government has also stated through its spokesmen at the ministerial level that we shall have to resort to new methods to face the situation in order to restore a proper balance in our economy and make sure that each and every Canadian can live a proper life in this country as a result of his work. I think of those who are able to work. The serious economic situation which we are facing demands emergency measures and the very purpose of the bill I have the honour to introduce in the House is to tackle in a straightforward manner the real problems of inflation and unemployment. This bill, Mr. Speaker, advocates positive steps instead of idle talk to put an end to this serious problem.

We in the opposition are often accused by the majority that we are very critical but that we never suggest anything concrete. Well, Mr. Speaker, when we do suggest anything they are not taking enough notice of it. I hope that Bill C-205 will show them it is a concrete measure, a positive thing that could be applied in situations similar to the ones we are experiencing now. For a while, it seemed that the Anti-Inflation Board had

taken worthy measures, and during the second semester of 1976 the consumer price index showed an encouraging downturn but the little optimism that it elicited soon disppeared in 1977, the situation has even deteriorated because we do not have the mechanisms required to obtain truly valid results.

● (1712)

The consumer price index went up 1 per cent in October 1976. This index for the month of October 1977 was at 8.8 per cent. We are far from the 6 per cent target set up by the board. In addition, the average salary increase authorized by the board from October 1976 to October 1977 was 7.5 per cent. That leaves Canadians in a very bad situation, specially the majority of workers. There is a 1.3 per cent salary loss which is disastrous for individuals, but mainly for families which can hardly secure the strict minimum. It might look old fashioned to make such a statement when one hears sometime that there is no poverty in Canada. But there is a difference between real poverty and insufficient income to meet one's obligations and that is the situation which confronts the majority of people.

Since 1973, the real increase in personal income, and I insist on the word real, went down 3 per cent. On the other hand, the productivity went up some 3 per cent. A system which allows for such contradictions ought to be corrected immediately. Canadians are making their own effort but get no reward out of it. Indeed they are penalized in many instances. Then we pretend we live in a just society. We tried to establish this just society. I am convinced that when the right hon. Prime Minister (Mr. Trudeau) was saying across Canada in 1968 that it was his intention and the intention of his party to establish a just society in this country, he was quite sincere. And later, during the next election campaign, when the Prime Minister was saying across the country that it was impossible to establish this just society, I believe he was right again because with our present means, with our obsolete economic system, it is obvious that nobody can succeed in establishing a better society in Canada because we are facing an economic dictatorship. High finance controls the economy of this country and directs our policies to satisfy the craving of those who hold the reins, those dictators of our economy, forgetting that a sound economic system must serve every level of the population and that the efforts of all Canadians must be rewarded so that each Canadian citizen can satisfy his essential needs, wherever he lives. And the government was right when it told us in the Speech from the Throne that we will have to use new methods to redress the present situation, methods which should necessarily give some short term results, but also be planned in order that in the long term we should have adequate mechanisms to make an unbiased and constant analysis of the efforts of the Canadian population, of our productivity and of the purchasing power distributed among the various levels of production as well as an analysis of the difference, of the lack of purchasing power of the same people who find themselves unable to buy the products made by and for Canadians.

Mr. Speaker, the aim of Bill C-205 is precisely to give the government the power to make those adjustments, to find a

regulating mechanism to give the consumers who need it an additional purchasing power without involving any increase in wages and prices. This is by way of a discount.

Yesterday during the question period I was listening to the right hon. Prime Minister's answer to a member from the opposition to the effect that the purchasing power of Canadians should be increased in order to spur the consumption of goods produced in this country, to stimulate the economy and help in solving the unemployment problem.

Mr. Speaker, the Prime Minister was right. We have told him so for a long time, but it must also be understood that this increase in the purchasing power must take place at the level of those families who have a real need for it. The compensated discount, the type of discount which we recommend in this bill, is a means with which to reach that objective, because when a family buys five pounds of butter, five quarts of milk or a pair of shoes or some clothing made in Canada, by consuming these goods, this family will automatically benefit from a discount, therefore an increase in its purchasing power and this discount, according to this bill, will have to be set at the dealer's level, because it is at that stage that one can truly evaluate the needs of families and individuals. And if there is consumption, there will automatically be a discount, but the question lies as to who is going to pay back that discount to the dealer. Is the dealer to lose because he grants a discount to the consumer who has just bought a pair of shoes in his store? Absolutely not. It is where this bill provides a whole mechanism for the creation of a national credit board which would be responsible for the management and the implementation at the consumer's level of this measure which will enable Canadians to increase their purchasing power inasmuch as there are needs to be satisfied, and periodically—it may take one or two months—those merchants or dealers could present before the banks or the credit unions, on an official and well established formula and along with any necessary justifications, the amount of discount which they would have granted after a period of a month or some three months, as will have been stipulated by the national credit board. The banks or credit unions having served as go-between for the government, the Department of Finance and the dealers, through the Bank of Canada, following well established official figures, the government will be able to create new estimates in order to reimburse the credit unions and the chartered banks which, following a well established type of accounting, would have paid out in compensation to the dealers those amounts which the dealers would have granted to the consumers. This is what is called, Mr. Speaker, a regulatory discount. In the same way, as some hon. members have seen a steam engine work, as for instance, in a sawmill, and incidentally there are still a few left in our country just like in my own riding, which used to be called steam engines and that is the same thing.

● (1722)

And that machine is equipped with a system called a regulator. The regulator drives the circular saw. When a big log is going through the saw, more power is needed. Then the regulator provides more power to allow the saw to split the log. Once the job is done, the regulator gets back to providing the usual amount of power since no extra power is needed anymore. Mr. Speaker, our economic system works the same way: the principle of the regulator is applied in the form that we advocate here, a discount system. Should the House accept the bill, study it thoroughly, refer it to a committee for examination, that would call for economists to appear before it—not the ones who have put us up to our ears in trouble—but economists with an open mind for new formulas that would enable the government to come up with a legislation that would pull us out of the chaos we are in and of this misery which is totally unjustified in times of abundance.

Mr. Speaker, we are going in the same direction as we did after World War I; the older members must remember that. Last Sunday the CBC French network gave the history of the years 1920 to 1945. I wish all Canadians had listened to that program because the young would have learned that history repeats itself.

After World War I, because of the war effort and the production of war commodities, the government had to boost the money supply. Prices for everything had increased and consumer goods were more expensive. After the war, we had an inflation period, prices were very high and people borrowed money believing that the situation would last. But thereafter we had the 1929 crash. Investors were so panic-stricken that they refused to invest and that was the beginning of the depression, as that period was called. After inflation it is deflation. From 1930 to 1939, all governments, whatever the party, resorted to many measures; back to the land, workers earning 20 cents in Valcartier, all sorts of plans, band-aid programs to lure people and save the system which did not meet people's needs at that time.

And in 1939 the war broke out as had been predicted by Major Douglas here in Ottawa when he appeared before the finance and commerce committee at the government's request. On that occasion he had stated, and that was proven, that if they did not change the way to finance the public sector, we would have within ten years at most another world-wide war. Unfortunately, those predictions became true. In the first years of the war, we saw the government appealing to patriotism, to all those who starved in poverty in the years of plenty. They urged them to become patriots, to save a system which maintained them in poverty, a system which again is dragging all Canadians down to the most unqualified poverty.

It is precisely to save a sick capitalist system which must be reformed—and that will never be said often enough because it needs to be reformed—and it is to help the government reform that system before it is too late.

Mr. Deputy Speaker: Order. I am sorry to interrupt the hon. member but his time is up.

Mr. Pierre Bussières (Portneuf): Mr. Speaker, I am very pleased that the hon. member for Bellechasse should have introduced Bill C-205 which provides for new and imaginative measures to urgently correct the economic difficulties we are experiencing. This bill is very interesting, especially because

our debates these days are not particularly relevant to the economy at certain times. The hon. member should be commended for bringing us back to a crucial question which should be the focal point of our daily concerns.

Of course this bill features clauses or provisions with which I agree entirely and others on which I have certain reservations. I think the introductory sentence of the remarks of the hon. member for Bellechasse who quoted an excerpt from the Speech from the Throne was perfectly attuned to the measures he is proposing. The Speech from the Throne reminded us of the reality of the economic situation and told us that we should not be looking for the way to correct that situation in the conventional means. I also believe that indeed the hon. member's bill does not draw its proposed solutions from the conventional means of economic theories.

However, we are often told and often reminded in this House that the government has been and is still unduly involved in the direct conduct of economic affairs. The government is being blamed for its constant interventions in the economic mechanisms not only through fiscal measures but through many other government endeavours. More especially when discussing with small contractors and businessmen, they tell us that quite often a high percentage of their administration costs goes for filing forms coming from the municipal, provincial or federal governments.

Mr. Speaker, in that case I believe they are entirely right. When the bookkeeping section of a business which has about fifteen employees devotes 25 or 30 per cent of its time to deal with the Quebec Pension Board, the medical insurance scheme, the Unemployment Insurance Commission, the excise tax and all kinds of forms from the various governments, I think we have reached a saturation point as a result of the interventions made by various departments and governments.

Mr. Speaker, the first reservation I have about Bill C-205 is that it will add a new mechanism which at first sight seems to be really complex and sets really heavy restrictions on the various agencies of our economy. Mr. Speaker, I would like to note some points which I find highly interesting. In particular, we find this provision in subclause 5(h) at page 4 of the bill:

Every Canadian citizen over 18 years of age shall be entitled to apply—

—under this bill—

—for a basic security income of $100 per month—

● (1732)

The colleagues of the hon. member for Bellechasse and the hon. member himself have often emphasized the need for such a program. I would not want to misinterpret this clause of the bill introduced by the hon. member for Bellechasse, but I would interpret this as a form of guaranteed minimum income. In my opinion, the government should urgently implement such a program.

The Minister of National Health and Welfare (Miss Bégin) made some comments on this issue recently, but I believe that the time for comments or proposals is passed and that we must now take some action. I know that several members on this side of the House share the interest of the Social Credit Party of Canada in a guaranteed minimum income program and I hope that my colleague will continue to urge the Minister of National Health and Welfare and the members of Cabinet to develop such a program as soon as possible.

What I like particularly about subclause 5(h), Mr. Speaker, is the fact that the hon. member has mentioned in his bill certain existing government programs, such as the Unemployment Insurance Program, which could help finance this plan. If we examine the expenditures of the government for the programs mentioned by the hon. member in subclause 5(h), I believe there would be enough money to finance a universal guaranteed minimum income which would assist all Canadian citizens equally. In my opinion, this provision of the bill is extremely interesting and we should consider it seriously.

I was also interested by something that the hon. member for Bellechasse said in his speech, for instance that an economic system must serve the people. I think that the hon. member often says that the people should not serve economic systems. I suggest that this is a basic truth that we should keep in mind all the time. I feel that he is right when he says that he does not believe our economic institutions and our present system are really and primarily geared to serve the public, for indeed they are geared to serve themselves. In other words, this system looks at itself in a mirror and tries to please itself and provide benefits to itself, instead of providing them to the citizens.

According to the hon. member for Bellechasse, serious-minded economists, not the kind who tries time and again to find solutions to cyclical and permanent problems, in other words economists who are not limited in their originality, should take the time to consider these proposals. I think it would warrant the trouble, and the proposals which could prove detrimental should be cast aside. I feel that there are many very interesting measures in this bill, and that we should seriously consider putting them to work to remedy our current situation.

Mr. Speaker, if we recognize that the situation is new and different, it is not by falling back on outdated economic measures, to quote from the Speech from the Throne, that we will be able to correct the situation, but rather through innovative measures, as stated in the Speech from the Throne. I believe that proposals put forward by the hon. member for Bellechasse (Mr. Lambert) are innovative measures, and as such they deserve to be considered.

Another reservation I would like to make, in addition to those expressed at the beginning of my speech, is the proposed reversal of the inflation of land values, as opposed to other property values. This in my view could create difficulties. It is proposed for instance that they should be brought back to the level of 10 years ago. In Neuville or Saint-Raymond or Pont-Rouge, in the riding of Portneuf—and I believe conditions are similar in the hon. member's riding—a farm costing $15,000, $16,000 or $18,000 ten years ago is now worth $100,000 or $150,000. So I do not believe it would be such a terrible help to the owners of such farms if their values were

rolled back to the level of ten years ago. It may be that I am misinterpreting that provision, so I would welcome comments by the hon. member on this specific provision.

We are also told the Authority would be empowered to announce the operative rate of exchange of the Canadian dollar with other currencies for purposes of sales to and purchases from other countries. Unless I am mistaken, the Minister of Finance already has the authority to do so, and the government's choice is now to let the dollar float, a frightening phrase for some people. I feel that a lower valued Canadian dollar versus the U.S. dollar has certain benefits, for our exports in particular. And as long as exports have not resumed a pace likely to boost employment, we should in my view maintain the dollar at a relatively low level with respect to competing currencies.

In summary, I would simply suggest I have reservations, especially in respect of the administrative structure called for in the bill, in the context of the not unfounded criticism of too much government intervention in the management of our economy. I would point out that this legislation includes extremely interesting provisions. And as far as the issue of a guaranteed minimum income is concerned, this has received very much attention from my colleagues. I can assure this House that we will continue urging the Minister of National Health and Welfare (Miss Bégin) to establish as soon as possible a sound, consistent scheme of guaranteed minimum income, and I feel assured that the hon. member's hopes can be filled within the shortest time frame.

Mr. Irénée Pelletier (Sherbrooke): Mr. Speaker, first of all I would like to congratulate the hon. member for Bellechasse (Mr. Lambert) for introducing this bill. I have known him since I have the honour to represent the people of Sherbrooke in this Chamber, and I recognize in him a member who has always shown an interest, not only in his riding and in his province, but also in the whole of Canada. On many occasions he has suggested means to solve a number of problems, particularly when it comes to the Canadian economy.

• (1742)

I also wish to say to the hon. member for Bellechasse (Mr. Lambert) that I entirely endorse, like my colleague for Portneuf (Mr. Bussières), several of the measures proposed in Bill C-205. Certain proposals would require some explanation, and the hon. member will surely admit it, because it is not possible to explain everything in a bill.

Mr. Speaker, the hon. member for Bellechasse has introduced a bill which, according to him, will deal with both the inflation and unemployment problems facing our country. He suggests the establishment of an international monetary authority to control prices, profits and capital transfers outside the country for a one-year period which will be considered as a period of national emergency. I think that the extension of controls, Mr. Speaker, may not be the answer to our problems at present. The key to a global decrease in the inflation rate is rather a wise management policy as put forward recently by the minister. I mean that the federal administration must influence the global demand on the economy through its spending powers and regulate the increase of the monetary supply in order to ensure that the global demand is consistent with a diminishing inflation rate, a sustained increase in production and a gradual decline of the unemployment rate. Most hon. members will certainly agree that this is quite different from the proposal contained in Bill C-205.

The demand management policy that I consider wise is that set forth in the report on the economic and fiscal situation tabled on October 20 by the Minister of Finance (Mr. Chrétien) and in recent public statements made by the president of the Bank of Canada. The economic and fiscal situation as described on October 20 reiterates the commitment made by the federal administration to keep the increase in its spending power below the rate of increase of the gross national product. Consequently, Mr. Speaker, we expect that the total expenditures will only increase by 8.2 per cent in the fiscal year 1977-78. This slight increase only reflects in part the new financing agreements in the health and post-secondary education field, and even if one takes that factor into consideration, the increase would still be lower than the expected increase in the gross national product. This decision of the federal administration to keep the increase in its spending power below the rate of increase of the national gross product should alleviate the inflationary pressures and allow a wider margin for the expansion of the private sector. Furthermore, it should in principle somehow reduce wage demands which some observers regard as a significant inflationary factor.

In this regard, I would like to remark that there has been some tightening with regard to finance management within the government, and this is a new development. I feel this is due to the public spending control program. When dollars do not flow as freely, everyone is careful to spend more wisely. I suppose this also applies to provincial and municipal governments. Another factor which makes for efficiency at the provincial level is the new legislation on tax agreements between the federal and provincial governments, passed recently by Parliament and which transfered to the provinces the responsibility for the management and financing of shared cost programs in the fields of health and education. Thus, the provincial governments will be further encouraged in the future to reduce costs, because they will have to manage all their savings themselves instead of sharing half of them with the federal administration.

I do not mean by that that everything is for the best in the best of all possible worlds in the federal administration. But I think that great progress has been made towards a greater efficiency. Clearly, more must be done in the future, but the progress made until now will make it easier to control the growing tax burden laid on the private sector, which will restrict the fiscal component of prices which falls on all citizens. The economic and tax measures related to the March 31 budget will inject, as everyone knows, approximately $1.8 billion to stimulate the economy during the 1977-78 fiscal year, half of it going to the consumers and the other half to the corporate sector.

The portion allowed to the consumers will help promote the growth of consumer expenses, and the one going to the corpo-

rate sector, combined, of course, with the increase in consumer expenses, will give a badly needed impetus to corporate investments. A higher rate of investments means therefore that the existing productive capacity will have increased when the demand has picked up and also that an added capacity will be needed. Conversely, an increased capacity entails a greater price stability. Moreover, before the March 31 budget, the federal government introduced a set of expansionary tax measures, namely tax cuts on personal income tax through indexation, lower unemployment insurance benefits and the development of job creation programs.

These measures combined with the initiatives contained in the budget will help maintain the expansionary thrust of the federal tax policy put forward originally in the November 1974 budget which, incidentally, enabled us to face the world recession better than any other industrialized country. Besides, the OECD mentioned it in its report, alleging that Canada had a better economic performance on average than other industrialized countries. Therefore, in the 1977-78 fiscal year, the liquidity requirements foreseen by the federal government will be in the order of $8.5 billion. This large liquidity requirement Mr. Speaker, will start to decrease considerably as the economy recovers.

I must point out that these liquidities, given the present circumstances, are not inflationary. They are rather an essential support for the economic activity. In my opinion, an early attempt to reduce them would jeopardize the recovery of production and the decline of unemployment which are both under way at the present time.

In short, the present taxation policy is both anti-inflationary and expansionary. It is anti-inflationary because it is based on restricting federal administration expenses and expansionary because it involves a sizeable deficit. In my humble opinion, it is the policy that must now be applied when so called stagflation constitutes our number one problem. Concerning the monetary policy, which is the other major element of the demand management policy and which the bill proposed by the hon. member for Bellechasse (Mr. Lambert) would rather radically modify, I quote a statement made recently by the Bank of Canada governor in his 1975 annual report:

> The basic principle underlying Canadian monetary policy continues to be that the money supply should grow along a path capable of accommodating a satisfactory rate of real economic growth accompanied by some slowing in the rate of increase of prices.

And in this same statement, the bank spelled out what it meant by announcing three ranges for the growth rate of the money supply and demand deposits which are progressively decreasing, as we all know. The first rate was not less than 10 per cent but well below 15 per cent as measured from the average level of the three months centered on May 1975. Up to summer 1976 and after two increases in the discount rate, the bank had succeeded in lowering growth back to the lower limit.

By the end of August, the Bank of Canada, taking into account the intentions it had expressed, announced a drop of 8 to 12 per cent of the intended range. In order not to exceed that range, the Bank had to lower the discount rate on four occasions, thus bringing it to its present level of 7½ per cent, which was supposed to encourage firms and individuals to increase their expenses and spur the economy. In October, the Bank of Canada announced another reduction in the range of rate gap which varied between 7 and 8 per cent from June 1977. Mr. Speaker, that is our present national monetary policy.

I stated that a careful demand management policy rather than the continuation of control measures is essential to the reduction of the inflation rate. Temporary control measures were necessary to allow a fast reduction of the inflation rate. Had these control measures not been imposed in the fall of 1975, and had salary increases remained at the level of 15 to 20 and even 30 per cent that they reached before the imposition of control measures, costs, in terms of loss in production and jobs, would have been enormous. In such a situation, strong pressures would have been exerted upon the government to force its decision regarding the demand management policy which, by being adjusted to excessive salaries and price increases, would have caused further inflation and would have made the final and necessary adjustment even more costly.

The most important contribution that control measures brought in the fight against inflation is that they have made it possible to avoid that dilemma. Thanks to the control measures and to a careful demand management policy, that risk no longer exists. We can now terminate these control measures and rely instead on tax monetary policy in order to solve the problem.

I recognize that, given high food prices and the devaluation of the Canadian dollar, we have recently faced some difficulties in lowering the inflation rate. For instance, official figures for October unhappily showed that consumer prices have gone up by 8.8 per cent during the year ending in October. For the same period, food prices have increased by 12.7 per cent. On the other hand, non-food products chopped further and stabilized at 7.3 per cent. In this regard, Mr. Speaker, I would like to say that last week, I was reading a report of the Economic European Community which said that the total rate for the whole of the common market countries was around 2 per cent above the Canadian average, for all common market countries, that is.

The decrease in non-food products is due to lower wage demands. Whatever index we use, all wages registered a remarkable downturn since the inception of the anti-inflation program in October 1975. At last Canadian wages have stopped outgrowing wages in the United States—our main economic partners. The slowing rate of wage hikes combine with the recent devaluation of the Canadian dollar—which as you may recall is one of the factors responsible for the recent short-term deterioration of our economic performance in terms of prices—should contribute in a big way to reestablish our competitive position on international markets. It will be the only way for us to benefit from the increasing world demand and the only way to prevent our producers from giving away their products at lower prices on our domestic markets.

This is what we must do, Mr. Speaker, if we are to reduce our significant current account deficit and ensure the future growth of our production and of our employment. We have to accept the fact that our costs must stay competitive in relation to those of our economic partners in order to reduce the present unemployment rate. The reduction of the anti-inflation guideline on wages to 6 per cent after October will force us to accept that fact while controls remain in effect but once they are lifted we will have to accept it on a voluntary basis.

I think we need a monitoring agency to help us contain inflation through the demand management policy. That monitoring agency was described in the Agenda for Co-operation and the Minister of Finance recently stated his intention of proceeding with its formation in the economic and fiscal statement he made in this House. The monitoring agency has been called by some a "toothless watchdog" and consequently, very inefficient. Perhaps deservedly so, but although it may not have teeth I assure you it will be able to bark quite loudly.

As its name indicates the monitoring agency will control cost and price movements in both the public and the private sectors of the economy.

It will be its duty to call attention to cost and price increases which it feels are unwarranted in the present context. Even though the agency will have no coercive power or any teeth enabling it to prevent inflationary price and income increases it will be able to rely on its capacity to announce such increases and its "barking" and thus discourage those who would want to boost prices significantly. Large corporations in particular avoid undesirable publicity. Consequently their leaders will probably hesitate before imposing a major price hike.

● (1752)

[*English*]

Mr. Bob Kaplan (York Centre): Mr. Speaker, there is very little time remaining but I want to make a couple of remarks about this interesting bill which has been put before us today. In introducing it, the hon. member for Bellechasse (Mr. Lambert) said that after all the time that the government has been asking the opposition, when criticizing the government, to come up with something concrete, the Social Credit party has come up with something concrete. My observation about that is that it is not concrete, it is dynamite. If in fact a bill along these lines were to be enacted by this parliament, the economic situation in Canada would be very considerably worse than it is now, not considerably better.

I have so little time that, instead of talking in general terms about the dangers of solving or trying to solve economic problems with the money printing press, when our problems are more underlying, more structural, more related to productivity, to regional disparities and a growing labour force—things which monetary policy alone cannot solve—I think the best way I can discredit the bill and the approach which is proposed by the Social Credit party is to refer to some of the provisions of the bill which they have put before us.

The hon. member for Bellechasse talked in very glowing terms about the general effect of the package, about bringing on the just society, about what he called the failures of government policies. But did he draw the attention of this House to clause 4 of his bill? Clause 4 provides that for a period of one year from the time the act comes into force a state of national emergency will be deemed to exist, and all power over legislation will be, in effect, taken away from this House and transferred to the cabinet during that period, provided that within three months any measures introduced by the governor in council are laid before parliament.

Well, Mr. Speaker, I do not know how serious the hon. member is about putting forward a proposal like that. Is this a time of national emergency? I do not think so. Can the members of this House be convinced that they should not have the right to pass legislation for a one year period, that that right should be taken from this Chamber and turned over to the governor in council?

Let me turn to clause 5(a) to give another example of a proposal about which I do not think the hon. member opposite can be serious. During this period of national emergency for one year, transfer of funds out of Canada for any purpose whatsoever will be prohibited—

The Acting Speaker (Mr. Ethier): Order, please. The time allotted to private members' hour has now expired.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

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

PUBLIC WORKS—RIDEAU CENTRE DEVELOPMENT—DATE OF TERMINATION OF COMMITMENT TO RIDEAU VIKING GROUP

Mr. Jean-Robert Gauthier (Ottawa-Vanier): Mr. Speaker, last Friday, November 18, I asked the Minister of Public Works (Mr. Buchanan) a question concerning a most important project in my riding called Rideau Centre. The minister did not give me a very clear answer and that is why I asked to be put on the late show. In his answer the minister said that, barring complications with permits and other actions of other levels of government, his target date was April, 1978. I hope the parliamentary secretary will be able to tell me today what is the termination date of the commitment to the Rideau Viking group so that it will be clearly established for all

interested parties as April 30, 1978. Otherwise I have some very important questions to ask.

If April 30, 1978, is not the final date by which the Rideau Viking group must obtain all necessary clearances for their proposed development, then I have some very serious questions to put this evening to the parliamentary secretary. If the Rideau Viking group encounters objections and difficulties with permits and, to use the minister's words, other actions of other levels of government which would not be forthcoming, then it could mean that they would get an extension of this commitment until these conditions would be favourable to the agreed development proposal. If this is the case, then I strongly suspect the Rideau Viking group have obtained from the Department of Public Works an open-ended and exclusive contract for development of federal properties, and that we could in time be in some difficulties. I shall await the answer of the parliamentary secretary before making further extrapolations on this matter.

● (1802)

In its simplest terms, the Rideau Centre is a bold, imaginative, and very endearing scheme to revitalize the sector of Ottawa which for many years has been in a state of decline relative to other parts of the centre of the capital. Rideau Centre was an initiative undertaken by the National Capital Commission. Over the years it has required consultation, substantial input and commitment from all levels of government. The private sector and citizens' committees were involved.

Over the years the Rideau Centre has been the most announced project. I was not even elected in 1972 when it was first announced, and I believe it has been announced four or fives times since then. I agree it is a project which has required extensive consultation and which we all hoped would be exemplary of innovative urban design and development. We hoped it would act as an example of multilevel government and private sector consultation and co-operation.

Admittedly there were problems. Readjustments were required from all levels and from all groups. I know we are still going through the process of consultation on the ways and means of implementing this most important revitalization.

In effect what all those involved in the Rideau Centre are trying to do is to reverse a North American trend toward the dying or sick city core. We want to make the centre of our capital the lively, social, cultural, and commercial place it used to be before the exodus to the suburbs began.

The suburbs are all right, but they are no great substitute for a city's heart where action and life are. A Parisian or a Londoner does not seek substance in some suburb, no matter how elegant. He looks to the Champs Élysées or Piccadilly Circus, as do the tourists who visit those great capitals. We want the centre of the national capital to become a tourist attraction, a lively and dynamic centre of activity.

What a lively core needs is people. It needs people living in it. People will gravitate to it because of its attractions. They will gravitate to it because of its theatres, restaurants, friendly and comfortable taverns, or even university lectures. Possibly people would gravitate to it because of a speech in the House of Commons. The last thing we want to do is anything which would drive people out of the core, to make life so exasperating through increased traffic, noise, pollution, and what have you, that the residents flee to the alleged peace of the far suburbs.

[Mr. Gauthier (Ottawa-Vanier).]

We must continue to emphasize the need for a lively, economically sound, and stimulated downtown area. It must become a people place, where people can live and work in peace and security. Experience has shown that downtown areas of large cities, which were neglected and poorly planned, are places which become vacated after the normal business hours and are the preferred dens of crimes and vandalism.

In 1961 the central business district of Ottawa enjoyed 65 per cent of the total departmental store type merchandise expenditures in the Ottawa-Hull area. In 1971 this dropped to 31 per cent. In 1976 the percentage dropped further to 22 per cent of DSTM—departmental store type merchandise expenditures. In the face of increased incomes, salaries, population and disposable income, this is the sign of a dying central core.

In these times of economic difficulties and changes, there is a need to act immediately to counter the effects of decentralization and relocation of the employment centres on our local economy. We must seriously study alternative economic generators. There needs to be diversity in the private employment sector to compensate for the loss of government jobs. The core of the city is uppermost in everyone's mind.

● (1807)

It is estimated that 2,000 jobs will be created in three or four years in the building of Rideau Centre, that there will be 1,500 permanent new jobs, and the tax revenue will be more than 5 million a year. It is an interesting and challenging project, and I hope the parliamentary secretary can give us the final date on this project.

Mr. Donald Wood (Parliamentary Secretary to Minister of Regional Economic Expansion): Mr. Speaker, I do not think there is much more that can be added to what the minister has already stated in his reply to the oral question the other day. There are certain planning consideratons still to be resolved, and the minister is hopeful that a decision will be reached rather quickly. The planning considerations relate primarily to traffic movements and their impact on the surrounding areas. These studies are proceeding concurrently with our negotiations with Rideau Viking Corporation for the development of a Rideau Centre on federal lands. Hopefully all planning considerations will be resolved so that when the negotiations leading to an agreement with Rideau Viking have reached the final stages, the major planning concerns will have been resolved. In the meantime, as I have stated, we are proceeding with negotiations.

At a meeting in September, 1977, with Canadian Pacific Hotels, officials of the department were assured that CP Hotels remain interested in proceeding with the their plans for an hotel within the proposed Rideau Centre development.

VETERANS AFFAIRS—REASON FOR FAILURE TO INCREASE BASIC DISABILITY PENSION—POSSIBLE REFERENCE TO COMMITTEE

Mr. Jack Marshall (Humber-St. George's-St. Barbe): Mr. Speaker, I am sure that you and those members who are here are aware that the topic on which I will speak now is one that I brought up on many occasions before, as did my colleague, the hon. member for Winnipeg North Centre (Mr. Knowles). I advise the parliamentary secretary to give the following message to the minister, that the hon. member for Winnipeg North Centre and I will continue to bring up this topic until we can impress on the government the necessity of changing the basic rate of pensions in the formula which was established in 1973 in line with the different categories in the public service.

I brought up this question on a number of occasions and I do not want to repeat the arguments that the minister gave to support the fact that the government was not going to increase the basic rate of the pension and that the veterans would accept this as good Canadians. On the last occasion the minister told me that the government will wait until there is an improvement in the financial situation, at which time it will look at the matter again.

What I wish to ask the minister through his parliamentary secretary is how long the veterans will have to wait to get equity. How long will it take the government to fulfil its commitment toward the veterans? I can remind him that it is 60-odd years since World War I and 30-odd years since World War II, but those who suffered incarceration in prisoner of war camps were granted the basic rate of pension only in 1973. How long will we have to wait before the government is in a financial position to grant the veterans' request? I say to the minister that he cannot equate, balance or reconcile the suffering of veterans with the financial capabilities of the government. How long will these people have to wait?

I ask the parliamentary secretary to compare the figures in the annual report of the veterans of Canada for 1975-76 with the recently tabled report which we received a couple of days ago. According to the first report, there were 12,404 World War I veterans receiving disability pensions in 1976. According to the new report there are only 10,889 veterans receiving disability pensions this year. There is a difference of 1,515 veterans who did not receive the increases, and now they are gone.

Also, I would like to mention those who receive 48 per cent pensions. In 1976 there were 8,947; this year it is down to 7,885, a difference of 1,062. How long will their widows have to wait before the government is in a financial position to fulfil the commitment it made to the veterans many years ago? Now even Second World War veterans are dying out at the rate of 50 a year. How long will their widows have to wait to receive the equity they were promised?

The minister indicated with respect to the mail we have all received concerning the feelings of veterans across Canada that he realizes what is going on across the country, and that he is aware of the views of veterans and veterans' organizations on this subject. He realizes what is going on across the country, the consideration and the wonderment of veterans and veterans' associations, and how they feel about the answers we are getting from the government.

• (1812)

I was looking through some of the speeches of the Minister of Veterans Affairs (Mr. MacDonald), and in a speech given on July 16, 1977, he said to the Hong Kong Veterans Association of Canada—and I will read just one brief sentence.

> Ralph Waldo Emerson . . . A great poet and essayist . . . once described a hero as a person who was brave five minutes longer than an ordinary man.

He was brave five minutes longer, but he has been waiting many years to get the quality he deserves.

I know that the parliamentary secretary is going to give us a list of the pensions in existence now, and they are generous. They have been generous, but they have not been generous while these First World War veterans suffered over the 60-odd years and did not come up to equity until quite recently.

The National Veterans' Organization of Canada have submitted a brief and the minister has received it today. They are recommending that the minister introduce an amendment to have the effect, not only of raising more disability pensions to a level which is reasonable and consistent with the wishes of the Canadian public to ensure fair and reasonable compensation, but to avoid any repetition of the serious deficiency in the present rate; and to avoid having to update the basic rate from time to time. This would avoid the necessity of veterans' associations having to plead with the government for essential increases in pensions every few years, a responsibility which they are pleased to carry out on behalf of veterans, but one which is distasteful, and one which carries with it the implication that sacrifices of disabled veterans, by reason of war service, have been forgotten and neglected.

I know that the parliamentary secretary is very reasonable and compassionate. I hope that he will help myself and the member from Winnipeg North Centre to try to convince the minister that this amendment is due right now, not later when the government is in a better financial position, because, to take the example of the waste that is going on in Canada, that should not be taken out on the backs of the veterans.

Some hon. Members: Hear, hear!

Mr. Gilbert Parent (Parliamentary Secretary to Minister of Veterans Affairs): I thank you very much, Mr. Speaker, and I thank the member for Humber-St. George's-St. Barbe (Mr. Marshall) for bringing up this topic once again in the House.

This question has been brought up repeatedly in the House, and it is not because of lack of interest that we have not proceeded with the legislation. The Minister of Veterans Affairs (Mr. MacDonald) has stated that disability pensions will increase 7.2 per cent as of January 1, 1978. I know the hon. member for Humber-St. George's-St. Barbe and also the hon. member for Winnipeg North Centre (Mr. Knowles) are

aware that in the last five to six years pensions have increased dramatically. I guess it is the old story—what have you done for me lately? Notwithstanding the fact that the minister and, indeed, the cabinet, have been discussing the matter of the increase in pensions, it still remains a fact that now in Canada we are in a time of restraint. Can I agree with you any more when I say that "No, it should certainly not be put upon the backs of the veterans. Neither should it be put on the backs of the other workers in the country; it should not be put on the backs solely of the people who are in the professions; nor on the backs of big business. Surely a restraint program is one which emcompasses all Canadians. As such we should be willing to bear not only what we can—and this is not to say over the years, and in time of need, the veterans did not indeed give more, which was above and beyond the call of duty. I simply say that perhaps with patience, with a little time, this particular matter will clear itself up.

● (1817)

I am sure hon. members are aware that the minister has said he would be willing to have this discussed in the Standing Committee on Veterans Affairs, a committee on which the three of us have served for a number of years. With us it has never been a question of whether we will bring this about by raising each other's political hackles. We have always tried to work for what was best for our Canadian veterans. It is in this spirit that I tell the House that the minister is considering, inasmuch as he can, an increase in pensions for veterans. Rest assured that I sympathize with what the hon. member suggested today. Given a little more time I hope this problem can be cleared up.

VETERANS AFFAIRS—SUGGESTED RECONSIDERATION BY CABINET OF INCREASE IN BASIC DISABILITY PENSION

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I am happy to join my colleague, the hon. member for Humber-St. George's-St. Barbe (Mr. Marshall), in making this appeal to the government once again. We make it as strongly as we can.

I have to say to my friend, the Parliamentary Secretary to the Minister of Veterans Affairs (Mr. Parent), that the answer he has just given to my hon. friend's question was completely unsatisfactory. If we were asking for something new or proposing a brand new idea there might be some point to the suggestion that we be patient and wait for some of the problems to be sorted out. But what we are dealing with is an issue that has been around for longer than the parliamentary secretary has been alive.

For 60 years we have been working on the proposition that disabled veterans should receive pensions to repay what they lost in terms of wages that they might earn. They are not handouts, not allowances to enable them to buy goods, but pensions to replace the earning power lost because of disability. The scheme was started that way at a low level at the end of World War I. It slipped behind until at the end of World War II the rate of the disability pension was far too low.

[Mr. Parent.]

In 1973, after a tripartite committee made recommendations in 1972, the government accepted the principle that the basic disability pension should be equivalent to the take-home average pay of five designated categories of public servants. Four years have gone by and the 100 per cent disability pensioners, are more than $500 behind.

It does not wish to say that this is something for which we should wait. The parliamentary secretary says the minister was willing that it be discussed in committee, and that it be discussed in the late show this afternoon, but when I pressed the point that he should take it back to cabinet he says he has to wait until the dust clears. To say these things this long after World War I and World War II just is not good enough.

When the parliamentary secretary answered the previous question he did not do what he did the other day and give us figures as to the rate of the 100 per cent disability pension. Maybe he thought I would have an answer to that and would remind him what members of parliament were getting when the veterans' pension was a lot lower than it is now. What we get now makes what they now receive look pretty sorry.

When word gets around as to what the present level of 100 per cent disability pension is I think it should be pointed out—and it is in the same book of statistics that my friend referred to a moment ago—that in the case of World War I veterans only 7.87 per cent are getting the 100 per cent pension. In the case of World War II veterans only 3.72 per cent receive the 100 per cent pension. In the case of veterans of both wars, more than 60 per cent get pensions of 20 per cent or less. We are not talking about a few privileged persons who are drawing a lot of money from the federal treasury. We are talking about scaled down benefits which, at least in terms of value, should have kept up with the level in the Public Service that was agreed to. That is why we say that the answer that we should wait, that there is a period of restraint, is not good enough. If we had raised this issue just last month or last year maybe that would be an appropriate answer, but this issue has been around for all these years.

In the Standing Committee on Veterans Affairs in 1972 and 1973 when we fought for this we made the point that unless the government not only put the pension at that time at a level equal to the wages of the five categories of public servants but agreed to keep it at that level, in no time at all the veterans would be behind. Here we are today, already behind.

● (1822)

One answer I have heard in recent times is that that 7.2 per cent increase that will take place in January will narrow the gap a bit. Instead of being $530 odd behind, the 100 per cent pension will be only $390 behind, or something like that. I have no reason to doubt that statistic. However, when the Public Service salaries go up in 1978, as they will, instead of the gap being $537 it will probably be $600. To us this is an act of bad faith.

I am prepared to agree with my friend across the way, and my friend to my right will agree with me that in general terms our veterans legislation is good. It is not as wonderful in

world-wide terms as some of those on the government side try to make out. Some countries do better. It is good, but it is not good enough for us to take all these years to get firmly established a principle that was agreed to after the end of World War I, and agreed to again long after World War II, in 1972 and 1973.

Promises were made to those who went overseas in both those wars, and to those who went to serve Canada in other wars, that they would be looked after. In particular, they were told that for their disabilities they would receive compensation in the form of pensions related, as I say, not to consumer prices or some kind of allowance, but to the loss of their earning power. Unless the government puts these disability pensions back on that level I say, as my friend and as veterans' organizations across Canada are saying, the government is breaking faith.

I say to the government, why spoil a fairly good record? Why spoil a fairly good package of legislation that we have known for years as the Veterans Charter by breaking faith on this issue? Let us have action now.

Mr. Gilbert Parent (Parliamentary Secretary to Minister of Veterans Affairs): Mr. Speaker, I welcome the intervention of the hon. member for Winnipeg North Centre (Mr. Knowles). I am not going to quote the figures as to what a person with a 100 per cent pension should be receiving. Hon. members are as aware of these figures as I am.

These men have indeed paid the price that must be paid for our freedom and the freedom of our children. My colleagues and the minister share the quality of fairness and understanding. I can understand the point the hon. member brings forward that such an answer is not acceptable now.

Both hon. members were here when we together, and I do not say just on one side of the House or the other, but we as a House and as a committee—I was not here, but it was surely done by the person who held the position I now hold—helped to bring our veterans pensions up to where they were comparable with any pensions in the world.

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

Mr. Parent: They were comparable until a very short time ago. What do you want me to say about a generous pension? What is generous and what is not generous? Can we put a price tag on the years that these men defended our country and all that we believe in? What is the price tag? What is the amount we should pay? Should the price tag be $500 a month or $5,000? I suggest that both of those figures are fair. How do we arrive at a figure?

Mr. Knowles (Winnipeg North Centre): Keep faith with what was promised.

● (1827)

Mr. Parent: I think we are keeping faith. The fact that we do not answer a problem right this minute does not mean we are breaking faith. Surely we can say "We are willing to keep faith but we must take our time and see what other priority must be dealt with." Yes, the veterans are indeed a priority for this government. We have listened to the veterans. We have received the reports which have been mentioned, though I have no knowledge of one of the reports which has been mentioned. But when this goes to committee and when the facts are brought out there, and when we sit down and consider this together, I believe the solution will be acceptable to our veterans. I have been out to the coast and I have met with the veterans there—

Mr. Knowles (Winnipeg North Centre): Tell us what they told you.

Mr. Deputy Speaker: Order. The motion to adjourn the House is deemed to have been withdrawn. I do now leave the chair until 8 p.m. tonight.

Motion withdrawn.

At 6.28 p.m. the House took recess.

● (2000)

AFTER RECESS

The House resumed at 8 p.m.

ROUTINE PROCEEDINGS

[*English*]

BUSINESS OF THE HOUSE

TIME ALLOCATION FOR SECOND READING OF BILL C-11

The House resumed consideration of the motion of Mr. Cafik:

That in relation to Bill C-11, an act to amend the statute law relating to income tax and to provide other authority for the raising of funds, five hours shall be allotted to the further consideration in second reading stage of the bill; and

That, at the end of the fifth such hour, any proceeding before the house shall be interrupted, if required, for the purpose of this order and, in turn, every question then necessary in order to dispose of the second reading stage of the bill shall be put forthwith and successively, without further debate or amendment.

Mr. Maurice Foster (Algoma): Mr. Speaker, I can hardly believe, after the kind of debate that took place this afternoon, that we have already spent nine days on this bill, about 26 hours. With the day that the opposition took off for their national policy convention, the total is about 11 regular sitting days spent on this bill. This debate is a follow-up to the Speech from the Throne and the budget debate on this same legislation which took place last spring. Now we have to use a time allocation motion to get this bill simply past second reading. It is not as if when you pass second reading the bill is automatically through; we then go into committee of the whole for

clause by clause study, and that will take perhaps several more weeks.

It seems hard for me to believe the opposition really wants to debate this bill on second reading for many more days when we have already debated it for nine days, especially when there are so many good things in the bill which the Canadian people are waiting to see adopted and put into legislative form. Yet we have to use a time allocation motion and use up two or three additional hours today debating whether or not we are going to limit debate on the bill.

Some hon. member mentioned this afternoon that if this bill had been introduced in the House of Commons in the mother of parliaments at Westminster, it would have had only two days' debate at the most and then be sent to committee of the whole and be passed, though perhaps with extended sittings. Be that as it may, we have spent nine sitting days on the bill, with extended hours. In addition, in his statement on the economy during the throne speech debate the Minister of Finance (Mr. Chrétien) spent a great deal of time dealing with the provisions of this bill.

I cannot imagine why the opposition does not want to see the provisions in this bill implemented. For example, we have the provision to cut taxes by $100 during the first two months of next year, at a time when consumer spending is often down. This tax cut would provide stimulus to the Canadian economy to the tune of $700 million, and 7.5 million taxpayers in Canada would benefit. In view of that provision I cannot understand why the opposition does not just pass second reading of the bill so we can go into clause by clause study. There may be a couple of t's to cross or i's to dot, but we can do that during clause by clause study of the bill.

Likewise, Mr. Speaker, the $150 million which the minister mentioned in his economic statement will create more direct jobs this coming winter. This is in addition to the $450 million provided by the manpower program of the Minister of Employment and Immigration (Mr. Cullen) last year and will total this year and next year over $1 billion for direct job creation.

That is the kind of active, positive program for which the Canadian people are asking. That is why the Tories have sat on that side of the House year after year after year. All they want to do is talk, talk, talk, not take action. What the Canadian people need, Mr. Speaker, is action, and this government wants action so it can pass this bill and implement the tax cuts for which Canadians are waiting as well as the investment tax credit which will create jobs.

Let me point out to the House that one very important aspect of this investment tax credit is that it provides an additional 2.5 per cent investment tax credit, making a total of 7.5 per cent, for slow growth areas of Canada. This is an important change and is an indication of the kind of commitment which the government has to the slow growth areas of our country. It is the kind of positive action that the government wants to implement, action which has already created some 254,000 jobs during the year October, 1976, to October, 1977.

[Mr. Foster.]

Looking back over the six years between 1970 and 1976 we see that Canada has a pretty impressive job creation record compared to other OECD countries. According to the OECD report last summer, the average increase in Canada was 3.2 per cent during these six years from 1970 to 1976. On the other hand, the increase in the United States of America was only 1.8 per cent, in Japan 0.5 per cent, in France 0.4 per cent, in Italy 0.4 per cent, and in the United Kingdom 0.1 per cent. West Germany is often held up to us as the country that has very low unemployment and inflation, yet their actual job creation picture showed a decrease of one per cent averaged over the last six years.

I recall about a year ago meeting with a representative from Switzerland who was talking about their very low inflation rate during 1975, which he said was about 4 per cent. This was at a time, Mr. Speaker, when we in Canada were facing an inflation rate of over 10 per cent and had to implement the wage and price control guidelines. I asked him how Switzerland accomplished such a low rate. He replied, "Well, we had a minus 7 per cent growth rate in our economy in 1975". I asked him what had happened to their unemployment rate, and he replied, "It did not really go up because we sent about 200,000 of our employees home to other countries in southern Europe". Of course, Mr. Speaker, that does not really solve the problem, it just exports it to some other countries. Therefore I suggest Canada has really had an impressive growth rate during the last six years in terms of jobs, certainly the best of the OECD countries.

There are other reasons why we should get on with this legislation. The Standing Order 75C motion which is before the House tonight does not pass this legislation; it gets it past second reading stage only. We then go on to clause by clause study which could well take several more days, even a week or two. If it should go on for much longer than that we would get to the position where this parliament, which opened on August 18, would have passed only one bill before Christmas, a pretty poor record, one that we would have to lay at the feet of the official opposition.

There are other important pieces of legislation waiting to be passed, such as amendments to the Combines Investigation Act and the competition bill which will ensure that consumers are fairly treated and that the market place is healthy and productive. Canadians should have a very competitive market place. We look at the labour standards legislation—

● (2012)

The Acting Speaker (Mr. Ethier): Order, please. The hon. member for Okanagan-Kootenay (Mr. Johnston) on a point of order.

Mr. Johnston: Mr. Speaker, in the midst of this ill-prepared and unprepared—

Some hon. Members: On, oh!

The Acting Speaker (Mr. Ethier): Order, please. I am prepared to listen to a point of order, and I should like to hear that point of order.

Mr. Johnston: The hon. member for Algoma (Mr. Foster) referred to this House being in session in August. The House did not sit in August of this year. I am sure the hon. member would not want to leave that erroneous impression.

The Acting Speaker (Mr. Ethier): That is a point of argument and not a point of order, although it is debatable.

Mr. Foster: Mr. Speaker, I apologize if I said "August". I meant to say October 18.

I have referred to two or three pieces of legislation which are waiting. There are many others, such as the legislation respecting reporting by petroleum companies on their profit picture. We have been castigated by the New Democratic Party and the Tories in the Standing Committee on National Resources and Public Works for the last two years, saying that there were windfall profits that weren't being reinvested back into oil and gas exploration in western Canada and the high Arctic. This legislation is before parliament waiting to be passed.

In this session we want to deal with the legislation concerning the Alcan pipeline, the largest project which has ever been undertaken by free enterprise in Canada. That important piece of legislation will be before the House within the next few weeks. If we do not move rapidly on this bill, we will not get to that important piece of legislation before Christmas.

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, in speaking on this unfortunate motion before the House, I should like to straighten the record with regard to a few things. The speaker who immediately preceded me has indicated that he feels the debate on Bill C-11 has been prolonged. Also he feels certain legislation is being held up.

An hon. Member: Right on!

Mr. Stevens: If that hon. member and other representatives on the government side feel that way, they had better take it up with their House leader.

Some hon. Members: Oh, oh!

Mr. Stevens: They had better ask their House leader and the Minister of Finance (Mr. Chrétien) exactly what went wrong following the March 31, 1977, budget.

I am sure hon. members will recall that the budget came in on March 31, and that there was a bill which was the forerunner to the bill now before us. I am referring to Bill C-56. It received first reading on June 15, 1977, and has not been heard of since. For hon. members opposite to come into the House and suggest the bill before us should be passed expeditiously is balderdash, and the Canadian public should be made aware of that.

There is a very serious thing happening in this House. This government, with a sad economic record to face, is determined to stifle debate in this House. On every occasion possible members opposite are stifling debate and refusing to allow hon. members to deal with issues that should be dealt with, as far as Canadians are concerned. The last budget introduced in this House which received a full debate at budget level, and on the bills arising out of it, was the Turner budget of June 23, 1975. In the debate arising from that budget, 51 speakers were allowed to participate and express their views.

On May 25, the then minister of finance, Mr. Macdonald, brought in a budget and, by coincidence, exactly 51 speakers were allowed to participate in that budget debate. The various bills arising out of that were passed by this House without undue delay.

The next budget was on March 31, 1977, and 56 speakers were given the privilege of participating in that budget debate. The government chose not to advance the legislation, Bill C-56, which arose from that. It touched on income tax amendments. At that time there was no budget debate.

On October 20, 1977, the Minister of Finance introduced a so-called statement in the House during the throne speech debate. As the Prime Minister (Mr. Trudeau) stated, they telescoped two things: the throne speech debate and the budget debate. Bearing in mind that the House has not had an opportunity to debate the October 20, 1977, statement, to now turn around and use closure in order to cut off further debate with respect to Bill C-11 is unforgiveable and must be resisted by members in this House. This is the only opportunity we have had to debate what was said in that October statement.

The last time we received an opportunity to speak on an income tax amendment bill was one year ago in November, 1976, on second reading. To suggest a year later that closure is necessary is another clear indication that hon. members opposite are trying to stifle and squelch debate in this House.

In 1975 there were government expenditures of $26 billion and a deficit of $1.1 billion. According to the statement of October 20 the expenditures have zoomed to approximately $43 billion and the deficit is $9.2 billion. Is there any question as to why the government wants this debate stifled? It does not want that information conveyed to Canadians in the form of a parliamentary debate.

If I had more time I would take the House through the inaccuracies in the various budgets that have been brought forth. If we compare the March 31 budget with the current forecast of the Minister of Finance, we will notice a change of $2 billion in their estimate of the deficit Canadians will face at the federal level. On March 31 the government estimated the deficit to be $7.1 billion, and now feels it will be $9.2 billion. The government is urgently trying to prevent further information on this being conveyed to Canadians. To suggest that there are not enough provisions in Bill C-11 to debate is totally overlooking the fact that the bill includes some tax credits proposed by my party over a year ago. I am referring to tax credits of at least $100 per person. Unfortunately those tax credits will only occur in 1978.

● (2022)

I bet there are not ten members on that side of the House who have read the bill and I bet they do not fully realize that the proposal they are now blindly endorsing is only a suggestion to have a tax credit in 1978. We feel it would be preferable to have it now. We believe a tax credit of $100 should be given now. What is wrong with members in the House showing their concern about the government's proposal to tax life insurance in the form that is proposed in Bill C-11? Why should we be cut off from expressing our views on that provision in Bill C-11?

I should like to point out half a dozen other matters. For example, what is wrong with members expressing their view on the fact that this government needs a further debt borrowing authorization of $9 billion in spite of the fact that only last spring it sought a $7 billion borrowing authorization increase? Those are the types of things that members have been dealing with in speaking on Bill C-11. What is wrong with the hon. member for Medicine Hat (Mr. Hargrave) making a clear argument as to why he feels the farm roll-over provisions, certainly from the corporate side, are inadequate? I thought he made a forceful argument.

What is wrong with two or three of my colleagues pointing out that the so called SIN system could be easily changed if the government saw fit? Now is the time to do it under Bill C-11.

In short, I think that some basic arguments have been advanced by members of my party as to why this bill should be considered further. We believe that more thought should be given to it, and surely nobody would disagree that the proper time to express these views is on second reading, and that is what we have been doing. Instead of listening to members of the Liberal party supporting this incomparable, incompetent government, I hope that we will see them tonight stopping to act like sheep and standing up to vote against this closure motion, as we will.

Mr. Ed. Lumley (Parliamentary Secretary to Minister of Finance): Mr. Speaker, having sat through every minute of the debate so far on Bill C-11—I believe I am the only member in the House who has done that, and also having read the record of every single debate on this bill—I am amazed at the comments I have heard in the past hour and 45 minutes from opposition members. I do not know whether I have heard more rhetoric in this two-hour debate than I heard on Bill C-11 in total.

When the hon. member for York-Simcoe (Mr. Stevens), as did some of his colleagues, indicated that there has not been enough time to debate the tax bill, let me point out that from March 31 or June 1 there were six days spent on the budget debate to start of the discussion. Then there was debate on the Speech from the Throne which lasted another eight days. A great percentage of that discussion was based on the economic situation in the country, but still they have not said anything worth while.

Some hon. Members: Hear, hear!

[Mr. Stevens.]

Mr. Lumley: In the second reading debate on Bill C-11 we have had nine days with extended hours which, as the Minister of State for Multiculturalism (Mr. Cafik) has pointed out, is equivalent to 11 days. So up to now we have had 26 full days of debate.

The hon. member for York-Simcoe said that there has not been enough discussion on economic problems in this country. My minister, the Minister of Finance (Mr. Chrétien), has been in the House 19 of the 22 days of sittings in this session and has fielded 60 questions on the economic situation in the country. If the opposition has not had enough time to date to debate the economic problems, I feel very sorry for its members.

Mr. Woolliams: What a weak argument.

Mr. Lumley: Hon. members on both sides of the House have indicated that one of our greatest problems with respect to our economic situation is lack of confidence. I believe that speeches made by the opposition members in the debate on this bill totally undermine confidence in Canada.

Some hon. Members: Oh, oh!

Mr. Lumley: A distinguished journalist from our press gallery commented after their conference in Quebec City several weeks ago—I think he called it "Canada bashing". Obviously the debate we have heard here in the past hour and a half has not contained one positive statement from the opposition.

The hon. member for York-Simcoe spoke a minute ago about time allocation. Perhaps he will recall that in the last budget the government introduced time allocation both in committee of the whole and again at third reading. The opposition House leader, for example, indicated today that that is not what he hears in his riding. What I hear in my riding is, "What are you doing up there? Who is running the government? Get on with it and cut out the rhetoric in the House".

An hon. Member: That's good coming from you.

Mr. Lumley: The rhetoric is not coming from this side, Mr. Speaker; it comes totally from the opposition benches.

In the last nine days the opposition has tried to bootleg the RCMP into the budget debate. If opposition members are so interested in discussing economic matters, why have they not stuck to commenting on the proposals in Bill C-11? Why have they diversified and talked about everything under the sun but economic matters? I can only think of one word for it, namely, rhetoric. When the opposition House leader goes to his riding, as I do, I am sure he hears just the opposite of what he said in the House today.

Let me set the record straight. For example, the NDP has indicated six or seven times that Bill C-11 allocates $1.2 billion in tax incentives to corporations as well as to the wealthy. I would like to set the NDP straight on this. First of all, approximately $500 million under Bill C-11 goes to per-

sonal tax credits in the year 1977-78, and a further $1.2 billion in 1978-79. There was an increase in the federal tax credit of $50 for dependent children under the age of 18, and a further income tax cut of $100 for middle and lower income people. I do not see how these are tax incentives to corporations or to the wealthy to which the NDP members refer.

The official opposition has expressed its philosophy with respect to the free enterprise system. The criticism we have received from the NDP for the last nine days, and I can go back to the original six days of the budget debate, is that we are giving too many tax incentives to industry. Let me illustrate some of the tax incentives on which many investment decisions are predicated, and the longer the House procrastinates in approving this bill, the more the opposition will be held responsible by the business community. What are some of the incentives that opposition members are talking about? They want more incentives for small business. They say we have to do more for small business. Obviously they have not read the bill and they do not know what the government has done for small business in the last two tax measures.

Let me list a few of the tax incentives. One is the introduction of the 3 per cent inventory allowance for cash flow. The hon. member for York-Simcoe, who is a former businessman, understands cash flow problems. Does he not want to encourage the 3 per cent inventory allowance? There is the three year extension to the investment tax credit. Hon. members opposite are always talking about tax incentives for regional development. It is this government which for the first time used fiscal measures to increase investment tax credits to 7.5 per cent and 10 per cent in designated areas of the country. Does the opposition not want to encourage regional development in this country?

Mr. Alkenbrack: Mr. Speaker, I rise on a point of order. Can the Parliamentary Secretary to the Minister of Finance (Mr. Lumley) tell the House the reason why the government wishes to borrow another $9 billion, and to what purpose it wants to apply this great amount of borrowed money?

Mr. Lumley: That was a phony question, Mr. Speaker. Perhaps the hon. member wishes to take a look at the national debt of this country. If he looks at the public debt as a percentage of the gross national product he will find it has not changed more than two per cent in the last ten years. If he wants to do an analysis of debt in this country, perhaps he should go back to the book, Mr. Speaker, and take a good look at it.

● (2032)

I believe the hon. member for Spadina (Mr. Stollery) indicated today that the official opposition has had one official speech writer for 27 speeches. One of the points that is made continually throughout their speeches is that this nation is the most overtaxed nation in the world. If you look at the facts, the OECD figures show that we were not the highest, we were not the lowest, we were somewhere in between—another distortion of facts or selective statistics. One of the points that remains supreme in every one of the NDP party speeches is the argument that this budget should be a job-creating one. Everybody forgets that this government has the greatest record for job creation of all the western industrialized nations.

Some hon. Members: Hear, hear!

Mr. Lumley: It is not just the best record, it is almost twice as good as the second best nation, which is the United States.

Today, in his opening statement, the honourable leader of the NDP Party said a budget is for job creation. There were 292,000 jobs created in the first ten months of this year. If that is not job-creation, I don't know what is.

Mr. Stevens: On a point of order, Sir—

The Acting Speaker (Mr. Turner): The hon. member for York-Simcoe (Mr. Stevens) on a point of order.

Mr. Stevens: Speaking of job-creation, Mr. Speaker, I was wondering if the hon. member would accept a question.

The Acting Speaker (Mr. Turner): The Chair did not hear the question. Order!

Mr. Stevens: Mr. Speaker, I wonder if the hon. parliamentary secretary could please tell us how have they done such a job in job-creation, as manufacturing employment has fallen 6.3 per cent?

The Acting Speaker (Mr. Turner): Order, please. The hon. member is now seeking the floor for the purpose of asking a question, and he did not ask for it for that purpose originally.

Mr. Lumley: In my short participation in this debate, I think it is obvious, based on some of the points which I have made, exactly why we want time allocations on this bill. The Canadian people want some action. This government is going to give them action. We are not going to be held up by planned rhetoric by the opposition.

Some hon. Members: Hear, hear!

Hon. Marcel Lambert (Edmonton West): Having started off this debate with the Minister of Finance (Mr. Chrétien) some two weeks ago, in the interim there were included only four debating days a week, and notwithstanding what the rather ambitious parliamentary secretary has had to say—he says nine days of debate—I have just taken a look through *Hansard* and it has added up to a total of 28 hours. At the time this debate was initiated, on the very first day, after there had been a vote on an Air Canada bill, his own minister started at 4.30 in the afternoon, and I barely got started at 5 o'clock when private members' hour intervened. I have checked through *Hansard* and the following appear: 1630 hours; 1612; 1610; 1610; 1605. There is not a day with 3½ hours and the total is 28 hours.

There were ten Liberal speakers, and eight NDP speakers. The hon. member for Bonaventure-Îles-de-la-Madeleine (Mr. Béchard) will be the first to acknowledge that the Minister of

Finance himself stated that he would be making a budgetary statement, that he was introducing a budgetary measure in the midst of the throne speech debate. The March budgetary proposals of the former minister of finance are totally irrelevant in the picture—do not talk to us about that—and there was debate on those. They came to absolutely nothing.

I find it rather amazing, for instance, on the subject of social security members, that we do not get an intelligent participation from a caucus which let this provision slip through due to the July closure on that bill. Even a parliamentary secretary to the Minister of Finance I believe did not even know that new section 65 in Bill C-22, extended the use of the social security numbers. He did not know it, but he voted yea. They are just a bunch of blessed sheep; that is all. They know the volume of correspondence they receive, each and everyone of them. In Ontario and western Canada they were deluged with correspondence. It was a false principle, going back on the solemn undertaking of the former Prime Minister, Mr. Lester Pearson, on the use of the social security numbers. That is the problem.

In the steering committee of the standing committee on Finance, Trade and Economic Affairs, my colleague, the hon. member for York-Simcoe (Mr. Stevens) asked the Minister of Finance to appear on a certain number of dates to debate the supplementary estimates. With respect to the most important ones in the supplementary estimates—yes, the minister would appear. Then the answer came down the line—no, he would not appear until Bill C-11 passed. What kind of blackmail is that to exercise on a committee? The minister, who has an obligation to appear, has absolutely no right to tell any committee of this House that he refuses to appear before it. It is his duty to appear to have his estimates passed and not to have them fall into line under a guillotine. As a matter of fact the rules are so stacked that if every minister of the House could refuse or could find some excuse not to appear before the appropriate standing committee before December 5 or 6, the guillotine would fall, and the rule says that unless the estimates have been reported back, they will have been deemed to have been reported back.

In theory and in practice for a lot of ministers, particularly in this administration, there is often a refusal, couched in nice terms, I will admit. We can never get ministers on Thursdays, which are one of the best days for committee hearings. Why? They are in cabinet. On two of the four best days available ministers will not appear and the committees are denied.

We have these hundreds of millions of dollars in supplementary estimates and the House is supposed to pass them like this. The hon. member for Stormont-Dundas (Mr. Lumley), parliamentary secretary to the Minister of Finance, says that these are government proposals and their passage ipso facto will be good for the country. That is the biggest act of total misrepresentation to the public of Canada in all the years of performance by this government.

Then we heard somebody say that there is some consumer protection legislation to come, that there is now Bill C-13.

[Mr. Lambert (Edmonton West).]

• (2042)

We know that Bill C-13 is the misbegotten grandson or great-grandson of other pieces of legislation. Some bastardry has been perpetrated in its presentation. The minister has inherited it from the former Minister of Consumer and Corporate Affairs (Mr. Abbott), and I wish he would say publicly what he thinks of Bill C-16 and Bill C-42. The government was glad to see the end of the last session because of those two pieces of legislation which have now reappeared as Bill C-13. Even backbenchers were apologetic about the legislation, but the hon. member for Algoma (Mr. Foster) extolled the virtues of it and said the House should pass it for the benefit of the Canadian public. Mr. Speaker, if the hon. member for Bonaventure-Îles-de-la-Madeleine (Mr. Béchard) and others who interject now had participated in the debate on this bill they would have said that strangely enough the government dared present such legislation. We on this side of course are used to this sort of tripe.

The opposition saved the Canadian public from a fate worse than death in the last session so far as Bill C-16 and Bill C-42 were concerned. The government is wrong when it says there is good legislation waiting to be passed. If its record is any indication we must look at all legislation more closely. I find it strange that the Minister of Finance, having presented a bill of some 216 pages which, I am sure, for the vast majority of government backbenchers—

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

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, like the hon. member who has just taken his seat I noted the extravagant remarks made by the hon. member for Algoma (Mr. Foster). To hear him and some other Liberals speak about Bill C-11 you would think it was a ticket to the millennium and that all we need to do is pass the bill and we will have justice and peace for a thousand years.

Mr. Stanfield: We would still have the same old Minister of Agriculture (Mr. Whelan).

Mr. Knowles (Winnipeg North Centre): The purpose of a tax bill is supposed to be at least three-fold. First, it is naturally a means of raising money. Second, it should be a means of providing jobs. Perhaps even more important is the fact that a tax bill ought to straighten out the unfairnesses, the inequities, and injustices that exist in our society.

I suggest that the only one of these conditions that Bill C-11 meets is that it will raise money. As for providing jobs, it does not do that at all. As for straightening out unfairnesses, as we have pointed out many times this bill makes things worse because it provides handouts to the wealthy and to large corporations of $1.2 billion per year.

When we ask for improvements in pensions for senior citizens or veterans, or for legislation to take care of the handicapped, the blind and others, we are asked where the money is to come from. Yet when the government wants to give hand-

outs to corporations it brings in a bill and asks us to pass it under closure. Nothing in this bill will solve any of the unfairnesses in our society.

We have a system at the present time under which certain persons, between the ages of 60 and 65 receive a spouse's allowance, but for spinsters, widows, bachelors and widowers there is no such allowance, and there is nothing for them in the bill. There is nothing in it to straighten out the government's finances so that the promise to increase the basic pension for veterans may be met. There is nothing in the bill to improve the position of the working poor, those for whom a guaranteed annual income is supposed to be on the drawing board.

What is the hurry to pass this bill, Mr. Speaker? It is not a ticket to the millennium. It is a bill that will take us in reverse. That is why I join with others in saying this closure motion should not be supported by this House of Commons which is supposed to be part of a democratic parliament.

There is one other reason why I am opposed to this closure motion and to all closure motions. They never go to the heart of the problem. The only way the government knows to deal with extended debate in the House of Commons is to cut it off—to deny it. Surely the time has come to find a better way of arranging the debates in this House so that we can deal with things on a proper basis. All the government does is close off debate. That means it is not even prepared to look at the proper ways of improving the procedures of this House.

[*Translation*]

The Acting Speaker (Mr. Ethier): Order, please. It being 8.49 p.m., the two hours allotted for the consideration of the motion now before the House pursuant to Standing Order 75C have expired.

[*English*]

The question is on the motion of the hon. Minister of State (Multiculturalism) (Mr. Cafik).

Is it the pleasure of the House to adopt the said motion?

Some hon. Members: No.

The Acting Speaker (Mr. Ethier): All those in favour of the motion will please say yea.

Some hon. Members: Yea.

The Acting Speaker (Mr. Ethier): All those opposed to the motion will please say nay.

Some hon. Members: Nay.

The Acting Speaker (Mr. Ethier): In my opinion the yeas have it.

And more than five members having risen:

The Acting Speaker (Mr. Ethier): Call in the members.

The House divided on the motion (Mr. Cafik) which was agreed to on the following division:

● (2052)

(Division No. 11)

YEAS

Messrs.

Allmand
Anderson
Appolloni (Mrs.)
Baker (Gander-Twillingate)
Basford
Béchard
Bégin (Miss)
Blais
Blouin
Boulanger
Breau
Buchanan
Bussières
Campagnolo (Mrs.)
Campbell (LaSalle-Émard-Côte Saint-Paul)
Caron
Clermont
Comtois
Condon
Corbin
Corriveau
Côté
Cyr
Daudlin
Dawson
Demers
Dionne (Northumberland-Miramichi)
Douglas (Bruce-Grey)
Drury
Duclos
Dupont
Dupras
Duquet
Ethier
Faulkner
Fleming
Flynn
Foster
Fox
Francis
Gauthier (Ottawa-Vanier)
Gendron
Goodale
Guay (St. Boniface)
Guay (Lévis)
Guilbault
Harquail
Herbert
Holt (Mrs.)
Hopkins
Horner
Kaplan
Lajoie
Lalonde
Lamontagne
Landers
Langlois
Lapointe
Leblanc (Laurier)
LeBlanc (Westmorland-Kent)
Lee
Lefebvre
Lessard
Loiselle (Chambly)
Loiselle (Saint-Henri)
Lumley
MacDonald (Cardigan)
MacEachen
Marceau
Marchand
Martin
McIsaac
McRae
Milne
Munro (Hamilton East)
Nicholson (Miss)
O'Connell
Olivier
Ouellet
Parent
Pearsall
Pelletier
Penner
Pinard
Portelance
Poulin
Prud'homme
Raines
Reid
Roberts
Rompkey
Roy (Timmins)
Roy (Laval)
Sauvé (Mrs.)
Sharp
Smith (Saint-Jean)
Stewart (Cochrane)
Stollery
Tessier
Trudel
Turner
Watson
Whelan
Wood
Young—105.

NAYS

Messrs.

Alexander
Alkenbrack
Allard
Andre (Calgary Centre)
Baker (Grenville-Carleton)
Balfour
Beatty
Beaudoin
Benjamin
Blackburn
Broadbent
Cadieu
Clark (Rocky Mountain)
Coates
Crosbie
Crouse
Darling
Dick
Dinsdale
Dionne (Kamouraska)
Douglas (Nanaimo-Cowichan-The Islands)
Elzinga
Epp
Firth
Forrestall
Fraser
Friesen
Gilbert
Gillies
Halliday
Hamilton (Qu'Appelle-Moose Mountain)
Hamilton (Swift Current-Maple Creek)
Hargrave
Hees
Hnatyshyn
Holmes
Howie
Huntington
Hurlburt
Jarvis
Johnston
Kempling
Knowles (Winnipeg North Centre)
Knowles (Norfolk-Haldimand)
Korchinski
La Salle
Lawrence
Leggatt
MacDonald (Miss) (Kingston and the Islands)
Macquarrie
Marshall
Masniuk
Mazankowski
McCain
McCleave
McKenzie
McKinley
McKinnon
Mitges
Muir
Munro (Esquimalt-Saanich)
Murta
Neil
Nielsen
Nowlan
Orlikow
Paproski
Peters
Pigott (Mrs.)
Ritchie
Saltsman
Scott
Stanfield
Stevens
Symes
Towers
Whiteway
Whittaker
Wise
Woolliams
Yewchuk—81.

● (2152)

Mr. Speaker: I therefore declare the motion carried.

Motion (Mr. Cafik) agreed to.

GOVERNMENT ORDERS

[*English*]

INCOME TAX

MEASURE TO AMEND

The House resumed, from Monday, November 21, consideration of the motion of Mr. Chrétien that Bill C-11, to amend the statute law relating to income tax and to provide other authority for the raising of funds, be read the second time and referred to committee of the whole.

Mr. Benno Friesen (Surrey-White Rock): Mr. Speaker, I notice that all the right people are leaving. Usually they come the other way when I get up to speak.

Mr. Speaker: Order, please. I wonder if those hon. members who are rushing out to see the hon. member for Surrey-White Rock (Mr. Friesen) on television might spare a couple of minutes.

Mr. Friesen: Mr. Speaker, I will make it a point to show only my good profile to the camera. Yesterday when I was addressing myself to this bill I said that I think we have a Minister of Finance who, at least at the outset, wants to listen to what members of this House have to suggest in the way of improving the tax laws for the benefit of Canadians. I was nearing the end of my remarks when I called it 10.30.

● (2202)

I will close my remarks with one final point. I believe there is need for a major revision of our approach to the whole taxation policy regarding personal incomes. The hon. member for Norfolk-Haldimand (Mr. Knowles) made a very important point yesterday. He said that, under our present system of tax deductions, nearly everyone who files his income tax return is concerned that maybe there is some point that he missed. He may be entitled to a deduction, but because of the complicated system of taxation, he misses that. Therefore he loses some of his spending or saving power. I agree with the hon. member for Norfolk-Haldimand on that point.

The other side of the coin is that there are a lot of people who get tax deductions which are not due to them. It is easy for people who are determined to involve themselves with tax evasion to find tax deductions that would not be considered legitimate, or at least would be considered spurious or marginal in their validity.

[The Acting Speaker (Mr. Ethier).]

A number of my constituents have come to my office asking me to intercede on their behalf with income tax officials because they have appealed tax decisions. They felt the tax officials were giving them really short shrift. They had legitimate deductions which they included in their tax assessment, but the tax officials refused to accept those legitimate expenses and deductions.

A whole array of grievances are piling up because of our very complicated system of deductions under the personal income tax system. It is time for the members of this House, and certainly for the Minister of Finance (Mr. Chrétien) and those in his department, to take a fresh look at the system of personal income tax deductions.

I have a suggestion to make. I must confess it has not been thoroughly researched. I have not had the time to look at it as thoroughly as I would like. Rather than continue the complicated method of personal exemptions in income tax, I suggest we do away with this kind of system and completely eliminate the whole array of personal tax deductions. I suggest we have a straight percentage tax on personal incomes. There may be one exemption for health or medical reasons. Only that one deduction would be a legitimate deduction for personal income tax.

There is one large body of citizens who would object to this method, the accountants. A large part of their income is derived from us poor souls who cannot figure out the complicated income tax system. We are dependent upon them to figure out our income tax for us, and they derive their living from that. That is fine under the present system. I do not blame them for making their living that way. But this is one body which would probably object to the simplification of the income tax system.

● (2207)

Another group which might object consists of civil servants who work in the department and whose jobs depend on the complexity of the system we have today. In my riding the department is building a brand new office. I am proud of the building they are putting up; it will be a fine addition to my constituency, and the department will employ there about 400 people on a regular basis, and possibly another 800 on a seasonal basis. I am glad that these additional job opportunities will be available to my constituents. Nevertheless, I believe those employees would prefer to be working at a job which would be considered creative, and I cannot see that there is much satisfaction to be gained by sitting in an income tax office and looking over a mountain of receipts. Even people who are good at that kind of thing must find it a little boring, and sooner or later ennui must set in. Then again, they must constantly listen to the grievances of people who file their returns and who feel the government has bilked them out of a few dollars.

Why not simplify the operations and eliminate the frustration of April 30? The result would be a whole new approach, a whole new attitude to taxation on the part of the Canadian public. A large portion of the bureaucracy in the taxation

department could be eliminated, the public would benefit, and the revenue flowing to the treasury would not be affected.

I know this proposition has been examined in years gone by, and studies show that the government would get just as much money from the taxpayer. At the same time millions of dollars would be saved. Much of the present operation is sterile—thousands of persons are employed in the civil service doing something which does not need to be done. That is the kind of make-work program we do not need. My suggestion to the Minister of Finance is that we take a fresh approach to taxation policy within the Department of National Revenue and eliminate, by and large, personal deductions, and simply adjust the percentage of the tax rate on personal income in such a way that the income of the federal government would remain approximately the same. Expenses would be reduced by hundreds of millions of dollars and I believe all the taxpayers in the country would thank the hon. gentleman for it.

Mr. Arnold Peters (Timiskaming): Even at this late hour it is pleasure to speak on the bill before us. We have a very unusual situation in Canada, Mr. Speaker, inasmuch as many hon. members, particularly those in my own party, believe that one of the ways of ending the major problem facing us, the problem of unemployment, is by providing the workers with more money with which to buy goods and services. It is the belief of many that there should be tax deductions in favour of individuals to make this possible, and, in addition, transfer payments to persons in poor circumstances so that consumer goods can be purchased by them more regularly.

The other side of the question is the legislation before us which provides $200 million in favour of corporations with the object of enabling them to create more jobs. Mr. Speaker, the Prime Minister (Mr. Trudeau), the Minister of Finance (Mr. Chrétien), the former minister of finance, along with most of the institutions, are well aware of one simple fact, that is to say, when you give corporations a tax concession which will allow them to increase production, it is only of assistance to them if they are able to increase their production. Obviously that is going to be very difficult. There are very few companies in this country which can increase their production to 100 per cent of capacity, yet we are allowing them tax concessions to increase capacity at a time when they are not using more than 80 per cent capacity.

● (2212)

One of the ways we can put people back to work is to start projects which will provide the maximum number of jobs at the least capital cost. In many cases these are the kinds of jobs which are closely related to the resource industries. In my part of the country during the last two or three years there have been many closures of plants and mines, and reductions in the number of jobs in the resource sector. This has been highlighted particularly by recent developments in the Sudbury basin. Three thousand employees laid off in Sudbury will mean that those left in employment in the area will have to carry the tax burden of the community. There will be a great deal less money in the community to provide the necessary goods and services. This is not unusual in the resource areas of our country. Most of these areas have a one industry community which depends on lumbering, mining or some other resource. And when something happens which adversely affects that community, the community is in exceedingly difficult circumstances.

I received a letter the other day from a lady who told me that her father had been laid off one year ago in the town of Kirkland Lake. During the intervening period he had searched for other kinds of jobs because he did not want to go on welfare. He owned his own house in the community. He had been there a number of years, had raised his family, and his roots were in that community. Although he did all of the menial jobs he could in the town, such as cutting grass, painting fences and doing rough carpentry work, his skills did not provide him with a sufficiently paid job to keep his family. His wife went out to work as well, but she certainly was not young and was not very well. Between the two of them they were unable to provide enough income to keep the family in the community, and so they had to leave.

Quite legitimately, Mr. Speaker, this family blamed not only the federal government for the lack of employment in the are but also the provincial government, since neither the federal government nor the provincial government pay much attention to the resource areas of our country. This is also true in Nova Scotia, New Brunswick, Prince Edward Island, Newfoundland, and the northern parts of our country which depend mainly on resource based industries which are subject to ups and downs.

The people in Timmins are still quite happy. Over the last three or four years they have benefited from a very fortunate incident. In the main, the gold mines of this country have ceased operation all across the country. There are two gold mines which operated in my area, and occasionally a new one is contemplated. Raising capital for gold mining is very difficult, and communities dependent upon gold mines have been in a very serious situation. Timmins was more fortunate than Kirkland Lake and some of the other mining communities, because Texas Gulf found zinc and copper in its very large development at Porcupine.

● (2217)

It is interesting to hear that Inco is laying off people in the copper and nickel industries at Noranda and Falconbridge. Also it is interesting to note that several months ago Texas Gulf was informing the people of Timmins that there would be no lay-offs. In fact that is the only town which is in a resource boom era and condition at the present time. But there was a very large construction project going on there, and Texas Gulf made an announcement that it would cut back the construction crews working on the development of a smelter. As I have indicated, this is the only boom area in the resource field in Ontario. However, employees are now receiving those nice little pink slips indicating that their jobs are terminated and their services will not be required in the future.

Often we forget about the problems of unemployment. It is all well and good to say that there are a million unemployed in Canada. If you are not unemployed, it does not mean very much to you. What happens to a person when he is laid off today? It is not like the old days during the depression when people could return to the farms. Another cup of water could always be put into the soup. Today that is not the case. People live in the cities and they have payments to make on their houses, cars, boats and television sets. The government had led them to believe that everyone is entitled to a fair share in society.

When people are laid off today their standards of living must change. The days go by very quickly, and the time arrives when there is no more unemployment insurance benefits for them. Although these people walk the streets of the resource communities, there are no jobs. Even the most menial jobs are not available. People have to decide to pull up their socks and leave their communities in an attempt to seek employment elsewhere.

Where can Canadians find employment which they are qualified for when their experience has been in mining, bush work, sheet metal work, veneer factories, smelters or foundries? When people were receiving a fair wage at their jobs and suddenly they have to leave their community and go elsewhere, without any qualifications, they are faced with thousands and thousands of other people looking for work. It must be the most demoralizing thing which can happen to people and their families.

What happens to young people when they are unemployed today? The Liberal government has told people that Canada is a very rich land and is strong. They have used other expressions and have "b-ss'd" people for many years.

An hon. Member: Explain!

Mr. Peters: I do not have to explain that to the million people in this country who are unemployed, or to their dependants. They know exactly what I mean.

● (2222)

Surely there is a solution to the problem, and it is not to do the same thing over and over again. The official opposition is saying it will support the $1.2 billion in tax concessions being made to business. There are many businessmen in the Conservative party and I would like them to explain how those concessions will change the situation. Most of the companies have more capital now than they need. They have no markets, they are limited in their export abilities, and I do not think they need more capital.

Some hon. Members: Oh, oh!

Mr. Peters: I see one businessman who disagrees with me. Maybe he has applied for his share of tax concessions. Maybe they will do something for him, but I suggest they will do very little for the unemployed people in this country. Consider Sudbury, for instance. We cannot say that Sudbury is not very well off. That company in that city has received millions and millions of dollars in tax concessions over the years. It is not long ago that members of parliament, even if they had no other income, were paying more in income tax to the government than was Inco.

Inco had a bad year last year, but even after taxes it made $70 million. They have had no difficulty in getting capital when they saw they did not have enough. They were given it by the Export Credit Corporation. They went into other countries, and we allowed them to do so. Surely it is time we took a look at our industry, particularly our natural resource industry, and decided to do something to husband that industry.

It is true that if Inco continues to mine the way it does today, there will be employment in Sudbury and Sudbury will continue to be a progressive little town for another 30 years, but then the mineral will be gone. We should provide for the people of Sudbury out of the gain that was made from that God-given resource. We should provide for a future for that community. The cost to the people in that community has been very great. It may be the normal course of events, but when you hear Inco saying that they wish to go to Indo-China, Guatemala or somewhere else where they will make more profit for their shareholders, and they do not care what happens to the mineral that is left in the ground in the Sudbury area, and we agree to that, then we deserve what we get. There has always been a way for the government of the day in this free enterprise system to end depressions—by means of war. But surely most members of parliament would agree that is not the way to end the current problems.

The reason I am sure that the way to deal with present economic problems is not by giving corporations another $1.2 billion is that we have tried this for a number of years, and it is not working. Mr. Speaker, if industries in general did not have the capital to develop to a level where they would meet their full capacity, then it is quite possible it would be necessary to give them capital or allow them to get the capital whereby they could reach the maximum of their producing ability.

● (2227)

Several years ago we agreed that the pensioners of this country—the war pensioners—if they were receiving 100 per cent pension, should receive the average of five of the positions in the civil service, the lowest positions in the civil service. Right now, they need $30 million to bring them up to where they will get a fair and decent pension. But we do not have $30 million, says the Minister of Veterans Affairs (Mr. MacDonald). And the Minister of Health (Miss Bégin) says we will have to curtail family allowances because we do not have the money to provide for the escalation in our social services.

Some hon. Members: Oh, oh!

Mr. Peters: I am glad to hear the backbenchers, who always vote with the government, say this is wrong, that they have the money, they are going to pay the indexing, they are going to provide that, they are going to continue the family allowance benefits. I suppose the government has enough money to pay

the veterans. I am glad to hear the backbenchers who know less about what the government is going to do than I do. They can make lots of noise, but they do not make that kind of noise in caucus.

Some hon. Members: Oh, oh!

Mr. Peters: I am very happy to hear many of them feel very incensed about this subject and they will make some noise in caucus tomorrow. If they do, we will see this bill withdrawn and the direction changed.

Income Tax

There are ways of helping industry. One of the ways is to provide consumers with the amount of money—

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

Mr. Peters: May I call it 10:30 p.m.?

The Acting Speaker (Mr. Turner): It being 10:30 p.m. this House stands adjourned until tomorrow at 2 p.m.

At 10:30 p.m. the House adjourned, without question put, pursuant to special order.

HOUSE OF COMMONS

Wednesday, November 23, 1977

The House met at 2 p.m.

● (1407)

ROUTINE PROCEEDINGS

[*English*]

RESOURCES

REQUEST FOR PROTECTION OF PROVINCIAL JURISDICTION FROM FEDERAL ENCROACHMENT—MOTION UNDER S.O. 43

Hon. Alvin Hamilton (Qu'Appelle-Moose Mountain): Mr. Speaker, I rise under the terms of Standing Order 43 on a matter of urgent and pressing necessity. My motion pertains to today's Supreme Court decision in the GIGOL case which has serious constitutional implications for the jurisdiction of provincial governments over mineral rights within their boundaries. I therefore seek leave to move, seconded by the hon. member for Moose Jaw (Mr. Neil):

That the government introduce emergency legislation to protect the people of Saskatchewan from an estimated tax liability of half a billion dollars and to check the federal government's encroachment into the jurisdiction of provincial governments over natural resources.

Mr. Speaker: Hon. members have heard the proposed motion. Under the terms of Standing Order 43 such a motion requires the unanimous consent of the House before it can be put. Is there unanimous consent?

Some hon. Members: No!

* * *

[*Translation*]

ROYAL CANADIAN MOUNTED POLICE

REQUEST THAT PRIME MINISTER MAKE STATEMENT ON LEGALITY OF KEABLE COMMISSION—MOTION UNDER S.O. 43

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, I rise on a matter of urgent and pressing necessity pursuant to the provisions of Standing Order 43.

I move, seconded by the hon. member for Perth-Wilmot (Mr. Jarvis):

That the Prime Minister make at the earliest possible moment a statement to explain why his government is now defending a position contrary to the one the Prime Minister expressed himself in this House on June 20 last, when he indicated that the Keable Commission was perfectly legal, because under our constitution and under our Criminal Code, the administration of justice comes under the attorneys general of the provinces.

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

Some hon. Members: Agreed.

Some hon. Members: No.

[*English*]

SUGGESTED WITHDRAWAL OF APPLICATION TO STOP KEABLE INQUIRY—MOTION UNDER S.O. 43

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I, too, rise on a matter of urgent and pressing necessity under the provisions of the standing order.

The federal government has applied to the Quebec Superior Court to halt the Keable inquiry into illegal police activities in Quebec and seeks to have the entire inquiry declared to be unconstitutional. In view of the fact that the administration of justice is clearly a matter within the jurisdiction of the provinces and that the granting of any relief sought by the Solicitor General is an infringement of provincial rights, and in view of the fact that the apparent reason for making the motion is to stifle the Keable inquiry, I would move, seconded by the hon. member for Greenwood (Mr. Brewin):

That the Solicitor General be instructed by this House to withdraw the application to halt the Quebec inquiry and permit it to proceed without interference even if there is some good reason why certain documents sought by the inquiry cannot be produced.

Mr. Speaker: Is there unanimous consent for the motion to be put?

Some hon. Members: No!

* * *

[*Translation*]

HEALTH

SUGGESTION RESEARCH BE CONDUCTED ON SOVIET VACCINE FOR MULTIPLE SCLEROSIS—MOTION UNDER S.O. 43

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

In view of the fact that the number of people suffering from a dreadful condition known as multiple sclerosis is increasing in Canada, that a vaccine known as the Margoulis Choubladze and used to fight this condition has been developed by Russian scientists, and that this vaccine has been used to treat success-

fully people suffering from this condition and even cure them, I move, seconded by the hon. member for Témiscamingue (Mr. Caouette):

That the House urge the Minister of National Health and Welfare (Miss Bégin) to carry out an investigation, in co-operation with the Royal College of Physicians and Surgeons of Canada, into the usefulness of this vaccine and, should the findings prove positive, to recommend its import into Canada.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

ROYAL CANADIAN MOUNTED POLICE

REASON FOR INTERROGATING LESLIE J. BENNETT ON LEAVING FORCE—MOTION UNDER S.O. 43

Mr. Tom Cossitt (Leeds): Mr. Speaker, under the terms of Standing Order 43 I rise to present a motion on a matter of urgent and pressing necessity pertaining to statements made to news media today by Leslie James Bennett, formerly with RCMP intelligence and now living in Australia under the name of John B. Ennett to the effect that he was interrogated by the RCMP at the time of his leaving the force. I therefore ask leave to move:

That the Solicitor General advise the House whether it is the policy of the government to interrogate high ranking RCMP officers when they leave the force and if so, why, and specifically why Mr. Bennett was heavily interrogated? Was it or was it not on the subject of infiltration of security services by a foreign power and, finally, to the knowledge of the government were members of the U.S. Central Intelligence Agency permitted to interrogate Mr. Bennett as well and, if so, why such foreign interference was permitted by the government in the handling of Canadian internal security.

Mr. Speaker: Hon. members have heard the motion presented. Is there unanimous consent as required under the provisions of Standing Order 43?

Some hon. Members: No!

* * *

TRANSPORT

PROPOSED FORMULA FOR SHARING COST OF IMPROVING TRANS-CANADA HIGHWAY IN NEWFOUNDLAND—MOTION UNDER S.O. 43

Mr. John Crosbie (St. John's West): Mr. Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. In view of the fact that the Atlantic provinces have requested the government to share the cost of a 10-year program for reconstruction and upgrading of the Trans-Canada Highway in their provinces on the basis of a 90-10 cost-sharing split but the Minister of Transport refuses to accept anything other than a 50-50 cost-sharing scheme, and in view of the fact that the Secretary of State for External Affairs stated in Newfoundland that Ottawa's position would be reviewed and reconsidered while the Minister of Transport was stating that this 50-50 offer was the final decision, I would move, seconded by the hon. member for St. John's East (Mr. McGrath):

That this House direct the government of Canada to enter into an agreement with the Atlantic provinces so that the costs of reconstructing, resurfacing and upgrading the Trans-Canada Highway in those provinces will be met 75 per cent by the government of Canada and 25 per cent by the provinces thus reconciling the differing views of these ministers.

• (1412)

Mr. Speaker: Order. Such a motion can be presented for debate at this time pursuant to Standing Order 43 only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*Translation*]

SOCIAL SERVICES

REJECTION BY PROVINCE OF BLOCK FINANCING FORMULA—POSSIBILITY OF OTHER METHOD OF FINANCING

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, my question is directed to the Minister of National Health and Welfare and it is related to the block financing formula suggested by the minister as regards social services. Considering the decision of the government to drop Bill C-57 during the second session, and given the unanimous rejection by the provinces of this block financing formula in a joint release issued less than a week after the announcement of this formula, did the minister consider other methods for financing or developing social services and, if so, what are these methods?

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, I thought I had already informed the House on the details of this file, but I shall be pleased to repeat them for the hon. member. When I became minister, I immediately took back the file when the provinces had just been offered a lump sum payment for social services, very much like the one which has already been in existence for one year and which applies to health services. The provinces said in a release that they did not appreciate the way the counter-proposal had been made. They did not reject the proposal itself but the way the offer had been made. This is a matter for discussion and it does not affect the substance of the problem. On this, I am only waiting for two formal answers from the provinces. One province refused officially the proposal for lump sum payment while most of the other provinces expressed a preference for this financing pattern. Only one asked to

discuss it as quickly as possible; it is precisely what I intend to do.

REQUEST FOR CONSULTATION WITH PROVINCES ON METHOD OF FINANCING

Mr. Heward Grafftey (Brome-Missisquoi): I should like to put a supplementary question, Mr. Speaker.

It is obvious that there is a lack of consultation between the provinces and the organizations involved. My supplementary question is as follows:

Two months ago during a meeting in Edmonton the provincial welfare ministers called for a federal-provincial conference to discuss the block financing program. This request was repeated by at least eight provinces during the past two months. Considering the importance of the matter for the provinces, could the minister call a meeting of the provincial welfare ministers to together reach an acceptable financing formula for social services?

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, I appreciate the question of the hon. member which shows that it is urgent to find a solution and this is also the objective of the federal government.

To the provinces which asked for an immediate federal-provincial meeting, I pointed out two things: First that it was useless to hold a meeting immediately if we did not reach a sufficient number of basic agreements to discuss the principle, and I am obtaining those agreements. Second, I was compelled to say . . .

● (1417)

[*English*]

Perhaps I should say in English, to make sure I am understood properly, that most of the provinces are communicating to me agreements in principle which will permit me to meet with them. Second, I should like to say with respect to the second sort of reservation I had vis-à-vis an immediate meeting, back in September, that there was no more money I could put into the pot for distribution to the provinces, and that message unfortunately had to reach home. I think it is beginning to be understood.

[*Translation*]

Mr. Grafftey: A final supplementary, Mr. Speaker. It is also about the consultations.

The minister is no doubt aware of the fact that several social services organizations, like the Canadian Association for the Mentally Retarded, have objected to the block financing formula, warning against the danger of a lack of federal leadership and the very real danger that the moneys appropriated for social services would be used for other purposes. Has the minister contacted those organizations to discuss their objections? If so, with what results? If no, why not?

Miss Bégin: Mr. Speaker, I was just talking a few minutes ago with a member of the National Welfare Council who advised me of the same concerns. I have met, not all of course, but several of the national or local organizations, and they expressed concern about cuts in funds and this, for several reasons.

As for the federal funds directly appropriated to certain projects, I have assured those organizations that there was no question of cutting those funds. The lump sum proposal does not affect them, and they were reassured about that.

As for the general program of provincial accountability, there is, even under the present system, the cost-sharing formula which provides for paying 50-50 the costs of social services. I am looking more fully into that to try and provide groups, mostly local ones, with instruments which would enable them to apply themselves for repayment to their respective provinces. I am thinking in particular of organizations for the handicapped or the mentally retarded.

[*English*]

ALLEGED LACK OF CONSULTATION WITH PROVINCES ON ADOPTION OF BLOCK FUNDING FOR SOCIAL PROGRAMS

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, I should like to direct a question to the Minister of National Health and Welfare regarding the very heavy-handed and unilateral change of rules in the middle of the game of block funding for the social services act which met with the significant approval of not only the provinces but the various national and provincial agencies involved with social services, a change which led to nothing but anger, frustration and disappointment at the way this government performs. Why did the minister, through her predecessor, change the rules in the middle of the game without giving an opportunity to the provinces and the various national and provincial social service agencies to discuss this matter before bringing in block funding? That is the way federal-provincial relations are supposed to work. Why this heavy-handed approach?

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, it looks as though during a meeting of their members this morning, on November 23, the Conservative party has finally discovered that there was a new proposal being discussed, and consultations have been taking place for two months and ten days. This has been discussed openly. The counter-proposal for block funding was made by my predecessor, on September 15, because at their June 1977 meeting the provinces had made it very clear that they wanted more money under the social services proposal, but they also wanted flexibility and autonomy. We, therefore, listened to what they asked us and gave them the proposal covering a regime of block funding similar or parallel to the one they already have in place and which they like very much.

Some hon. Members: Hear, hear!

Mr. Alexander: Mr. Speaker, there is one thing I have noticed about the type of consultation this government carries out. The minister is wrong in terms of stating that this matter was introduced with consultation when it was not. She intro-

duced it without prior consultation and co-operation. I will ask the minister this: why all the footdragging with respect to a meeting of the federal and provincial ministers of health in order to determine the proper approach to bring about proper funding with respect to social services? Why cannot the minister pick up the phone and organize a meeting in the very near future so that this matter can be determined, in order that what the social services people are looking for will be implemented? Why cannot that be done without the footdragging?

● (1422)

Miss Bégin: Mr. Speaker, I do not understand the foot problem of the hon. member.

Some hon. Members: Hear, hear!

Mr. Clark: Yours is in your mouth.

Miss Bégin: As far as I am concerned, two months and one week of consultation is not enough for a new minister. Second, one province amongst others, Manitoba, had a new government. I respect that democratic process.

Some hon. Members: Hear, hear!

Miss Bégin: I wanted the Conservative minister of that province to have a chance to learn his dossier and be a full participant. I can go on by giving several other answers, but I have indicated the practical problems which made it impossible to have an earlier meeting than now. It is as simple as that.

Mr. Clark: Back to Carleton!

Miss Bégin: I do not recall the opposition party giving permission to this side of the House to increase any amount in the negotiations. I have said very clearly that I have to bring that message home to the provinces.

Mr. Speaker: The hon. member for Oshawa-Whitby.

Mr. Alexander: Mr. Speaker, now that everything is in place—

Some hon. Members: Order, order!

Miss Bégin: I cannot hear the hon. member.

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ROYAL CANADIAN MOUNTED POLICE

REASON FOR ATTEMPTING TO STOP KEABLE INQUIRY

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I have a question for the Solicitor General. In announcing his support of the then announced Quebec inquiry, the Solicitor General said in the House on June 21 that Quebec, like Manitoba, New Brunswick and any other province, has a right to inquire into the administration of justice. Considering the extension of the terms of reference for the Quebec inquiry was made three weeks ago, why is he now proposing a complete withdrawal of that right from the province of Quebec, instead of restricting the federal government's refusal to participate in certain matters only?

[*Translation*]

Hon. Francis Fox (Solicitor General): Mr. Speaker, I would suggest to the hon. member that he read the request that I filed before the Superior Court in Montreal. He will find that it contains several conclusions and that some of them do not, of course, request a complete suspension of the Keable inquiry.

[*English*]

Mr. Broadbent: Mr. Speaker, the minister has been considerably more forthcoming in his answers in the past by at least providing more information than he is at this time. With specific reference to the two matters that the Solicitor General has objection to—the request for the lines of authority in the RCMP and the operational procedural manual of the RCMP—does he not think an inquiry established under the terms of reference, which the minister agreed to, has to pursue to its end the matters that would be provided only by obtaining the operational manual and learning the lines of authority in the RCMP?

[*Translation*]

Mr. Fox: Mr. Speaker, I think my course of action on this issue was always quite clear all along these debates, both in June and now. Our position has always been that the provincial attorneys general have jurisdiction over the administration of justice and that in the course of inquiries on alleged illegal acts committed within a province, it belongs to the attorney general of the said province to investigate the matter as he sees fit.

With regard to the request submitted to the Keable inquiry, a whole page of allegations show that the Keable inquiry seems to be going beyond the mandate given to it and to be doing much more than investigating criminal acts. It is actually investigating the internal operations and the day-to-day activities of the RCMP. The questions and arguments submitted cover a period going back to 1970 until now. We are actually being asked to produce complete files on all RCMP operations in some fields. As for me, this clearly exceeds an inquiry into specific illegal acts which were brought to the attention of the Keable Commission by the Quebec attorney general.

● (1427)

[*English*]

Mr. Broadbent: Mr. Speaker, in the House on June 17 last when the minister was giving his wholehearted endorsement to the establishment of the commission he listed four matters into which there would be an inquiry and among them is included item C, disposal of documents that were seized at the time. I want to repeat part of the question and hope to get a more specific answer from the minister. If he agreed in principle that the government of Quebec has jurisdictional authority to make such an inquiry into criminal acts, and even the extended

terms of reference refer to allegations of four specific criminal acts, and if it is to achieve its stated goal to which he agreed on June 17 in the House, surely it has to obtain such information as the operational procedures of the RCMP. If the minister agrees to that and objects only to certain details, I repeat, why does he not cancel co-operation on the details but at least leave with the province the right to have that inquiry?

[*Translation*]

Mr. Fox: Mr. Speaker, I have no objection to the attorney general of Quebec inquiring into specific criminal acts committed within the limits of his province. That has always been our position on this side of the House. But I suggest that when one wants to have a series of documents such as the organization chart of the security service, when one wants to know how the RCMP goes about getting information on such things as technical or electronic devices, on human sources, and when one is interested in recruiting, relationships, payments and all searches that might have been done by the security service, in interviews on subjects of interest, in infiltration, surveillance and shadowing, in the classification system of the RCMP, in the operations of internal communications between various police forces, in internal disciplinary investigations, in the inquiry led within the RCMP, in relationships between the RCMP commissioner, the director general of security and high officials within the offices of the Solicitor General, the Prime Minister of Canada, the cabinet, the Privy Council, in kidnapping, Mr. Speaker, int—

Mr. Speaker: Order. The hon. member for Richmond.

* * *

GOVERNMENT ADMINISTRATION

ROLE OF ASSISTANT SOLICITOR GENERAL

Mr. Léonel Beaudoin (Richmond): Mr. Speaker, I have a question for the right hon. Prime Minister. Last Friday the Prime Minister told us that Mr. Pierre André Bissonnette, who is now First Assistant Under-Secretary of State for External Affairs, will become Assistant Solicitor General on November 29, 1977. Would the Prime Minister tell the House what will be the role of the Assistant Solicitor General in view of the revelations made everywhere, especially in the newspapers in the last few weeks, about the operations of the Royal Canadian Mounted Police?

Right Hon. P. E. Trudeau (Prime Minister): Well, Mr. Speaker, I expect the new Assistant Solicitor General to play the role assigned to him by the legislation, that is administering the department, and I am convinced that he will do so competently and with great success.

Mr. Beaudoin: Mr. Speaker, I have a supplementary. Could the Prime Minister inform the House how he intends to use this appointment to give more control and more information to the House about the operations of the RCMP in accordance with its true mandate, which is to protect honest citizens?

Mr. Trudeau: Mr. Speaker, when we consider the budgetary estimates, the House will have the opportunity to call on the new deputy minister and ask him questions about the administration of his department. Of course, general policy matters will continue to be the responsibility of the minister and he will be the one to account for the general policy of his department before the estimates committee.

* * *

● (1432)

[*English*]

SOCIAL SECURITY

GUARANTEED ANNUAL INCOME—SOURCE OF FUNDS FOR PROGRAM

Mr. Paul Yewchuk (Athabasca): Mr. Speaker, my question is for the Minister of National Health and Welfare. Given that the minister has in the past refused to tell the House what her estimates are for the annual cost of a guaranteed annual income program and refused to say specifically from where the money to pay for it would come and given that I have been told by experts that at least $350 million will be required to get this program off the ground, is the minister still sticking to the story that no new budget funds will be required by her department to implement this program?

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, I answered that question about two weeks ago, and perhaps I can repeat the explanation I gave. Perhaps the misunderstanding arises from the hon. member's view of a universal guaranteed annual income scheme. I was talking about people in three particular target groups who could be and should be the first Canadians to be protected because of their vulnerability. I recall speaking about workers who are under the minimum wage rule. The proposal for these three groups is under study in my department, and we are reviewing possibilities of rearranging the existing budget approved for my department.

GUARANTEED ANNUAL INCOME—PROGRAMS TO BE CANCELLED TO FUND SCHEME

Mr. Paul Yewchuk (Athabasca): The minister has stated that she plans to finance this program by rearranging existing programs. Can she tell the House specifically which program she plans to cancel? Does she plan to cancel the income support part of the Canada Assistance Plan, the family allowance or the old age pension? What specific program will the minister cancel in order to get funding for a guaranteed annual income program?

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, I do not intend to cancel programs for those in need. I would like to reaffirm very strongly that we are studying rearrangements which would take away—if I can put it that way—from those who do not need universal pro-

grams and would eventually increase the allowances which should be received by families in need.

GUARANTEED ANNUAL INCOME—ALLEGED LACK OF CONSULTATION WITH FOUR PROVINCES

Mr. Dean Whiteway (Selkirk): Mr. Speaker, I have a supplementary question for the same minister. In view of the fact that there are at least four provinces—British Columbia, Alberta, New Brunswick and Ontario—whose ministers were not consulted regarding a guaranteed annual income program, is it the intention of the minister to run this program unilaterally?

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, I do not understand whether the hon. member is speaking of a guaranteed annual income program, which does not exist and the studies to which I just referred, or if he is talking about the block funding proposal under social services legislation.

Mr. Whiteway: Mr. Speaker, I am speaking of the announcement of the guaranteed annual income program which was made prior to any consultation with provincial premiers. In view of the fact that the provinces will be the ones to implement the program, is it the intention of the minister to run the program unilaterally without the consent of the provinces?

Miss Bégin: Mr. Speaker, there has never been such an announcement.

GUARANTEED ANNUAL INCOME—EFFECT ON MOTIVATION TO WORK

Mr. Jake Epp (Provencher): Mr. Speaker, I would like to direct a question to the Minister of National Health and Welfare. On a previous occasion the minister refused to tell the House what effect a guaranteed annual income program might have on the motivation to work. Can the minister tell the House whether the motivation to work would be affected one way or another if a guaranteed annual income program were implemented?

[*Translation*]

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, as concerns the first studies that we have already published, a copy of which I have sent to the official critic of the opposition, two of them concern this problem of the work motivation for low income earners and I shall be pleased to send a copy of it to the hon. member who has just raised the question.

[*English*]

Mr. Epp: Mr. Speaker, I have a supplementary question for the same minister. In the documents to which she refers that question was not answered in any detail at all. In view of the fact that the Minister of Industry, Trade and Commerce has some responsibility for productivity with regard to Canadian manufacturing and workers would the minister tell the House whether there is some agreement on the part of the Minister of Industry, Trade and Commerce that a guaranteed annual income would have no effect on productivity in Canada?

Mr. Speaker: It seems to me that question scarcely seeks information; it seeks an opinion.

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POST OFFICE

REASON FOR DELAY IN DELIVERY OF INVITATIONS SENT BY MEMBER

Hon. Martin O'Connell (Scarborough East): Mr. Speaker, my question is for the Postmaster General. In view of the fact that my constituency office in Scarborough East has received 121 telephone calls in the last three days with respect to the slow delivery of a specific item of mail between Ottawa and Scarborough, will the minister investigate the reasons for the slow delivery of over 2,000 letters of invitation which I, as member of parliament, addressed to constituents inviting them to a conference on Tomorrow's Canada on November 19? Such letters were postmarked in Ottawa on November 9, and took 12 to 13 days to reach my constituents.

Mr. Paproski: You're lucky.

Hon. J.-J. Blais (Postmaster General): Mr. Speaker, I thank the hon. gentleman for giving me notice which permitted me to conduct a preliminary investigation of this matter. I have ascertained that 2,001 pieces were posted on November 9 in the Parliament Buildings and were dealt with at the Ottawa Post Office. Unfortunately, there was a delay in the transportation of the mail from Ottawa to Toronto. The mail had been bagged. The Toronto processing plant cleared the mail within the specified time, in less than two days. Unfortunately, there was more than a nine-day delay between Ottawa and Toronto. In conducting this investigation we also found that other bags of stale mail were found in the Ottawa station.

In conclusion, I want to indicate that this is the kind of co-operation we require of all hon. members in instances of this kind where individual bags have been mislaid and have not been located in the normal course of operation.

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[*Translation*]

ROYAL CANADIAN MOUNTED POLICE

INQUIRY WHETHER MINISTER OF HEALTH MADE A STATEMENT AT CARLETON UNIVERSITY

Mr. Roch La Salle (Joliette): Mr. Speaker, I wish to ask a question of the hon. Minister of National Health and Welfare as I have the clear impression that she has recovered her memory. I wish to come back to a question put last week: in view of the statements made by the minister at Carleton University last week could she tell the House if she said that

the political climate of that time—concerning the illegal acts of the security branch—did not justify such an action by the RCMP?

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, I would be pleased to check the date of the two *Hansards* where I rose on a question of privilege about that issue. Obviously the office of the hon. member did not have time to provide him with that information.

[*English*]

REASON FOR FAILURE TO SUPPLY KEABLE INQUIRY WITH ORGANIZATION CHART

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, my question is directed to the Solicitor General, and it follows an answer he gave earlier in this House in which he listed a number of documents his department found great objection to producing before the Keable inquiry. Among those documents—and the one which seemed to bother him the most—he mentioned the organizational chart of the security branch as one he could not possibly turn over to the inquiry. Given that under the constitution of this country provincial attorneys general are given a clear mandate to investigate criminal activity, whether that activity is by the police or by anyone else, and to determine who gives orders for criminal activity, can the Solicitor General advise the House how the Keable inquiry can possibly come to a determination as to who gave the orders for the illegal acts in Quebec unless it receives the co-operation of the Solicitor General with regard to the organization chart, or at least the chain of command within the force?

Hon. Francis Fox (Solicitor General): Mr. Speaker, the answer to the hon. member's question is quite simple. Ever since March, 1976 there has been very close co-operation between the federal government and my predecessor and the department of the solicitor general of the province of Quebec. All the information the provincial department wanted concerning the APLQ matter was brought to its attention. It is also a fact that the province of Quebec can get all the evidence it wishes because we filed with the Keable commission all material relating to the entry of the APLQ headquarters in 1972.

● (1442)

We have also indicated that all persons in the chain of command, and they have all been identified in those documents or through my counsel for the inquiry, are willing to testify in front of that commission. If people are really interested in finding out who did what in connection with a possible illegal entry, the solution is not in obtaining information on the day-to-day operations of the RCMP or requesting the files on RCMP matters that are not related to the entry. The solution is in examining under oath the people who were involved in a position of command at that time. All those people have indicated their willingness to appear before the commission, but not all have even yet been invited to attend.

SUGGESTION INFORMATION BE GIVEN KEABLE INQUIRY AT IN CAMERA SESSION

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, it seems perfectly clear that the Keable inquiry itself is not satisfied with the cooperation that the Solicitor General has provided. In view of the fact there is an in camera provision under the Keable inquiry, why does the Solicitor General not take that commission into his confidence? If there are security matters, why does the Solicitor General not deal with those matters in camera with no public exposure whatsoever in those sensitive areas? At least the Keable inquiry could find out who gave the order for the illegal entry.

Hon. Francis Fox (Solicitor General): Mr. Speaker, there is no problem whatsoever in the Keable commission finding out who gave the order for the entry into the APLQ premises. I gave that in my previous response. As to the hon. member's suggestion that we turn over all federal agencies to any provincial commission that is set up, that is not the position of this government.

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SOCIAL SERVICES

CONSULTATION WITH PROVINCES ON FUNDING—POSSIBILITY OF LEGISLATION THIS SESSION

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, my question is to the Minister of National Health and Welfare. It is related to the question asked by the hon. member for Brome-Missisquoi. In asking it I would assure the hon. lady that the new government in Manitoba is most anxious to proceed with this legislation because we are hosting the Rehabilitation International Congress and this legislation will have to be in place. In view of the fact the former Minister of National Health and Welfare in effect scuttled this legislation when he changed the financial arrangements with the provinces unilaterally in an abrupt press release of September 16, and the high priority that hon. gentleman, who now has responsibility for federal-provincial relations, gave to this legislation, will the hon. lady call the provincial ministers together at the earliest possible moment to restore the concensus that has been shattered by the arbitrary action of the former minister?

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, I do not accept the premise put forward in the last part of the hon. member's question. All this work is continuing in an effort to find a solution for the betterment of the lives of all Canadians. I know of the hon. member's personal interest in the field of help to the handicapped and the disabled. He can be assured that this block funding still completely covers them. That was made very clear to the provinces. As to the meeting that will I hope take place in the near future, he could help me by asking the new minister in Manitoba to send me a reply.

Mr. Dinsdale: Mr. Speaker, this legislation has disappeared from the order paper. It was on the order paper. Can the hon. lady assure the House it will be back on the order paper during the present session as was promised in the Speech from the Throne.

[*Translation*]

Miss Bégin: Mr. Speaker, if there is an agreement on a new proposal, as for instance a lump payment, the proposition was to be implemented on April 1, 1978. So I hope that a new bill will be tabled in time for implementation.

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[*English*]

HEALTH

POSSIBILITY NEW BLOOD FRACTIONATION PLANT BUILT IN QUEBEC AND WORK DISCONTINUED AT CONNAUGHT LABORATORIES

Mr. Bruce Halliday (Oxford): Mr. Speaker, I have a question for the Minister of National Health and Welfare relating to the fractionation of blood. Is it the policy of the government that a new blood fractionation plant will be built in Quebec either by the Armand Frappier Institute or the Red Cross and if so, in view of the fact that the government is allowing fresh frozen plasma to be exported to the United States for fractionation when it can be done in Canada by Connaught Laboratory, is it the intention of the government to discontinue the work being done by Connaught Laboratory in Toronto?

Hon. Monique Bégin (Minister of National Health and Welfare): As to the last part of the question, Mr. Speaker, it is not the policy of the government to interrupt the work of any group, either in private enterprise such as the Connaught Laboratory or of any private donor organization such as the Red Cross Society. As to the role of the Armand Frappier Institute, I will have to send the gentleman a detailed answer at a later time.

With regard to the general problem he has raised, the fractionation of blood is of great importance. I wish to clarify one thing, and I will reply in detail on this to my colleague. One blood element, called Factor VIII, which is of great importance in the treatment of haemophiliacs cannot be produced by the Connaught Lab. The Red Cross Society did give a contract to an American laboratory, Highland Laboratories. The Red Cross still provides the Connaught Laboratory in Canada with a lot of elements relating to the production of plasma and other elements needed in the treatment. I am sorry I do not know the technical words.

ADMINISTRATION OF JUSTICE

REASON FOR DELAY IN COMMENCING ACTION TO FORCE INDIVERS TO DIVEST ITSELF OF VACHYD

Hon. Herb Gray (Windsor West): Mr. Speaker, I have a question for the Minister of Justice. Eighteen months ago, the government refused to allow the takeover of a company called Canadian VacHyd by a Dutch firm called Indivers. Some 14 months later the Minister of Industry, Trade and Commerce finally gave directions to the Department of Justice to apply for a court order compelling Indivers to divest itself of its control of VacHyd. Some four months have gone by and no court action has been commenced and this is causing serious harm to VacHyd's business. It is a small Canadian company in fields involving both exports and high technology. When will the necessary court action be commenced to deal with this clear and definite case of non-compliance with an act of this parliament, the Foreign Investment Review Act and what is the explanation for the unconscionable delays to this date?

Hon. Ron Basford (Minister of Justice): Mr. Speaker, my officials are in charge of the file. I cannot give the hon. member a precise date when an application may be taken. I understand there are some difficulties with those types of proceedings. When we are prepared to go to court, I will advise the hon. member.

* * *

SOCIAL SERVICES

FEDERAL-PROVINCIAL MEETING ON METHOD OF FUNDING—GOVERNMENT POSITION

Miss Flora MacDonald (Kingston and the Islands): Mr. Speaker, my question is to the Minister of National Health and Welfare. It relates to the comment she made earlier in the question period that the reason there has been no meeting of federal and provincial welfare ministers with regard to the new social services act is that she has been unable to obtain agreement in principle for the federal proposals for block funding. Is it now the position of this government that federal-provincial meetings will only take place on those occasions where the provincial ministers have agreed in principle to terms dictated by the federal government, even in areas of concurrent jurisdiction? Is that what the new federalism is all about?

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, I do not pretend to be a constitutional expert. There are days when I am very pleased not to be one. In federal-provincial relations, I understand that the different partners in this case in the social services field, have to reach an agreement in the interest of the good of all Canadians. A counterproposal was made on September 15. I was appointed shortly after that. The provincial ministers studied, analysed and discussed the proposals and then met with their own provincial governments. One by one they started sending replies to Ottawa. I have not received replies from all the

provinces. Until we have something to tell each other, I do not understand why we should meet. It is as simple as that, Mr. Speaker.

Miss MacDonald: Mr. Speaker, I wonder if the minister would care to correct her terminology so that she does not further aggravate the differences with the provinces.

Mr. Speaker: Order, please.

* * *

PENITENTIARIES

MILLHAVEN—REASON FOR WITHHOLDING NAMES OF INMATES INVOLVED IN HOSTAGE TAKING

Mr. A. D. Alkenbrack (Frontenac-Lennox and Addington): Mr. Speaker, my question is to the Solicitor General. It results from an inconsistency in penal policy which is unfair to certain guards at Millhaven Prison. His department has refused to give the public the names and records of the convicts at Millhaven who last week took a hostage at knifepoint and barricaded a section and created serious trouble. Just previously, his department gave the public the names of three guards who did their duty by protecting Canadian persons and property in the ultimate wounding and shooting of escaping convicts. Will the minister explain why his department cannot be consistent and cease discriminating against public servants and officials who are performing their duties?

● (1452)

Hon. Francis Fox (Solicitor General): There is, of course, no discrimination. Guards in the penitentiary service perform a very valuable function in Canadian society. As to the specific question why the names of the inmates were not released, I will look into the matter and get in touch with the hon. member.

* * *

FISHERIES

ALLOCATION OF SPECIES TO FOREIGN COUNTRIES—RELATIONSHIP TO PROVISION OF WORK FOR HALIFAX SHIPYARD

Mr. J. M. Forrestall (Dartmouth-Halifax East): Mr. Speaker, my question would have been directed to the Minister of National Defence, but in his absence I will direct it to the Minister of Fisheries. It relates to the awarding in the last day or two of the contract for the overhaul and repair of the Italian fishing vessel *Cormorant* to a St. Lawrence River shipyard. In the light of recent discussions the minister has had with Eastern European countries about the further allocation of certain of the offshore species of fish and in turn the offer made by certain Eastern European countries with respect to repair and overhaul work which could go into the Halifax shipyards now facing, probably, their greatest crisis since long before the Second World War, has the hon. gentleman arrived at any decision with respect to an upgrading of the allocation of certain offshore species so that the shipyards might enjoy the type of work they so desperately need?

Hon. Roméo LeBlanc (Minister of Fisheries): Mr. Speaker, my conversations were not linked to the allocation of further resources. In fact, it is our intention to make gradual quota reductions in accordance with our capacity to catch and to market and take over more and more of the 200-mile economic zone. I recognize that in some cases access to the zone and, possibly, also, our access to markets should be discussed with the use by foreign vessels of our shipyards. I made it clear that I would look favourably, under the Coastal Fisheries Protection Act, to allowing foreign fishing vessels into our shipyards or into our ports for repairs or supplies, if this trade-off is against other benefits for Canadian fishermen.

Mr. Forrestall: I welcome the minister's assurance that we do not intend to give away more of our species which properly belong to our own fishermen and to our own industry.

* * *

REGIONAL ECONOMIC EXPANSION

POSSIBILITY OF AID IN CONSTRUCTION OF NEW FLOATING DRYDOCK FOR HALIFAX

Mr. J. M. Forrestall (Dartmouth-Halifax East): May I direct a supplementary to the Minister of Regional Economic Expansion? In the light of this very serious blow—we have probably lost between 1200 and 1500 jobs and have quite possibly put in peril or in jeopardy the only major ship repair and shipbuilding capacity in the Province of Nova Scotia, certainly in the port of Halifax—may I ask the minister whether he is now in a position or will soon be in a position to tell us the government's intention with respect to its involvement in the construction of a new floating drydock for Halifax and, at the same time, with respect to the decision respecting the West Coast requirement?

[*Translation*]

Hon. Marcel Lessard (Minister of Regional Economic Expansion): Mr. Speaker, consultation continues on that subject between the various departments here in Ottawa and particularly the Department of Industry, Trade and Commerce, and when a decision will be made it will be announced by the departments that are responsible for the implementation of the program.

* * *

[*English*]

POST OFFICE

METHOD USED BY MOUNTED POLICE TO INTERCEPT MAIL—KNOWLEDGE OF POSTAL OFFICIALS

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, my question is for the Postmaster General and it arises from statements he made to the press last week that

district post office officials have been illegally passing on mail to the security branch of the RCMP for 40 years without the knowledge of either the minister or his senior officials here in Ottawa. Were these illegal interceptions of the mail approved by those in charge of the district post offices or were they undertaken by employees of the post offices who had been hired by the RCMP and were they undertaken without the knowledge of the district post office managers or were both methods used to carry out the nefarious practice which the Postmaster General has admitted to the press?

Hon. J.-J. Blais (Postmaster General): Mr. Speaker, the investigation is still proceeding and a dossier is being compiled in order to permit prompt and complete co-operation with the McDonald Commission. The information we have to date would indicate that the methods varied and that the information was provided at the request of the RCMP, primarily by people involved with security and intelligence in the post office and primarily without the knowledge of the regional managers and their immediate subordinates.

Mr. Douglas (Nanaimo-Cowichan-The Islands): Is the minister telling the House that for 40 years employees of his department have been co-operating with the security branch of the RCMP to violate the Post Office Act without either the RCMP or the Solicitor General informing him of that fact? Is he telling us that one arm of the government does not know what the other arm is doing?

Mr. Blais: I would say there is some indication, although there are no specific records, that the practice could have gone back to the late thirties. However, from the evidence I have been able to ascertain the practice was primarily during the early part of the seventies and it was at the request of the RCMP. There was no knowledge in the upper echelons of the post office about that co-operation.

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JUSTICE AND LEGAL AFFAIRS

REQUEST TWO FORMER SOLICITORS GENERAL APPEAR BEFORE COMMITTEE

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, my question is addressed to the Solicitor General. Yesterday I moved that the two predecessors of the Solicitor General be asked to come before the Standing Committee on Justice and Legal Affairs to give evidence so that the facts of the whole matter might be heard—

Some hon. Members: Order!

Mr. Woolliams: My question to the Solicitor General is this: has he discussed this matter with his two predecessors and are they willing to go before the committee and tell all?

Mr. Speaker: Order. It would take some special permission from the House to enable that to happen.

[Mr. Douglas (Nanaimo-Cowichan-The Islands).]

FISHERIES

REQUEST FOR REPORT ON MEETING WITH NEWFOUNDLAND MINISTER

Mr. James A. McGrath (St. John's East): Mr. Speaker, I have a question for the Minister of Fisheries. Can he tell the House the outcome of his meeting with his counterpart, the Minister of Fisheries in Newfoundland? Has any agreement been reached with regard to a joint program to deal with such pressing problems as fleet replacement, and so on?

Hon. Roméo LeBlanc (Minister of Fisheries): The conversation took place on three basic issues. One was the boat subsidies which I have indicated would not be available for the current year because the allocation is already spent and also because it is clear under the act which allows us to pay these subsidies that they must be paid directly to fishermen not to provincial authorities. Another matter which was raised was the question of buffer zones between areas where different types of gear are in use. I made it clear that these were matters for the regional director in consultation with the fishermen and their organizations who are perfectly competent to deal with them. The provincial government will also take part in these discussions. On the third issue having to do with one plant, Booth Fisheries, I indicated that the report on the present season had not yet arrived, and for that reason I could not give much more information than that which everybody else knows.

* * *

● (1502)

INQUIRY OF THE MINISTRY

Hon. Alvin Hamilton (Qu'Appelle-Moose Mountain): Mr. Speaker, my question is to the Prime Minister, if he would not mind staying for a while.

Mr. Hees: Come on back, Pierre; you are not working to union rules.

Mr. Clark: This is the kind of contempt that we always get in this House.

Mr. Hamilton (Qu'Appelle-Moose Mountain): Mr. Speaker, I would ask your permission to reserve my question until the Prime Minister is in the House.

ROUTINE PROCEEDINGS

[*English*]

TV AND RADIO BROADCASTING OF PROCEEDINGS OF HOUSE AND ITS COMMITTEES

FIRST REPORT OF SPECIAL COMMITTEE

Mr. Speaker: I have the honour to present the first report of the special committee appointed to supervise the implementation of radio and television broadcasting of the proceedings of the House and its committees.

* * *

Mr. Woolliams: Mr. Speaker, I rise on a point of order. It is very seldom that I ever rise in my place—

Some hon. Members: Oh, oh!

Mr. Woolliams: —to complain about being cut off on what I consider to be a proper question. My question was directed to the Solicitor General and was: would he consent to have his two predecessors come before the Standing Committee on Justice and Legal Affairs? I understand what is being talked about here because we talked yesterday about a cover-up. What I should have liked to ask him is if those two previous ministers would come before the standing committee and tell all they know, so that this cover-up could be brought to an end. That was my question, and with the greatest respect to Your Honour I feel it was in order, asking the Solicitor General whether he had gained their consent.

Mr. Speaker: Order, please.

* * *

Mr. Lawrence: Mr. Speaker, I rise on a point of order. I wonder whether Your Honour would point out to the Prime Minister of Canada that you are the judge of when the question period ends, not the Prime Minister of Canada.

Some hon. Members: Hear, hear!

* * *

Mr. Epp: Mr. Speaker, as you are well aware, I very seldom rise on a point of order, but I do so today for clarification. Your Honour mentioned that my supplementary question today was asking for an opinion. I have gone through the question I asked and, with all respect, I do not believe that is what I was seeking. There have been studies on the question of a guaranteed annual income, specifically in Manitoba, known as MINCOM, in which the whole purpose of the study was to find out, among other things, what effect the guaranteed annual income would have on the motivational factor. We know that some of those studies are in the hands of the Minister of National Health and Welfare. They are also in the hands of the minister of health of Manitoba. There is sharp disagreement within the cabinet on the results of that study, and specifically on the motivational effect that the guaranteed annual income has on work and productivity. It was for that reason that the question was asked.

Mr. Speaker: I thought that the hon. member had two questions, both of which sought opinions as to the motivational factors involved. I do not see how at this point anybody could have anything but an opinion on it, but in any case I thought I gave the hon. member the benefit of the doubt of letting him get away with one question asking for an opinion, and I thought I should stop him on the second.

* * *

Mr. Whiteway: Mr. Speaker, I rise on a point of order which has to do with the answer given to me by the Minister of National Health and Welfare. I recognize her right to answer or not answer, but not to answer inaccurately. She said that she had made no such announcement of a guaranteed annual income. In point of fact, she did so in this very House, as reported at page 159 of *Hansard* for October 24, and again on November 7, as reported at page 635 of *Hansard*. There she said very clearly that the intention of the federal government is to implement a guaranteed annual income. Whether or not we on this side agree, Mr. Speaker, the fact is that she did state the intention of the government to proceed. My question was whether or not she intended to proceed with or without the consent of the provinces.

Mr. Speaker: Order. That was the question which I understood the minister answered.

* * *

PRIVILEGE

MR. COSSITT—QUESTION TO PRIME MINISTER

Mr. Tom Cossitt (Leeds): Mr. Speaker, I rise on a question of privilege having to do with an incident which took place in this Chamber just a few moments ago and which I think is of a very serious nature and bears directly on the privileges of the members of this House. The hon. member for Qu'Appelle-Moose Mountain (Mr. Hamilton) was in the act of asking a question—

Some hon. Members: Sit down!

Mr. Cossitt: Mr. Speaker, I think I deserve the right to put my question of privilege without all this noise across the floor. The hon. member rose and was in the act of asking a question of the Prime Minister (Mr. Trudeau), who was standing at the back of the Chamber and who in effect waved a piece of cardboard at the House, as much as saying that we can all go to blazes, and then walked out. He showed disrespect for the House of Commons in the most disgraceful manner I have ever seen. I think, Mr. Speaker, it is time that this kind of thing stopped.

Mr. Speaker: Order, please. The hon. Deputy Prime Minister (Mr. MacEachen).

Hon. Allan J. MacEachen (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I think it ought to be put on the record that the Prime Minister (Mr. Trudeau)

left the House after three o'clock. Under our rules the question period expires at three o'clock.

Mr. Stevens: The Speaker decides that.

Mr. MacEachen: The Prime Minister had been in his place for the whole question period. He took all the questions that were put to him. He looked at the clock and said that he had other obligations. I agreed with him that the question period, under our rules, was over—

Mr. Cossitt: The government makes its own rules.

Mr. MacEachen: —and therefore I believe it is most unfair for the hon. member for Leeds (Mr. Cossitt) to continue this unjust, persistent, pernicious vendetta against the Prime Minister.

Some hon. Members: Hear, hear!

Mr. Speaker: Order, please. Whether or not the Chair exercises any customary discretion in recognizing another questioner after three o'clock is something that the Chair will decide from time to time.

Some hon. Members: Hear, hear!

Mr. Speaker: However, hon. members will realize that under any circumstances the presence in or absence from the Chamber, or departure from or entrance into the Chamber, of any minister or any other member at any time is not the subject of privilege.

* * *

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, the following questions will be answered today: Nos. 238, 239 and 326.

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

[*Text*]

NUMBER OF PERSONS UNDER CONTRACT TO PRIVY COUNCIL

Question No. 238—**Mr. McKenzie:**

1. What is the total number of persons under contract to the Privy Council Office and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Mr. Yvon Pinard (Parliamentary Secretary to President of the Privy Council): In so far as the Privy Council and Federal-Provincial Relations Offices are concerned: 1. Seventeen of which three are retired public servants.

[Mr. MacEachen.]

2. (a) 1974-75, $167,547.16; three retired public servants, $22,770; (b) 1975-76, $504,542.65; four retired public servants, $31,565.

NUMBER OF PERSONS UNDER CONTRACT TO OFFICE OF THE PRIME MINISTER

Question No. 239—**Mr. McKenzie:**

1. What is the total number of persons under contract to the Office of the Prime Minister and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Mr. Yvon Pinard (Parliamentary Secretary to President of the Privy Council): 1. Eight (none are retired public servants).

2. (a) 1974-75, $44,442.57; one retired public servant, $26,797.12; (b) 1975-76, $77,246.46; none were retired public servants.

NATIONAL MUSEUMS OF CANADA—PERSONNEL EMPLOYED FROM PRIVATE EMPLOYMENT AGENCIES

Question No. 326—**Mr. McKenzie:**

1. Has the National Museums of Canada obtained (a) part-time (b) full-time employees from private employment agencies in (i) British Columbia (ii) Alberta (iii) Saskatchewan (iv) Manitoba (v) Ontario (vi) Quebec (vii) New Brunswick (viii) Nova Scotia (ix) Prince Edward Island (x) Newfoundland and, if so, in each case, how many?

2. Are such employees paid from supplementary estimates and, if not, from what estimates are they paid?

3. By province, what was the (a) average hourly rate paid to employment agencies (b) average hourly rate paid to employees (c) total amount paid by the National Museums of Canada in (i) 1975 (ii) 1976?

Hon. John Roberts (Secretary of State): I am informed by the National Museums as follows: 1. No.

2. Not applicable.

3. Not applicable.

[*English*]

Mr. Cossitt: Mr. Speaker, on a point of order, I realize it is early in the session and one might not ordinarily expect questions to be answered so soon, but two of my questions have been on the order paper almost since the beginning of the last session. They are now on the order paper again so the government has had plenty of time to get answers to the two questions.

I refer first to question No. 48 which is directed to the Minister of Agriculture and pertains to a statement that he made in Brighton, Ontario, in which he said, "I use Department of Defence planes quite a bit because I'm an honorary colonel." The question simply asks: does the Department of National Defence permit honorary colonels—and there are many of them—to use their aircraft at will and, if so, how many honorary colonels are there? I think that is a matter of record, and that we should know whether the Minister of Agriculture is able to commandeer an aircraft of the Department of National Defence simply because he is an honorary colonel.

• (1512)

The other question I should like to mention just briefly is question No. 45, and I think it is very serious in nature. It has been on the order paper for some time, and goes back to the last session. It concerns the fingerprinting of public servants. I have asked how many have been fingerprinted since this program started, and certain other questions stemming therefrom since the question went on the order paper. I know this is important to a lot of people because of the mail I have received from public servants who are not in sensitive positions whatsoever, but who have either been fingerprinted or ordered to be fingerprinted.

My concern, which I think should be the concern of Parliament and the people of Canada, is that we should receive speedy answers to questions of this kind, because if members are not able to inform the public as to why this program of fingerprinting public servants is being adopted by the government, then something is very much amiss. I am not talking about fingerprinting people who are in security positions where such a thing is necessary. I am talking about fingerprinting of a much wider nature, for example, of stenographers and clerks in offices, those people who have nothing to do at all with matters of a sensitive nature but who are now being fingerprinted. I would like the parliamentary secretary to tell us when this question will be answered.

[*Translation*]

Mr. Pinard: Mr. Speaker, last week I was pleased to note that the hon. member for Leeds (Mr. Cossitt) was back in this House after an absence of several days, which prevented me from giving him the following answer.

In the course of the second session of the 30th Parliament, 3,012 questions appeared on the order paper, of which 281 were put by the hon. member for Leeds, or 9.3 per cent. During the last session, the government answered 2,868 questions, 95 per cent of the total. Out of the 281 questions put by the hon. member for Leeds, the government answered 264 questions, or 94 per cent.

I submit that the hon. member received a very decent and respectful treatment from the government, and we can assure him that in the course of this session we will give him similar treatment. All we ask is that he be patient.

[*English*]

Mr. Jones: Mr. Speaker, I should like to raise a point with the parliamentary secretary in respect of starred question No. 145. I brought this to his attention personally, as well as to the personal attention of his predecessor, and on several occasions I have been promised an answer. I was informed back in July of this year that this question would be answered; if not during the session it would be answered during the recess. I would now ask the parliamentary secretary whether he would be kind enough to get me an answer within the next week.

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

Some hon. Members: Agreed.

Mining Unemployment

MOTIONS FOR PAPERS

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

Mr. Speaker: Is that agreed?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

BUSINESS OF SUPPLY

ALLOTTED DAY S.O. 58(11)—LOSS OF JOBS IN MINING INDUSTRY

Mr. Edward Broadbent (Oshawa-Whitby) moved:

That this House condemns the lack of action by the federal government to prevent the serious loss of jobs in Canada's mineral industry, and furthermore urges the implementation of an effective mineral resource industrial strategy to preserve and expand employment and to promote further resource processing in Canada.

He said: Mr. Speaker, you will well understand if I say, just as you step down from the chair, that I was tempted to name you as my seconder, but propriety led me in another direction.

On a more serious note, Canadians all over the country know very well we are heading into the worst winter we have experienced since the great depression, in terms of job opportunities. Job opportunities, about which I will be talking in detail, in the resource sector of the Canadian economy are particularly bad, but unemployment is not of course restricted to that sector. There is unemployment in every province and in almost every region of every province, affecting virtually every sector of the Canadian economy.

As we learned well in this House, particularly during the opening week of the session, the resource sector has been particularly badly hit and, as I shall indicate in a few minutes, there are particularly salient reasons for this happening now in Canada.

To give you some figures, I believe this year some 9,000 Canadian miners have been placed on permanent lay-off, that is, they are permanently without jobs. According to forecasts by the Department of Manpower, to which we have had access, during the next six months that figure of 9,000 will increase to 20,000. There will be an additional 20,000 Canadians without jobs, spread across most provinces, but particularly in the northern parts.

It has become a platitude, and one is tempted to say, if not a redundant, a commonplace platitude, of all political parties to suggest that we have a resource based economy. Every politician, the members of my party included, have learned to say almost by rote that we in this country are rich in resources in every province, unmatched by almost any other country in the

world, and so on. We know all the general phrases, and the general phrases are accurate.

I was interested to note that the Prime Minister (Mr. Trudeau) said in 1974, by some coincidence perhaps, in the middle of an election campaign:

Resources are both the historic and modern basis of Canada's prosperity.

That is what the Prime Minister said in Sault Ste. Marie in June, 1974. He went on to state in the same speech that resources "are the jumping-off point for the continuing industrial development of Canada".

What the Prime Minister ought to have said in 1974, and what he should be saying now, some three years later, is that because of the Liberal mismanagement of the Canadian economy, instead of resources or minerals being the jumping-off point to prosperity, what has happened is that Canadian miners have been pushed almost to the point of having to jump from the edge of their mine shafts in desperation in terms of lost job opportunities.

What we are now experiencing is the coming home to roost of the economic chickens of C. D. Howe and his resource policy, and this is at a time when Canadian working families particularly are bearing the brunt of that misguided policy which began back in the late 1940's, carried on in the early 1950's, and repeated since ad nauseam by ministers of trade and commerce, energy, mines and resources and finance, one after the other. They have all carried on with this policy developed by C. D. Howe.

What is the essence of this policy, and what has been the guiding framework implemented by Liberals for the past few decades? The essence of it is as follows: first of all we should welcome foreign capital because foreign investment must be encouraged. It does not matter what country is involved, whether the United States, France, Great Britian or Germany. That is the first tool to be used, foreign investment to buy ownership and control of resource firms.

Secondly, and related to that, we must encourage these firms, once they are in control of resources, whether foreign or Canadian owned, to export the raw materials. That in fact is what has basically taken place in the Canadian economy in the past three decades.

What has been the result of basing the economic prosperity of Canadians on this policy started some years ago by C. D. Howe? Let me give you the conclusions. We have very few processing jobs. We have only a very small job intensified processing or secondary sector in Canada.

The statistics are truly alarming. There has been a constant trend in the last two and a half decades toward a diminishing number of jobs in that sector. I suggest that the number should be increasing. In 1950 only 15 per cent of our minerals were exported in unprocessed form. Today that figure has grown to 40 per cent, which is more than a 300 per cent increase since 1950. What that means is that raw materials are being sent abroad and the major job creation part of resource-related economies is growing in other countries. Instead of Canadians getting jobs, Americans, Japanese, Swedes and whomever, have been getting them. It is a trend that has been constant and is worsening.

[Mr. Broadbent.]

• (1522)

The inevitable consequence of this prosperity, which has been based upon the export of our unprocessed raw materials, is that the development of our materials is dependent upon decisions made by multinational corporations. Almost all the companies that are in control of the resource sector are multinationals. I do not distinguish between Canadian multinationals and American multinationals. They both operate in terms of their global financial interests and have no fundamental loyalty to their countries of origin. It does not matter if we discuss American or Canadian multinationals in this regard.

One of the consequences of this is that the profits made by these companies are being invested overwhelmingly abroad rather than in Canada. I am referring to the profits made as a result of the work of Canadian mining communities in Ontario, Manitoba, British Columbia or Quebec. Instead of those profits being invested in Canada in order to create Canadian jobs, they are going out of the country to other lands.

There has been a net outflow of investment capital ever since 1973. We have exported more capital investment than we have imported. This trend is worsening and is not improving.

I hoped the Minister of Finance (Mr. Chrétien) would learn from the mistakes of his predecessors, but instead of learning he is repeating their actions. The government is providing financial assistance to the American and Canadian owned multinationals, which assistance is being used by these companies for investment purposes abroad rather than here. These are the results of this pattern which was begun by C. D. Howe and has continued for some decades. I want to show how distasteful this has been for Canada and why it must stop.

I should like to refer to five Canadian multinational corporations. The naive belief expressed by the Minister of Energy, Mines and Resources (Mr. Gillespie) that all we have to do is develop our Canadian multinational corporations in order to overcome our difficult economic problems, is sheer illusion. The problems we have faced in recent years because of a foreign dominated economy are being repeated now as we develop our own multinationals that operate in the same manner as American, German or other foreign multinationals.

Canadian ownership in itself is not a sufficient instrument to ensure that the multinational corporations in Canadian resource sectors will perform for the long range interests of Canadians. I could provide a list of foreign owned multinationals and how they affect activities, but I will just refer to the Canadian owned ones.

Alcan is one of the world's giants, and it is Canadian owned and controlled. The profits of this corporation increased to $138.8 million in 1977, which is an increase of 560 per cent over the previous year. Not bad for little old Alcan! That company owes Canada $180 million in deferred taxes. Some four weeks ago it received $11 million because of the mini-budget of the Minister of Finance. That is Alcan's share out of

the budget proposals which are still being debated in this House. What did that company do? Did it use that money for job creation and to extend its operations? Not at all.

The most significant thing Alcan did was to shut down its operations in St. Lawrence, Newfoundland. That fluorspar mine was not losing money. Alcan operated in that community for many decades, thus making St. Lawrence totally dependent upon that mining operation. In spite of the assistance Alcan received from Canadians and the benefits it received from the mini-budget, the firm has decided that it can make more money by importing its fluorspar from Mexico, and will shut down its Canadian operation entirely. The result of that action will be economic ruin for that entire community.

Another large multinational corporation is Falconbridge. It owes Canadians $34 million in deferred taxes. On account of the Finance Minister's mini-budget, it will gain approximately $2 million. What is Falconbridge doing in terms of exercising its social responsibility to Canadians, and particularly mining communities? It has laid off approximately 4,000 workers on a temporary basis, and 500 workers permanently. At the same time this corporation is expanding in South Africa, Rhodesia, and Chile. Those are three marvellous countries in terms of their governments. Those governments are extremely reactionary and severe in terms of repressing their own people. But Falconbridge expands in those countries, lays off Canadians, and is in receipt of tax benefits from our government!

Next I should like to deal with Northern Telecom, which is a wholly owned subsidiary of Bell Canada. Its assets increased from $363 million in 1970 to $705 million in 1976. That poor little corporation has received some $3 million from the government's mini-budget. That is cash which Northern Telecom does not really need. In fact it does not need it at all. Is it taking that cash and creating jobs for Canadians? Not at all. That corporation is also laying off workers in Canada. Approximately 1,000 have been laid off, or will be laid off by that company. Northern Telecom is expanding in the United States and Turkey, but it is receiving financial assistance from Canadians. That is the manner in which that company exercises its corporate responsibilities.

Many Liberal backbenchers from the province of Quebec are interested in Noranda Mines. What about that poor little multinational? Between 1970 and 1976 it more than doubled its assets in Canada. Now they stand at $2,093 billion in terms of its assets. But unlike ordinary Canadian workers or farmers, it gets away with owing taxes. It owes the people of Canada some $86 million in deferred taxes and, as we know, not only do such companies not pay interest on those taxes, they never pay them back. Noranda will receive from the Minister of Finance, who is from the province of Quebec himself, out of his mini-budget proposals, about $5 million this year, an additional handout from the people of Canada.

• (1532)

What is Noranda doing? Is it taking that money to expand its operations? Not at all; it has laid off some 500 workers in four different mining communities in Canada, and there are another 1,700 miners in the Gaspé region working for Noranda whose jobs are in severe jeopardy. But once again Noranda is not simply cutting back. It is cutting back in Canada, but elsewhere in the world it is going onward and upward.

Noranda is now considering a major expansion of its copper facilities in Chile. It has been operating in Chile for some time, and now it has a major study under way which is intended to lead to a significant expansion of its copper operation in that country. Once again the people of Canada, ordinary workers wherever they live, whether they live in cities, towns or villages, are paying through the tax system channelled right through our Department of Finance into the pockets of this large multinational, not funds to be used to create jobs in Canada but funds that will be used to create jobs elsewhere in the world. That has to stop, Mr. Speaker.

Then of course there is dear old INCO, that poor, poor multinational. The figures are perhaps well known now, even to members on the government side. INCO has had, in terms of profits earned in Canada in the past decade, net profits of $1.7 billion. This year alone they have had a net profit for the first nine months of $95 million. They owe the people of Canada in deferred taxes $378 million. They received in financial assistance through the Export Development Corporation $70 million. This year, in 1977, in assistance from the taxpayers of Canada, they received from the Minister of Finance in his mini-budget a few weeks ago, $10 million. What is INCO doing? Everyone knows what INCO is doing. INCO is laying off Canadian workers in Sudbury, Thompson, Manitoba and Port Colborne.

But again we should not despair for INCO; we should despair for Canadians, because with the $70 million in special financial assistance provided for Canadian workers INCO is expanding, but not in Canada. INCO is expanding in Guatemala and Indonesia, two countries that are quite distant from our own land.

When the issue was raised with officials of INCO about their cut-backs, because sometimes cut-backs have to take place in certain areas, and they were asked why they did not choose some of their operations abroad, a senior branch executive of INCO said that they could get away with it in Canada but they could not get away with it in Indonesia. That shows just how much the Liberal government is prepared to stand up for the interests of Canadian workers.

I could give other examples, but I will not. There are five companies, but the pattern is a common one—tax benefits, write-off concessions intended to create jobs, but not having that effect at all. The same companies are laying off workers in Canada and expanding their operations in other parts of the world. I say on behalf of my colleagues that this pattern of the systematic write-off of Canadian resources at the same time that it is convenient to multinational corporations and profoundly inconvenient to Canadian workers has to stop. We recognize, for example, as the other parties in the House are not prepared to recognize, that there are not only problems with multinationals that are owned and operated abroad but

there are serious growing problems with multinational corporations that now happen to be Canadian owned.

In the earlier part of my remarks I referred to a speech given by the Prime Minister in the constituency of my colleague, the hon. member for Sault Ste. Marie (Mr. Symes), back in 1974. The Liberals are always good when it is election time; they are always effective in making fantastic promises. The Prime Minister undoes his shirt collar, takes off his jacket and pretends for 30 seconds that he is actually a working Canadian. He trots around the country and says, "If you elect us, by God we'll do these things". You know what he said in 1974 in Sault Ste. Marie? He said that if the Liberal government were re-elected in 1974, the Canadian resource sector would not only provide the number of jobs that it had provided up to that point, but would expand. It would be the jumping off point, to quote his phrase, for greater growth of the Canadian economy.

Central to that strategy as promised in June of 1974 in Sault Ste. Marie was the commitment that if the Liberal government was re-elected, henceforth all future resource development in Canada, new investment, would be 60 per cent, and certainly a minimum of 50 per cent, Canadian controlled.

At the same time the Minister of Energy, Mines and Resources, speaking in support of the Prime Minister's pledge, said the following:

> Look around the world at any country that is rich in natural resources. You see that in almost every instance it's similar to this—you know, 60 per cent.

That is from the Minister of Energy, Mines and Resources in support of the idea that if the Liberals were re-elected to form the government which they now have they would move decisively into the area of restoring Canadian ownership to Canadian resources. We know what has happened after the election. In that area as well as others the Liberals forgot their election promises, and absolutely nothing has been done.

On behalf of my party I say that it is time that Canadian resources were owned by Canadians and controlled by Canadians for the benefit of Canadians, and it is time that this government which is on the opposite side of the House started to live up to its commitments and moved in that direction.

As I have indicated, it is not sufficient to ensure Canadian ownership of the resource sector. Once that ownership is established, as I have made clear with the examples of Canadian owned multinationals, we have to make sure that the national management of our resource sector, whether it is Canadian or American owned, is operated in the Canadian interest. That is the decisive second step that must be taken. In neither case have we had action from the Liberals. We still have a predominantly foreign owned resource sector, and of course we have no over-all management at all in terms of our long range or short range interests.

What is required in the long range is for us to have an industrial strategy for Canada of the kind the Japanese, the French and the West Germans developed right after the Second World War. They did not sit around and wait for several decades, they developed a long range strategy. In the case of Japan, they have to import 98 per cent of resource materials to develop their industrial base.

[Mr. Broadbent.]

The first thing that we need in Canada is a commitment to a long range industrial strategy that sees as its foundation the rich resources in our country. Related to that we have to develop techniques in co-operation with the provinces to ensure that a higher degree of processing at the secondary level of our natural resources takes place in Canada. There are a variety of tax instruments which can be used in co-operation with the provinces to bring this about. In relation to that as well, in the years ahead we will be very much in favour of using tax policy vis-à-vis corporations to encourage research and development in key sectors. After that has been done in sectors which have been designated by the government, and which make long-range economic sense in the Canadian interest, then corporations should get tax breaks, rather than the other way around, which is what we have now with the Liberals. The Liberals give corporations tax concessions holus-bolus, in the hope that spin-off benefits will come.

● (1542)

These are some long-range proposals which my party believes are long overdue if we are going to create the jobs which are necessary for Canadians, but in the meantime the government must decide two relatively simple things.

First, the government must decide that no corporation in Canada is going to get a special tax break in 1977 or in 1978 unless it is job related. There should be special tax concessions if jobs are created. If jobs are not created, there should be no tax concessions. That is a simple, clear, short-run and necessary policy.

Second, in a number of the sectors of our mining industry where there is now a surplus we argue that the policy should be one of stockpiling. We have done that for Canadian farmers and for Canadian uranium workers in the past. It makes much more sense for Canadians in other parts of our resource sector to have stockpiling until such time as markets improve—and then the products can be sold off—than it does to pay Canadian workers unemployment insurance for doing nothing. Next year we are going to spend $4 billion on unemployment insurance. It makes a hell of a lot more sense to us to take a good part of that money, use it for stockpiling, keep Canadian miners at work, and then sell the product further down the road.

I conclude by saying it is time we had a "Canadian Jobs First" policy for Canadian resource development, and as I said a minute ago, it is time our resources were Canadian owned, Canadian controlled, and operated for the long range benefit of Canadians.

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I would like to participate in this debate because I was amused by the speech to which I just listened. I have never heard anything so negative in my life. If Canada had been built with that kind of defeatist attitude, I do not think we would be where we are today.

For years the New Democratic Party has complained about how bad it is to have American multinational corporations reaping benefits out of Canada. Now, because there are some Canadian corporations which are expanding outside Canada and exporting technology, savoir-faire and so on, they are the villains. Of course there are some problems, but they are not the result of foreign ownership. INCO is Canadian owned. Because of the international market situation demand for nickel throughout the world has gone down. There is less production of steel. Often in the resource industry there are ups and downs, and at this time the international nickel market dictates that there cannot be any more nickel stockpiled.

There was stockpiling for three years because it was hoped that the market would turn around. However, any more stockpiling would compound the problem because prices are depressed, and if everyone stockpiles even more, the price will go down further and create more problems. We are trying to find some solution to this problem. We think it is a short term problem.

When Canadian companies like Northern Telecom or INCO are able to expand and go into foreign markets and try to specialize in some fields to promote good industrial development in other nations, we are told that they should not expand outside Canada. We are told that mines are being developed in Guatemala and Malaysia and that that is bad. That is absolutely unbelievable. We are told that it is bad that INCO should develop mines in those countries and that, as a result, our own mines will not be developed. Do hon. members opposite not know that there are other people besides Canadians who can develop mines? The British can go to those countries as well as the Germans and the Japanese. There are dozens of companies which would be willing to export engineering technology which creates markets for goods we can produce, and in mining technology we are one of the best in the world.

If we do not export our technology it is naive to believe nobody else will, because there are many other people who will do that. On any social issue it is typical of the NDP to take the side of the bleeding hearts.

Mr. Broadbent: Like INCO miners.

Mr. Chrétien: In the case of INCO the NDP is involved not because of its social conscience, but because it is trying to reap benefit for itself.

Mr. Broadbent: You're kidding.

Mr. Chrétien: Because we have problems in our mining industry, the proposition is that the countries of the Third World should not receive any technical help to develop their resources and that they should be allowed to starve. The NDP is saying that we should not try to help developing nations.

Mr. Douglas (Nanaimo-Cowichan-The Islands): That is a straw man.

Mr. Chrétien: I can understand that the NDP might say "to hell with the poor nations who have to develop their resources", but we have international conferences at which we are trying to find solutions for the Third World and to help them create jobs for their people in order to bring wealth to those nations so that they can become self-sufficient. I think the attitude of the NDP is appalling. I do not deny that we have problems in the mining industry, but the Leader of the NDP (Mr. Broadbent) in his confusion started to talk about foreign capital. In the case of INCO it is not foreign capital but Canadian capital.

Mr. Broadbent: Did you listen to the argument, you dodo?

Mr. Chrétien: For ten or 15 years the NDP said that foreign capital in Canada was the heel of the world, but now it has turned around. Members of the NDP say that Canadian companies should not be multinational, that we should not go into foreign fields, and that our own international corporations are as bad as the others. I think they are just trying to confuse the issues.

Mr. Broadbent: They confused you.

Mr. Chrétien: Of course we are having some problems, but do hon. members think that if we were to nationalize INCO tomorrow suddenly the market around the world would improve and that the Americans would start to buy our nickel?

Mr. Broadbent: Who talked about nationalizing INCO?

Mr. Chrétien: You did. That is always the solution; if companies do not keep people they should be nationalized. That is what has been done in South America for generations, and that is why they are now in such a mess. Rather than facing problems in a rational way they took the easy, emotional route. They said, "Get the Americans out of here and we will nationalize," and eventually everything closed down.

In the present context my colleagues and I have enterred into discussions with INCO and other corporations to try to minimize adverse affects, and made the proposition to their workers that they share the work among themselves during a difficult period. It is a human approach to the problem, not a rhetorical approach where you offer easy solutions. We have looked at the possibility of stockpiling but it is, I believe, a corporate decision of the company. Even at this time with a slowdown in the demand, we are expecting a turn around this coming year. They have already stockpiled an inventory of something like eight or nine months of nickel. We have discussed this with them and nobody agrees that it is a way out of the situation because it could perhaps depress the market even further.

• (1552)

Mr. Broadbent: Nobody but the miners.

Mr. Chrétien: Of course we have difficulties in the mining or in the forestry industries, or in any other industry whose economy is up and down, and this sector is affected now. There

were very few compliments paid to the government a few years ago when Sudbury suddenly became prosperous because of new discoveries. In that kind of a resource area, it is expected to have its ups and downs.

Now, with the programs we are proposing to labour and management, some of the workers for several months will earn less income than they were used to earning previously. It is a normal trait for many Canadians, and for many individuals around the world.

What I dislike about the approach of the NDP is its kind of Santa Claus approach to problems, that the government should intervene and artificially maintain the situation, with the result that two, three, four years later you are hit with a disaster, due to the fact that you cannot give more than you receive, in any economy in the world. This is exactly the price we are paying today for some previous abuses.

During the years 1973, 1974, 1975 and 1976, we have had a better economic performance than our neighbours to the south. For three winters in a row we have had less unemployment in Canada than in the United States of America, for the first time in history. What is the result of that? We developed a mentality whereby all of us were asking more from the Canadian economy than we were offering. We were faced by demands which were greater than the capacity of the nation to provide, with the resulting devaluation of the Canadian dollar in that we have overpriced ourselves in international markets.

Not long ago we were talking of the need to catch up with the Americans. That was the big issue a few years ago. I understand that there will be some figures released tomorrow—I have not seen them—but internally in my department I have seen some figures. In Canada now, in the majority of the sectors, we are paying ourselves more than our counterparts are paid in the United States. Of course, because of the size of the plants there, and perhaps in some areas better technology than we have, their productivity is higher. The result of that is we have lost numerous markets. We are now in the process of adjustment because Canadians, both in the private sector and in the unions, realized it was the wrong course to carry on with the treadmill which we had in 1974 and 1975 when everything was increasing rapidly. I commend labour, in many areas, for realizing now that they have outpriced their services and are faced with difficult situations.

The pulp and paper industry is quite a good example, where the workers are making $1.50 more per hour than workers in the United States. Last summer in my own riding two paper mills were closed for weeks. They had no orders for their goods. The price per ton of paper in Canada is something like $30.00 more than the price of paper per ton in the United States. So, it can be no surprise to lose markets in those circumstances.

I would like to be a little more positive than the hon. member. I believe that the adjustment process is getting under way; we are becoming more competitive. The settlements for salaries are no longer higher than those in the United States.

An hon. Member: Three per cent below the inflation rate.

[Mr. Chrétien.]

Mr. Chrétien: It could be. But you do not talk about the time when it was way above inflation.

An hon. Member: That has not improved.

Mr. Chrétien: Come on, come on! You have the result; the results are there. We are not lost in this world. We are told by the international market place that our Canadian dollar is going down.

An hon. Member: Right on.

Mr. Chrétien: Here is Canada, my good friend. The guy who was proposing nationalization is three rows behind you. Look at him—he says yes. You should talk to each other because he said—you never proposed that? Perhaps you should check your notes once in a while. I believe we will emerge from these difficulties very soon because of the international readjustment; just as a result of the fact that the Canadian dollar is weaker, we are beginning to be more competitive. Three years ago we had no trade surplus at all. Last year we managed to reach $1.2 billion. This year, in 1977, our trade balance, I believe, is $2.5 billion or more. These things are positive factors which mean that we are returning to international markets.

With respect to nickel I have to admit the demand is low; the same is true with copper. But there are other products we can produce in Canada in the mining industry. The demands for and investment in uranium, for example, are increasing because we have great potential. It is normal that some times some metals are less in demand than others. But why would the hon. member suggest that we sock it to some corporations that have been able to grow in Canada and are now trying to compete in the world? I don't think that will solve the problems. The world has to specialize, it is one of the great challenges we are faced with at this time as a nation. If there is more liberalization of trade in the world, where Canada would specialize would be difficult to decide. I agree that we need industrial strategy—

An hon. Member: You have been going on and on like that for years.

Mr. Chrétien: Perhaps the hon. member would let me finish my speech. If he does not understand English, I can try it in French.

There is something in industrial strategy which I would call a catch phrase. We cannot have one industrial strategy in Canada because we have a nation that is so diversified in its nature that we will have to look at it by sectors.

I say let us take the mineral sector—

An hon. Member: Right.

Mr. Chrétien: We are working on that right now.

● (1602)

[*Translation*]

Next week, the ministers of energy, mines and resources will meet to look specifically into this problem. It is not very easy in Canada to have a metal and mineral policy. Why? Because Canada is not a unitary state. We must deal with the various provinces and, as a matter of fact, we have a great deal less jurisdiction in this area than they have. Some will say that this is unfortunate, while provincial premiers will say the opposite, but our sphere of action is therefore limited and we must consult them.

There is also the tax issue which is extremely difficult. Over the past few years, there has been a considerable increase in this area, especially from provincial governments. For instance, I visited British Columbia on a number of occasions, and I hope one or two hon. members from that province who are listening to me will support my statement.

The fiscal policy which was implemented in British Columbia under a NDP government led to a flight of investments. Since that time the new government has been trying to undo what had been done, but it is very difficult and it will take a few years. Many people make the same mistake as the hon. leader of the New Democratic Party (Mr. Broadbent) does when he tells us that we, in Canada must—and I agree somewhat on that point—prevail upon the mining industry to do all the processing and smelting operations here, in this country. I agree this would be quite desirable, but we cannot consume all those goods in Canada and, very often, we have to deal with tariff barriers, within the Common Market, Japan, or other countries which, like the United States, limit the access of finished products to their interior market and sooner or later the time comes when there is no more opportunity for such access. Naturally, the policy of the New Democratic Party would be sensible if we were the only country in the world able to produce metals. Unfortunately this is not so. Africa, Australia, South America, Asia and Siberia are competing more and more with Canada.

I have travelled throughout the world these past years as a minister. I went to Australia. They have uranium deposits at ground level. I also went to Siberia and I was amazed by the riches of these regions. I drew but one conclusion while coming back home, and it is that if Siberia were controlled by capitalists, we would probably lose three quarters of our international markets because I must acknowledge that the great advantage of Communism may perhaps be that there is little unemployment but also that there is little productivity in this kind of industry and this is why they are not competitive against metals and other minerals which we produce here in Canada.

If we had no competition, we could in a way blackmail the whole world, but this is not the case. Depending upon circumstances, we try to reach some kind of equilibrium which will enable us to boost mineral production with a view to expanding refining in Canada. If we try to go too far, not only will we be unable to sell the refined products but we are even bound to lose the sale outlets for our primary products.

I therefore think that in this difficult situation in which the mining industry in Canada finds itself, it will be necessary to make a joint effort with the provinces, because we cannot escape this problem and it may also be necessary to re-evaluate on the short run the present level of taxation, particularly at the provincial level because federal taxation is rather limited in this field, in order to make Canadian production even more competitive. Yet, no matter what we do, if the demand for nickel remains for some time to come some 15 to 20 per cent lower than what it was two years ago, it is not by nationalizing this industry or by making speeches or even by stockpiling that we will solve the problem. There has to be a demand, otherwise we will have to adjust to a less prosperous situation in certain sectors and try to redirect our investments in areas likely to be profitable on a medium term basis.

For example, in the Sudbury basin, things are not going well as far as nickel is concerned. Nevertheless, the mine has not closed. Eighty five per cent of the miners are still going to keep their job, which is a work force level probably higher by a few thousands than the number of people employed some 15 years ago. This aspect of the situation has not been mentioned. However, very close by, at Elliot Lake, miners are wanted, to work in the uranium industry.

Mr. Rodriguez: Pack sack miners.

Mr. Chrétien: Of course, Mr. Speaker, there are such trades which require mobility. It is not a matter of being pack sack miners, it is a fact of life. If at some time, one is forced to move, that is that. I had to accept this myself. I could not have become the member for Saint-Maurice if I had refused to come to Ottawa. That is for sure. My job as a member is to come here, as my hon. friend from Sudbury comes to Ottawa every week. Is he a pack sack member? The duty of a pack sack member is to go—

[*English*]

Mr. Rodriguez: Mr. Speaker, I rise on a point of order. I must take issue with the minister's comments about the pack-sack miner as opposed to the packsack politician. There is a great difference between the miner who mines the ore under the ground and the politician who, by choice, seeks to run for some party—

Mr. Deputy Speaker: Order, please.

Mr. Rodriguez: —for $40,000 or $50,000 a year.

Mr. Deputy Speaker: Order, please. The hon. member knows he will have a chance to make his speech in due time.

Mr. Chrétien: Mr. Speaker, that is not a point of order. I agree there is a difference. I just wanted to say that it is a fact of life. There are too many people who do not want to face the facts. Eighty-five per cent of the people in the nickel industry in Sudbury will still be working there. It is the younger people

who have the problem. I understand that, and I am terribly concerned about it.

I hope the other employees in the mining activity there will be willing to accept the proposition of the Minister of Employment and Immigration (Mr. Cullen) who suggested that the work be shared by having a four-day week. Why not share the work with their companions in Sudbury? It will mean having a little less revenue for some time, but it is something they could do.

The member of the New Democratic Party says the government should solve all of the problems all of the time. That is one of their problems. However, it is not the mentality of Canadians.

We hope this problem will clear itself when the demand improves. However, the demand for nickel will not increase by a decree of this parliament. The Government of Canada cannot decree that mines will not be developed in Malaysia, Panama or elsewhere. If those mines are not developed by Canadians, they will be developed by the Germans, Japanese, French or English.

Mr. Rodriguez: That is INCO's argument.

Mr. Chrétien: It is an argument that makes sense. I met with the INCO people only once. I talked to them about stockpiling and so on. However, there is nothing that I, as Minister of Finance, or the government can do about the international market.

The leader of the New Democratic Party says the problem is that this company is a multinational. That makes no difference. Even if it were not a multinational, the international market would not improve. That is a fact.

The federal and provincial governements must look at the problem. We should try to find some mechanism to bring down the cost and make ourselves more competitive. However, in the case of INCO I understand it is not a matter of competition. The miners have been productive and the technology is there. The problem is a slackness in the international market.

The other argument they have put forward is that mines have been developed by INCO in Guatemala and Malaysia. Those mines are not yet in production. Therefore they are not affecting the situation today. On top of that, they have stockpiles for seven or nine months.

● (1612)

Mr. Rodriguez: I wonder if the minister would permit a question at this point?

Mr. Deputy Speaker: That could only be done with the minister's consent.

[*Translation*]

The hon. member is asking the minister whether he would accept a question. Of course, I must point out to the minister that he has only two or three minutes left. So the decision is up to him.

[Mr. Chrétien.]

[*English*]

Mr. Rodriguez: The minister stated that in the Sudbury basin we have all the technology and all the skills necessary for the production of nickel and that the reason we are in difficulty is that markets are soft. Can he tell the House why it is that the government gives companies like INCO incentives under the tax program to produce more nickel though no incentives will sell the nickel?

Mr. Chrétien: That is a question the hon. member has asked me many times. In the budget we are giving some incentives to industry to encourage more investment. If they do not make more investment they will not be able to benefit from the incentives. One of the incentives which will apply is the 3 per cent relief measure in connection with inventories. We have decided to give all Canadian companies a break because of the cost of keeping an inventory in times of inflation. Perhaps they will get some cash there, but the hon. member must keep in mind that corporations such as he is referring to still have some operations under way and that they have to be treated on a basis of equality with other corporations in the land. We cannot penalize them.

I have looked into the possibility of stockpiling. Unfortunately, it is not the solution. I believe we shall have to find other solutions along the lines of what was suggested by the Minister for Employment and Immigration, and try to organize things in such a way that the dislocation will not be too painful. There could be work-sharing programs among the miners; some of the more mobile workers should go to Elliot Lake and other places where there is a shortage of miners.

I had hoped that this debate would have produced some valid suggestions, but unfortunately the motion before us is a typical NDP motion to nationalize everything. They do not live with reality. The reality is that keen competition exists in the world and that the market is depressed. It is not because of an act of parliament or because of a vote in this House that we shall be able to force Americans to buy more nickel and improve the international situation. It is a fact of life today that nickel is much less in demand than it was two years ago.

Mr. Broadbent: Before the minister winds up his cogent, well-reasoned, and carefully thought out discourse on Liberal policy, would he be good enough to answer a further question, because he attacked a speech I never made? He indicated that I was opposed to assistance to the Third World. My colleague will deal with that statement and refute it later. The minister comes from the province of Quebec where textile manufacturing plays a leading role—

Mr. Deputy Speaker: Order, please. The minister's time has expired and he could continue only by unanimous consent. Is there unanimous consent to allow the hon. member to direct a question to the minister?

Some hon. Members: Agreed.

Mr. Broadbent: I appreciate that, and I will keep my intervention short. The minister comes from Quebec where the

textile industry is in difficulty. Does he not see that there is a comparison to be made between the government providing hundreds of millions of dollars to companies such as INCO to expand their mineral operations abroad in direct competition with Canadian workers, and a situation in which the Government of Canada might provide assistance to Hong Kong, Taiwan and Korea for the development of their textile industries?

Mr. Chrétien: I should like to take a few minutes in which to reply, Mr. Speaker. These are two different questions.

In one case the mines are there and the help we have given to any Canadian corporations which operate abroad to develop certain areas is in relation to the goods and services Canadians can sell in the course of that development. If we were to refrain from doing that we would not get the business—we would not be providing the equipment or the engineering services. The mines in Guatemala and Malaysia would have been developed in any case, but they would have been developed by someone else.

In the textile industry there is a completely different situation. There is no suggestion we would provide help to Taiwan and those other nations. The industry is already operating there. We have done something for the protection of the Canadian market by imposing quotas so that the industry in Canada is protected. But nickel is something we sell abroad. We sell very little of it in Canada.

Hon. Alvin Hamilton (Qu'Appelle-Moose Mountain): Mr. Speaker, I feel very sorry for the NDP after the speech just made by the Minister of Finance (Mr. Chrétien). I think that if they would reflect for a while on what they have been saying they would realize that the type of representations they have made in relation to a very serious problem have been pretty childish. Their motion is one which in general terms can be supported—it did not mention socialism or the usual NDP panaceas. But I myself will move an amendment before going further. I should like to ask the Minister of Finance to second it in order to get his support, but I know that under the rules I cannot do this, so I shall have to ask one of my hon. friends to do so. The minister will understand when I read the amendment.

I move, seconded by the hon. member for Northumberland-Durham (Mr. Lawrence):

> That the motion be amended by striking out all the words after the words "industrial strategy" and substituting therefor the following:
>
> "including a reformed resource taxation policy, to preserve and expand employment and to promote further resource exploration, processing, and related manufacturing in Canada."

I know that every party in this House and every member in the House will support this.

Today we are talking about miners. Thousands of them are out of work and before many months have gone by it is likely that 20,000 of them will be unemployed. The essential reason why this should be the case has not yet been mentioned in the debate. There are periodical surpluses on the mineral markets of the world. They are cyclical, and the mining industry has always been able to cope with them. The difference is that today the taxation policy in effect is by no means the same as it was six years ago.

We had good mining laws in this country, as the expansion of the industry has demonstrated. Because mining is a risk enterprise no taxes were levied during the three-year period following the starting of a new mine. This enabled a rapid write-off of the heavy investment needed at the beginning of the enterprise. Moreover, a taxation level imposed on the mining industry was approximately 30 per cent as compared with some 45 per cent in the case of other industries. Special discrimination was made in the case of mining because of the risk factor and the exceptional difficulties encountered. As a result of these policies the industry was able to employ more and more men each year at relatively high wages.

Into this picture, the royal commission called the Carter Royal Commission was introduced. Its philosophy was that a buck is a buck—a man who believes in that philosophy is not very attracted to taking risks.

● (1622)

The government brought in a recommendation to the House that we should tax mines more heavily, but before the federal government could take action the western provinces of B.C., Alberta, Saskatchewan, and Manitoba tripled and then quadrupled their tax levels. This was in the years 1973, 1974. In 1974 the federal government gave its answer. In the two notorious Turner budgets the federal government refused to make these tripled and quadrupled taxes of the provinces deductible. In effect, it said, "You fellows have gone too far; you are taxing too much, so we are going to bring in a budget which does not accept a tax on your own resources—a tax you have a perfect right to implement—we will make them non-deductible". So in effect, Mr. Speaker, there was double taxation. That is the second point I want to make.

As a result of this double taxation, average taxation across the four western provinces of resource industries, particularly mining, instead of being 30 per cent as it had been traditionally, and about which the NDP members and the CCF before them complained continually, was increased to 85 per cent. Just think, Mr. Speaker, an 85 per cent tax load because of this quarrel between the federal government and the provinces.

Then in 1974 the government brought in the petroleum administration bill wich provided, in spite of the strongest opposition of members on this side of the House, that the federal government was going to control the prices of resource products passing across provincial borders. This was an interference with the constitution but, supported by members of the government, that became the law of the land. The federal government said that if the provinces could not agree on the price to be set, the federal government would impose a price unilaterally. Hon. members should read the debates of 1974 and the warnings which were issued from this side about what this would mean to the resource industry.

Now we have the decision which was handed down today by the Supreme Court of Canada; I have it with me. This will be

a decision that Canadians will remember. The case was turned down at the Queen's Bench court level; it was turned down by all the judges of the Appeal Court in Saskatchewan. It was then taken to the Supreme Court of Canada, and even though all of the provinces were against this particular type of case because it interfered with their constitutional rights, in 1974 the federal government decided to intervene on behalf of the oil companies and to say that a provincial government had not the constitutional right to tax products which were produced out of its resources and shipped across a provincial border.

This interference with a basic constitutional right of a province is a landmark in Canadian history. We have adopted the American system of letting our courts decide what is the constitution, instead of the legislatures and the people of this country. It is a momentous decision. And it was not very pleasant for me today, having asked this question of the minister of justice in 1974, and having asked the Prime Minister (Mr. Trudeau) about this case on Friday, when I finally got the floor today to deal with a matter so vital to the national unity of this nation, that the Prime Minister deliberately got up and walked out. Immaturity is a disease suffered by many people; it is too bad to see it among prime ministers.

In 1974 the federal government made the decision to press its intervention before the Supreme Court. It pressed the court into this new direction of constitution making without referring the matter to the country. These are causes which all add up to the fact that now on the backs of the miners, not only in Sudbury but in B.C. and all across the country, the load falls. The chickens have come home to roost.

Not only are mines closing and employment is down, Mr. Speaker, but as the minister rightly pointed out, when you take away any prospect of getting a return on capital with these exorbitant tax levels which average 85 per cent, you force shareholders to move their capital to a place where they can make some money. It is not Indonesia that we should be worrying about. The fact is that companies in Ontario such as Stelco, Dofasco and Algoma last year moved to Wisconsin and Minnesota to mine expensive taconite at an expenditure of around $500 million when we can produce the ore at $15 a ton in Canada.

Why will the people of Canada, who will eventually have to buy this steel, have to pay this high price? Because the law relating to return on capital says that you cannot get a person to spend money unless he is going to make money. Unless, of course, you want to be socialistic and do it at twice the cost.

Although the mining industry is in a serious mess, Mr. Speaker, the difficulties are not insoluble. The tax level is too high. The goose is almost dead. Everyone is trying to grab the gold out of the goose and the goose, before he dies, is trying to stagger out of the country and recuperate.

But we do need answers, and we need them fast. First of all, we must end this silly squabble between the federal government and the provincial governments over who is going to take the most out of the goose. Secondly, we need new methods of financing. This is the responsibility not only of this government but of the companies themselves. It is all right to have long payouts when you have low interest rates and capital is easy to get. But now that capital is expensive and costs are many times greater, interest accounts for 75 per cent of the cost of running a mine in the early period. We must have quick payouts.

I have spoken on this matter many times in the House over the last four or five years, and although this has been true for many years, it has now become very significant. Under this proposal which I have been putting forward, a proposal which applies to a person who buys a house in this city as well as to a big capital intensive mine costing $150 million, we must get this money paid back fast and reduce the share going to interest to a percentage we can handle, say 10 per cent or 15 per cent of the total cost.

Thirdly, we need a national development policy. There is only one party in Canada which has never deviated from one of its primary purposes, and that is the P.C. of this country and its policy on national development. We know that development has to have the activist leadership of a government, not to run business, not to own plants, but to get things moving, especially in view of our geography, the nature of our markets and, above all, our transportation difficulties.

Because we are a northern country, we have to keep in mind the quality of life factor which is very important in developing the mining industry. As I look ahead for my country, Mr. Speaker, I know we will have at least four new industrial complexes in this country, in addition to the big one which we now have in the eastern townships of Quebec running through to Sarnia and Windsor. These new additional industrial complexes will be the Atlantic provinces; the Quebec-Ontario border area right across the north and the clay belt; the Alberta-B.C. banana-shaped industrial area based on land, resources and markets; and also the Saskatchewan-Manitoba cordillera, the land base, the water and so on.

I am not here to give the House a lesson on how to do this planning, Mr. Speaker. I am simply giving my best evidence in the form of an example. I want to conclude my contribution to this debate not with a feeling of pessimism at miners being laid off; this is going to continue no matter what the government does. This is the government's own fault with this double taxation to which I referred.

A week or so ago I asked the Minister of Energy, Mines and Resources (Mr. Gillespie) about this, and he said "I know it is pretty tough and the rates are too high, but we do not tax as much as the provinces do". He did not even answer my question, Mr. Speaker. Now, when you get nincompoop answers like that, what are we to think of the calibre of the administration which we have? All this is on the backs of the miners today. They are paying the price and are now like the farmers who found over the last 50 years who always pays. This time it is the miners.

● (1632)

In conclusion let me give you one example of how I see this coming. I will use iron as my example. Iron is used in making steel, and to produce steel you must have water and energy. We only have three rivals in this whole business; the U.S.S.R.,

Brazil, and Australia. These are three countries, plus Canada, that have large reserves of iron, and in each case they have good reserves of water. We have the advantage in respect of energy.

We talk about developing the Atlantic provinces. I suggest there is not anything they cannot do, because they know they sit very close to one of the largest and richest mining deposits in the world. They know that these Atlantic areas of Quebec and Baffin Island are all in part of the Labrador trough. They know that the only place they can market this area from the top half of the Arctic islands is not down south into Ontario but must be from the sea around Baffin Island to the ports of Quebec and the Atlantic provinces.

With the energy, with the water, with the iron, and particularly with the new direct reduction plants we are starting to build now in Canada, the future of the Atlantic provinces is not dull. To give you an idea of what I am talking about in volume, the United States economy with 220 million people has been built up on 13 billion tons of iron in the Masabi range in Minnesota and Wisconsin.

Do you know what the reserves are for Canada? They are not 13 billion tons. The official reserves, as I have it here, show 35 billion tons, not 13 billion. That is not the figure that the Japanese give for these reserves; it is not the figure the Russians give for our reserves, or what the Germans give for our reserves. They know what we have got as a potential. Under our figures we show 35 billion tons, and the whole U.S. economy is built on 13 billion.

Our steel industry has paid higher wages per hour in Canada since 1961 than our competitors in Buffalo, Cleveland and Gary, Indiana. Our steel industry in Canada is producing a higher quality of steel at a lower price than our competitors across the line, and that is the fact. There is no need for restrictions because of our prowess, productivity, capital well spent, and workers well employed and well directed. There is a good feeling between the labour unions in Hamilton and management. It is not as good in other places, but it is good, and our industry is competitive with our U.S. competitor. We are having a little bit of a problem in competition with the Japanese. I simply point out that the answer is not in respect of wage levels, it is in respect of a combination of those things that make up productivity.

I mentioned a moment ago that the use of direct reduction plants is a big step forward. We have three now, and I think nine or ten should be in place in the next two or three years if we are to take advantage of this technology and because of our large amounts of energy.

The third matter I should like to mention in relation to basic supply and processing, and where these things should be, is the matter of investment. The Gordon Royal Commission over 20 years ago recommended that we set up a development corporation to help get mining investment and industries started in Canada. We have the Canada Development Corporation in place, but I would like you to name me a new mine with Canadian geologists, Canadian prospectors and investors, struggling to get going that ever received any help from the Canada Development Corporation. That corporation only invests in proven operations. We do need an incentive for investment during the early risk period if we are to give Canadians ownership of these resources.

I differ from the NDP. I want Canadian mines and oil wells owned by Canadians as individuals. We cannot do that without a proper policy of taxation, which means that if they do invest in these things they will not be double taxed through personal income tax, and that the mining companies they invest in will not be double taxed by governments fighting over the revenues of these mines. I would like to see Canadians, as individuals, own this country, as opposed to governments owning it or directing it. That should be included in an industrial strategy.

Before concluding let me give this additional bit of free information. Tariffs today are an obsolete technique between nations. GATT is purely a rich man's club trying to decide how much of the wealth of the new nations it will allow into its protected area. I have proposed, and I repeat again, that the technique of bargaining over the pennies of the tariff is like trying to milk a dried out cow. Sure, you can squeeze the odd drop out, but we are sending our best brains away for four or five years trying to squeeze out that dried up cow. That is all GATT is.

Let us take advantage of our resources in the form of basic supplies of iron, water and energy, and deal with these blocs; the European Common Market, the United States, Japan and any other group or single nation, on our growth rate of exchange.

I end my remarks in support of this motion as amended, to make it clear that we respect the provinces and will work with them, with a feeling of optimism that we are a strong and healthy country, and there is no need to be pessimistic. I am sure I have the right to say that the PC's have demonstrated before, and will again, that this is the only party that has a coherent and logical program to have this development go forward in a free enterprise mode. Thank you very much.

Some hon. Members: Hear, hear!

Mr. Deputy Speaker: I should like to put the amendment of the hon. member before his time has expired. That is why I signalled to him just before he concluded. The hon. member for Qu'Appelle-Moose Mountain (Mr. Hamilton), seconded by the hon. member for Saskatoon-Biggar (Mr. Hnatyshyn) moves:

> That the motion be amended by striking out all the words after the words "industrial strategy" and substituting therefor the following:
>
> "including a reformed resource taxation policy, to preserve and expand employment and to promote further resource exploration, processing, and related manufacturing in Canada."

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I rise on a point of order simply to say that we have no objection to the amendment, either procedurally or in terms of substance.

[*Translation*]

Mr. Gilles Caouette (Témiscamingue): Mr. Speaker, I listened with great interest to the speeches that have been made on the motion of the New Democratic Party. I wish to commend that party for bringing up such an important matter. However I must say that I am surprised at how lightly the Minister of Finance (Mr. Chrétien) is taking that matter. He readily admits that there is a problem in the mining industry.

Yet, in 1974, 1975 and 1976, as he mentioned, the situation may have been better than today, but every year a gradual deterioration in the mining industry was noted. Every year some new restriction was added, there were lay-offs and suddenly in an industry like INCO in Sudbury, there is a massive loss of 3,000 to 4,000 jobs.

When the Minister of Finance argues that the bad situation now prevailing in Canada is due to outside conditions, I would say that it was brought about by the poor performance of the minister and his officials. In fact the minister, his officials and their plethora of highly paid civil servants, economists and statisticians were not able to understand the situation and prevent the problem we are facing now.

It was said in the Speech from the Throne that, and I quote once more: ". . . high rates of unemployment and inflation are clear signals of the inadequacy of the economic strategies appropriate to simpler times . . .". It was in the Speech from the Throne. We are aware of that situation and what is the minister's response to the present problem in the mining industry? Absolutely nothing! He is good at laughing at others and sneering at other parties, but he is unable to make a valid suggestion. He admits that tax reductions and subsidies have been granted to mining companies and multinational corporations but—as everybody knows—instead of expanding their operations and increasing their production in Canada by investing in secondary industries they invested the money and extra profits in other countries, which means they are competing with Canadian industries and contributing to the reduction and elimination of jobs in this country.

● (1642)

If the government had been a little smarter in the past or if, at least, it could smarten up right now, subsidies and tax credits granted to those companies should at least be made subject to reinvestment in the manufacturing sector in Canada so that we could use the primary industry to obtain minerals, process them in this country, develop our industrial production at home and create jobs.

The minister has advised miners to look for employment elsewhere, and accept the principle of job mobility. He is even cynical enough to suggest that miners divide their working hours, reduce their wages and distribute them on the basis of four working days a week. This government has created the problem and now they say to the workers: It is up to you to solve your problem, it is up to you to work out agreements between yourselves. I would like to see the miners split their time and salary with the Minister of Finance, to see if he would accept that kind of offer. If he did, let him say so and let him actually do it instead of merely suggesting it to them! Manpower mobility! When the emphasis is on decentralization so that people in outlying areas may have jobs. So I come back once more to the government's attitude. How come the government did not use the grants and tax cuts given to corporations to get them to create secondary industries in mining areas? Northwestern Quebec is no exception. Today Noranda Mines is not mining anymore in northwestern Quebec. They only have a smelter that depends on section Horne in Noranda and other mines throughout the country. Although that plant had to lay off people, it still has 1,000 employees or so, even though it is facing competition from foreign countries, not because of material or smelting costs, but because of transportation costs to bring the material to the smelter. There are mines in western Canada, but they find it cheaper to send the material to Japan where it is smelted, because shipping costs are lower. So Canadian material is smelted in Japan, and the government does nothing to stop that and allow our smelters to smelt our own material. The government remains idle.

Recently, I urged the Minister of Transport (Mr. Lang) to see to it that our mines get, not grants but special transportation rates for the material going to our smelters, so that we may save jobs in Canada. We are still waiting for an answer. In such matters, the government is in no hurry to answer. Mines were and still are forced to absorb a 21 per cent cost increase because of fringe benefits, anti-pollution expenditures that did not exist before. Smelters had to absorb extra production costs as high as to 10 per cent to invest in the environment. Those are real costs absorbed by the mines, by the smelters. The government is forcing them indirectly, to get more involved in the environment, but it gives them nothing in return except tax controls, double tax controls. It prevents them from operating on a sound basis. If there is some money to be made, the government does not hesitate. It overtaxes, it double taxes in some cases, when obviously royalties should be at the provincial rather than at the federal level. Because under the Canadian constitution, direct taxation should be at the provincial rather than at the federal level.

● (1652)

We know that the federal government has taken over the power of taxation, which is causing great problems to these companies today. However, when we consider these problems as a whole, is Canada short of mineral ores? Absolutely not. The Minister has just said that everything depends on foreign markets, that other countries are producing nickel, copper and gold, and that those countries are our competitors. Does the fact that other countries are producing minerals warrant dividing or reducing the workload of our people, our work potential? Definitely not. Those two things are unrelated. The simple truth is that we, as Canadians, have not been able, through our government, to develop our secondary industries to the same level as some other countries like Japan or Germany, countries which, we are all aware, were destroyed during World War II. They set up for themselves financial and economic systems which are different from our own to ensure the recovery of their economies. What are we waiting for, in

Canada to change our economic system in order to put our own economy on the road to recovery? We have the skills, we have the brains to do this. The only missing factor is always the same: the money factor, the economic factor, which is the very basis of the economy.

As I said earlier, the unemployment and inflation rates clearly demonstrate that the economic methods which were established in a less complex era have now become obsolete. What alternative does the minister suggest in the address he has just made, in his crying about the New Democratic Party and the other opposition parties, what solutions, what economic changes does he suggest? Absolutely nothing. He does not get off the beaten path. What does the government do to stimulate investment in small and medium-size business? Absolutely nothing. However, in the mini-budget we find for example that these companies are allowed to invest more money in underdeveloped countries without any restriction, and that the government intends to give them more benefits so that they can invest even more money in those other countries. I am in no way against investment in third world countries but I think that some areas in Canada bear much similarity to the third world.

In some areas, 15 per cent are unemployed according to statistics on unemployment. Finally, the labour force is only 60 or 61 per cent. I will give an example in the province of Quebec. In my constituency of northwest Quebec, there are 14.4 per cent of unemployed and 59.8 per cent of working people. However, when you add up both, you get 74.2 per cent of the people either working or receiving some unemployment insurance. The remaining 25.8 per cent are unemployed and are no longer entitled to unemployment insurance benefits. Why are those people who are no longer contributing to production in Canada, not mentioned?

Why are they not included? They are unemployed. This means that there are almost 40.2 per cent of unemployed in an area such as the northwest. For the whole of Canada, the figure practically reaches 40 per cent. Suggestions have been made with regard to financing but no way has been sought or found to finance any new production with new funds and not only with loans as is the case now. Taxes! The Prime Minister can answer. Who is willing to lend money without interest? The Bank of Canada can create such credits based on production, not on the activities of chartered banks, not on our neighbours, but based on the Canadian production of natural resources, on the development of our own resources. When the government understands that the Bank of Canada can issue new credits according to our new rate of production, it will be wonderful. I think most members in general admit willingly that in spite of our problems, our national production still increases yearly.

Our production has been considerably reduced in the last few years, but it still increases. In view of this increase, we could issue new credits which could be distributed to create or to help medium and small businesses and the secondary industry, which would effectively enable our primary sector to operate and to develop our resources, not to export them to other countries as is the case at the present time, but to refine and transform them into finished products in Canada. Afterwards, the surplus of finished products could be offered on the international market. We would have then guaranteed our workers that they will be able to work in Canada.

That is the essence of the problem, Mr. Speaker, and these are the most valid answers to the problems now facing our primary sector. But the same is true for the Americans. I was a member of a parliamentary delegation some time ago and I was told in the United States that in that country the same attitude prevailed. Our government, our marvellous Liberal government has the same attitude. I was told in the United States that it is impossible to exert too much pressure on multinationals and large companies because then they will close their doors and there will be 800,000 more unemployed. Then what shall we do? We may well say: What are we to do? Well we must find means to solve this economic problem instead of copying others, especially our American neighbours.

I heard that the Islamic Bank allowed interest-free loans to countries where it operates. But the government is not intelligent enough to realize that instead of choosing to increase its debts, it would be well advised to ask the Islamic Bank how the interest-free loan system works. This method should be used and applied in Canada, and this would solve our real problems.

We finally come to the conclusion that the government is not interested in solving that problem. The only thing it is preoccupied with in this dilemma is finding a way of taxing somebody and if the problem persists, as it does, to wash its hands off the whole thing and say to the people that it is their fault. As in the case of miners for instance, they say: Not our fault, yours; share your work week with others and that will do it.

Mr. Speaker, that sums up what I had to say in concluding I would add that in the view of the Social Credit party, rather than doing things the way they have been done for years such as in 1974, 1975, 1976 and again this year—granting tax exemptions to these multinationals—the government should hand out that money to small and middle size businesses which would know how to develop the secondary sector which would in turn stimulate production within the primary sector and thus solve the problem which is now facing the mining industry in Canada.

Mr. Bob Kaplan (York Centre): Mr. Speaker, I know we are dealing today with mining industry, but since the hon. member for Témiscamingue (Mr. Caouette) opened his speech with some remarks about the manufacturing industry, I would like to answer some of them. He referred to other countries like Japan and some European countries where the manufacturing industry is doing a lot better than over here. I agree. Then he said the only thing Canada needs to achieve the same success as those other countries is a better monetary policy. I challenge him to prove to us that the monetary policy in Japan and the European countries he has referred to is in any way related to the Social Credit policy. I do not think he could. What they could teach us, and from which we could no doubt benefit, has nothing to do with monetary policy.

We could look at the suggestions he made yesterday for a monetary policy which aims at preventing the outflow of

Canadian money without government's approval and all kind of red tape. That is not the solution and would only make the problem worse.

Those of us on this side of the House know very well that things are not going well in the economy. The mining sector is an example of one area in which things are not going very well.

One comes to the House on an opposition day ready to hear the ideas that the opposition would implement if they were in power, but when one hears about a new monetary policy of the sort which the Social Credit members described yesterday, one's reaction is, "no, thanks." That is my reaction to that. As to some of the ideas that have been put forward by the hon. member for Qu'Appelle-Moose Mountain (Mr. Hamilton) and by the Leader of the NDP (Mr. Broadbent), I would like to turn to some of them in the limited amount of time I have. The conclusion I come to is that we are better off not taking the advice that they have put forward.

Some have suggested, in their questions and comments in the House in the days past, that we could keep the miners working at their present level in Sudbury at INCO if we were prepared to begin stockpiling. Maybe it was done in the past in some other sectors, so they say, "Let us do it in this sector." I do not see that as any kind of solution to the problems that INCO is facing right now. On the contrary, as the Minister of Finance (Mr. Chrétien) indicated, that is the kind of approach that you can run with for just several months. There is $1 billion worth of nickel lying on the ground already, taken out by INCO. That is no solution because there is a limit to what the present weak Canadian economy can put in to support one particular sector.

● (1702)

The idea they put forward that somehow or other the developments in which Canadians are involved offshore are responsible for the problems we face at INCO has no connection. The solution does not lie in continuing forced production in a world which temporarily does not have any demand for the amount of nickel which can be produced.

The solution lies in ideas like the one suggested by the Minister of Employment and Immigration (Mr. Cullen), job sharing. On the subject of job sharing I want to extend that concept a little further than it has been extended in this House so far. Job sharing is not relevant just to workers who have been laid off from a particular industry. I suggest that we ought to be looking into job sharing for the benefit of young people who are coming into the labour force and finding—temporarily, I again insist—that they cannot get good well paying jobs because the labour force, growing at a rate of over 200,000 new jobs a year, is just not growing fast enough to take them in. They have a claim to job sharing in the same way workers who are being laid off have a claim to job sharing.

I would like to see a little less respect from the NDP for the vested interests which exist for existing jobs, and a little more willingness to explore the kinds of solutions which a regrettably slow growing economy has to face. We must face up to the kinds of solutions which will provide employment for young people in tough times and which will make it easier for people who are about to be laid off. Stockpiling certainly is not the solution.

Hon. members of the NDP indicate that the Canadian government should not have helped Canadian companies like INCO to find business opportunities offshore. Taking that further, they say we ought to remove incentives and that we ought in fact to have positive disincentives in order to force Canadian industry to remain in Canada and not to go looking offshore.

Let us first look at our motivation for going offshore. We are going offshore partly because that is a responsibility developed countries have to developing countries. Developed countries must assist developing countries to realize their potential. We are also going offshore to find jobs for Canadian workers and to find profits for Canadian companies. Canada benefits when Canadian enterprises find offshore opportunities.

I visited a nickel project in Guatemala. I went through the plant and met the workers there. I saw a lot of Canadian equipment in that operation. If that Guatemalan project had been developed by some other country—as it inevitably would have been because it is a very good project—we would not see Canadian engineers working there and we would not see Canadian equipment going to the project to the extent we do. When Canadian companies go offshore, Canada benefits. The companies get extra profits, there is more manufacturing output for Canadian enterprises, and extra jobs are created for Canadian engineers who direct, organize, and get these projects off the ground. That is all to the good.

There was also some objection to foreign ownership. INCO is not a case of that, but it was argued that we ought to do more to promote Canadian ownership in the mining sector. I want to say a word about that because I am very strongly in favour of Canadian ownership. As much as anyone I recognize the dangers of heavy foreign ownership of certain sectors of the Canadian economy; for example, in manufacturing where there is a truncation and a fragmentation which take place because of the extent of foreign ownership. However, I would like to make it very clear that, in my opinion, foreign ownership is not a negative feature when it comes to mining. The mines are here in Canada. The identity of their owners and their nationality are very much less important than in any other sector.

I would go so far as to say that as much as Guatemala is prepared to welcome Canadian investors who want to come and see opportunities developed for the benefit of both sides, Canada should be prepared and should continue to be prepared to welcome foreign investors who want to come and support Canadian mining opportunities and see them developed. I do not think there is any negative side to it. I do not think Canada loses anything when the development of our mines takes place through foreign owners. It is not that we should not encourage Canadian ownership in the mining field. I do not want to take the time to describe the tax benefits and

the allowances which are available to encourage Canadians, and which are not available to foreigners. We do what we can, but I do not think we should be worried about the extent of foreign ownership in the mining sector.

I want, in the remaining time at my disposal, to talk about taxation issues. The NDP made a great deal of the amount of incentive and encouragement the tax system has given to mining in Canada. When the Conservatives speak, they will no doubt emphasize the other side of it, the enormous burden—referred to by the hon. member for Qu'Appelle-Moose Mountain—we place on the mining sector which prevents it from doing the kind of job it wants to do and which our resources justify.

On the one hand, the NDP says we have imposed too little taxation, and on the other hand, the Conservatives say that taxation has been a very serious burden for the mining industry. I want to suggest—and refer to some statistics—that the level of taxes imposed by the federal government is very much in line with the taxation other countries impose on their mining sectors. After all, that is the important thing. Investment in mining is very mobile. It is ready to go to countries which are ready to encourage it to come to them. I think it is extremely important for us to have a taxation system in the mining field which is comparable to the taxation systems which exist in other countries. I want to suggest that we do have that kind of system.

Let me refer to some evidence which was put before the Senate banking committee by the president of Noranda. He came to the Senate to complain about the very high level of taxation in the mining industry. As far as the federal government is concerned, I think he was laying a bum rap on us. He used the example of Brenda Mines in British Columbia. He hypothetically translated its activities for the year 1975—I believe it was—into what would have happened in Ontario and Nevada if that exact mining operation had been conducted in those places. He found that the over-all burden of taxation on profits was discouraging and, as he said, devastating, in Canada. I agree with him. I think the over-all aggregate level of taxation in Canada on the mining sector is very much too high, and I think that explains why new mines have been opening at a very slow rate in the last few years.

The actual tax burden Brenda paid that year in British Columbia was 71 per cent of its profit. If the Brenda mining operation for that year had been conducted in Ontario the burden of taxation would have been 49 per cent, while in Nevada the rate would have been 28 per cent. So to repeat, to keep the figures before the House, in British Columbia it was 71 per cent in that year; in Ontario, it would have been 49 per cent; and in Nevada, it would have been only 28 per cent.

• (1712)

Then the president of Noranda Mines did a further calculation. He indicated what the difference would have been if the prices of the product sold by the mine had doubled, costs unchanged, but prices doubled. He showed the results would have been worse. In British Columbia, instead of paying 71 per cent in taxes the company would have had to pay 83 per cent. In Ontario, instead of paying 49 per cent it would be 56 per cent, and in Nevada, the company, instead of paying 28 per cent, it would be 31 per cent. The president of Noranda called this burden incredibly perverse. It is obvious, with tax levels of 83 per cent, you would not have any new mines encouraged or any mining encouraged at all.

I might note that the burden of taxation in British Columbia was introduced by the NDP government which was defeated subsequently. To the extent it is still in the province, it is a legacy, an NDP policy.

Here we have the NDP saying we need a new industrial mining policy.

An hon. Member: That is true.

Mr. Kaplan: I am glad they were not more specific about what the policy would have been, because if they had recommended the policy their colleagues in British Columbia actually introduced, with companies having to pay a rate of tax of 71 per cent, and as high as 83 per cent in the hypothetical case introduced by Noranda, you can imagine what kind of mining operations we would have in this country.

A point the president of Noranda Mines did not emphasize in his testimony was a comparison of where the taxes were being paid, what proportion was going to the federal government, and what proportion was going to provincial governments. He presented several charts with his evidence, but he did not refer to them very specifically in giving his testimony. The charts showed Canadian federal tax compared to American federal tax was within 10 per cent. There was only a 10 per cent difference between Canadian tax and the American federal tax on the Brenda Mines' operations of that year. Although the aggregate burden was 71 per cent in Canada versus 28 per cent in the United States, nearly triple the total, the Canadian tax was within 10 per cent. In the operation of the higher profits example he gave, Canadian federal taxation would actually have been lower than in the United States.

An hon. Member: How come you are not specific in these numbers?

Mr. Kaplan: The hon. member has asked for specific numbers. I could table the charts if the House would allow me to do so. The Canadian federal tax is not particularly out of line. As I have indicated in the higher price example, it is lower. In the B.C. higher profit case, if Ottawa took no tax at all the burden on the company would still have seen more than double in British Columbia than in Nevada. In other words, Canada's federal tax on mining—and this is a conclusion from these figures—is no worse, and it is usually more favourable than tax in the United States.

The mining companies of Canada when they come to Parliament complain tremendously about their tax burden. They are entitled to complain because the burden is too high but it is not a matter that the federal government can cure. In the case of new oil prices, a company, with profits, which does maximum

exploration here in Canada, can reduce its federal tax rate to 4 per cent of its total taxable income.

An hon. Member: Nonsense. Where do you manufacture those prices?

Mr. Kaplan: Federal taxes on oil can be reduced to 4 per cent. On hard rock, as I have indicated, they are well within line of the level of taxation in the United States.

Members opposite, particularly the hon. member for Qu'Appelle-Moose Mountain, made a case out of the fact that the royalty deductibility was disallowed by the federal government. That sounds fairly serious. It did increase the tax burden they pay to the provinces. What has to be borne in mind is that natural resources are primarily provincial assets. The provinces are entitled to royalties from these assets. They are also national resources, and the federal taxpayers, as a whole, are as entitled to draw some federal revenue from those enterprises as they are from any other businesses that are conducted in this country.

Take the example of the province of Alberta, and the members opposite from Alberta can stand up to try to defend the Alberta government on this point. It tried to cut out the share to which the federal taxpayer is entitled from oil revenues. That just could not be accepted by the federal government representing federal taxpayers as a whole.

An hon. Member: We do not know what you are talking about.

Mr. Kaplan: Hon. members say I do not know what I am talking about, but they can stand up when their turn comes and try to make their case.

I think there is a lot to be done to encourage the mining industry, particularly the hard rock mining industry. But, it is a bum rap to try to argue that the federal government has a disincentive tax policy, Mr. Speaker, because it does not.

[*Translation*]

Mr. Roch La Salle (Joliette): Mr. Speaker, I am going to make some remarks on this motion which is very good indeed and which is further reinforced by the amendment put forward by the hon. member for Qu'Appelle-Moose Mountain (Mr. Hamilton). I think it completes a motion which highlights a tremendously interesting subject, given the situation in which we are now.

Of course I read carefully the motion which:

. . . condemns the lack of action by the federal government to prevent the serious loss of jobs in Canada's mineral industry . . .

To be less severe, I would not say that the government did absolutely nothing but that what it did is far from being sufficient, and this was proved, I think. We on this side believe it would be a very good idea to call in the provinces and to cooperate with them, leaving them of course some responsibility in the establishment of the priorities which could be coordinated by the efforts of a federal government, through the establishment of an industrial strategy, of a long term policy which could only improve the situation.

• (1722)

I also listened carefully to the hon. member for York Centre (Mr. Kaplan) who seems, as a matter of habit, to accept the situation. Making a series of comparisons he explained that in view of the efforts of the federal government, we should be satisfied with the present situation. Besides, by mentioning the reduction of the work week to four days, I feel that he has just given proof of his government's inability to get us out of the doldrums, as far as the mining industry is concerned. In fact I think that if we agree in principle that we should ask the labour unions and the workers for work sharing status, it automatically proves that the federal government is really determined to maintain the million of unemployed which we have now in this country.

To such comments, we say: No! An unequivocal no, and we believe that this government has failed in this area, as well as in many others. We share the government's desire to help other countries, but we believe that the Canadian worker and the Canadian industry are entitled to a reasonable degree of protection. We also share this idea of giving Canadians a chance to work abroad, to be better known outside Canada but that some leading Canadians ought not to be forced to go into exile to work, which is exactly what is happening at this time.

Under the present circumstances, I repeat that this motion is very timely and that it brings about our deep concern about the layoffs taking place in the mining sector. The Minister of Industry, Trade and Commerce (Mr. Horner) and the Minister of Finance have suggested that there could be more. We know perfectly well that in the province of Quebec and in other provinces, we must expect other layoffs which, once more, will increase the unemployment rate. Personally, I believe that there has been a failure which we, on this side of the House condemn: a lack of communication between the federal government and the business community, the employers, the workers and the provinces. In our system, there is no way out unless we can rely upon the collaboration and the understanding from business, labour and the provincial governments. I think this is the solution for a government which will decide to be more open and responsible in those very important fields of our economy in order to solve the present problems we are facing in the mining industry. But this lack of consultation and communication is the direct consequence of the situation which is now prevailing. We are concerned that our low productivity and our high wages may reduce our competitive power and leave us trailing behind other countries. What has this government done to make both industry and labour aware of the dangers which may occur if we do not reach a good level of communication and sincere co-operation in the most important fields, with regard to our long-term policies.

In the remarks he made earlier, the Minister of Finance recognized that we were in a very difficult situation, which seemed to surprise him. He tried to bring us to his viewpoint

by telling us: "We are prepared to do something but, after all, a whole series of events took place and brought about this situation." And we, of course, in a spirit of fair play, could perhaps say to the Minister of Finance: we hold you to your word and we will forget the past, the faults, the failure, the weaknesses of your policies and particularly the lack of those, and we will start thinking as you do, that better days are ahead. I think that we should regret, deplore and condemn the government for this lack of market studies, for this failure to work together as I mentioned a while ago, and to co-operate with representatives of all sectors of the economy who could help the government bring about a recovery. A government that would be thinking otherwise certainly could not get the confidence of the members of this side of the House. It is impossible to have any confidence in this government, because of its regrettable attitude which is responsible for the situation we are experiencing now.

Somebody spoke about the drain of capital, there again, it would have been necessary to bring around to the same table investors and managers and explain to them the importance of reinvesting a percentage of their profits in a secondary or a processing industry. Once again there is a lack of contact with the business community, Mr. Speaker, and we easily realize the reluctance of the businessman today. He is waiting to see what will be the long-term policy of the government. The Minister of Finance replied to a question of mine concerning the advisability of holding a meeting of the Ministers of Finance more especially from the Maritimes and Quebec: "Well, I am always ready to welcome them." But he has made no effort to call a meeting to correct the economic conditions and imbalance in the Maritimes, Quebec and the rest of the country.

I feel that the government was wrong not to grant funds for research. As I said a few days ago, Senator Lamontagne recently blamed his government for failing to allot sufficient funds for research. Of course, some are always asking for further expenditures, but the lack of research is, in my opinion, responsible for the conditions which we are now experiencing.

I think that this lack of adequate funds has kept the government from drafting and presenting a long term policy. This lack of adequate funds has also prevented the government from urging certain basic or traditional industries in the mining sector and in others to modernize and improve the Canadian industry and to foresee the relevant markets and changes. This lack of research has also stopped the creation of new products which were increasingly required; research and new product designs were left to a neighbouring country and we were content to play second fiddle.

Again, this lack of research has made Canadians and businessmen unsure of the stability of our Canadian industry. The government is to be blamed for failing to come up with a prevention policy. Ministers one after the other since the opening of this session admit that we are in a difficult situation, they regret and deplore the present situation, they are seeking our confidence and they are asking us to regain public confidence, but this lack of prevention must be very severely condemned, Mr. Speaker, and I think we must remind the government that it is impossible to renew this confidence, which the government requests despite this incredible shortcoming, through a lack of foresight when it is very well known that to govern is to see ahead, Mr. Speaker. In these circumstances, the government has been seen making incredible efforts in the application of social legislation.

• (1732)

Everyone knows and all Canadians know that the government, through its public servants and experts, has been satisfied to invent social legislation to try to compensate for the lack of courageous or positive policies and initiatives for our Canadian industries. Of course, there has also been reference to the considerable sums distributed or approved by the Department of Regional Economic Expansion. We are not saying that this department has not made any efforts, but once again, was its main objective not to eliminate regional disparities? What are the results, Mr. Speaker? We are still waiting for the beneficial effects of these expenditures and of this policy which had given us so much hope.

The minister today is talking about the essential issue, that is an industrial strategy. Why is it, Mr. Speaker, that in the last 20 or 25 years, and especially in the last 10 years, the present government has not deemed appropriate to develop the industrial strategy which has become essential today when the country is in an economic stagnation because of the lack of government responsibility over the last 10 years. This is where this government has brought us, Mr. Speaker. All the action which has been taken until now has caused major disappointments, and after 10 years we must recognize that we may have 10, 15 or 20 difficult years ahead of us before we can rectify the situation. And we are now told that Canada needs an industrial strategy. I believe that we have every reason to condemn the government for not having developed a prevention policy and for not providing the Canadian industry with a minimum of protection for the Canadian worker. This has been the case in the mines lately and we are now making tremendous efforts in this area.

I recently asked the Minister of Energy, Mines and Resources (Mr. Gillespie) to call a meeting with his provincial counterparts as soon as possible. The Minister of Finance (Mr. Chrétien) told us that this meeting would probably take place within four days. Once again, the opposition had to insist on such a vital matter as to have him meet his provincial counterparts and together with the provinces to provide some assistance.

We hear about a national development policy. Earlier, my colleague made a fine statement and stressed the importance and necessity of a national development policy for the transportation of finished products. Regional development: at one point, the hon. member for Témiscamingue (Mr. Caouette) emphasized that some sectors are sorely under-developed. It is obvious that the tax incentives that could be offered to those industries which really want to expand are important. We support all such solutions and proposals whereby the govern-

ment helps those sectors facing problems. Some sectors, Mr. Speaker, as everybody knows, face problems, particularly in the field of transportation or in areas remote from the large centres. Yet the government did not see fit to consider drawing up a special transportation policy in order to help those industries to get their finished products to the large markets at competitive prices compared to other industries located closer to the large centres. But I think one has to remind the government of these proposals.

In conclusion, I stress once again, Mr. Speaker, the urgency of adopting such a policy, a long-term policy, an industrial strategy, a national development policy for the mining sector and many other sectors. We will surely have the opportunity to deal with other sectors. It is essential to restore an economic balance between the Maritimes, Quebec and the rest of the country. As shown by the last unemployment figures, Mr. Speaker, it is unfortunate that in the sectors facing the greatest hardships, the number of unemployed keeps increasing. Then, it seems obvious to me that the members on the other side should urge the government to realize how important it is to have a national development policy in those sectors that are especially hard hit.

I know my friends opposite from Quebec. They believe this is due to the political climate in Quebec, as if everything had started on November 15 of last year, Mr. Speaker, while they know very well that the Liberal premier of the time was just as concerned. I notice that the hon. member for Frontenac (Mr. Corriveau) will not take part in this debate as usual, yet his region is affected by the motion now under consideration. When I think of this Quebec member, I believe he should express his disappointment at the lack of worthwhile measures by his own government. I am speaking of the hon. member for Frontenac who, as usual, will not say a word, like many others who are hiding behind the Prime Minister who, after all, is the one to blame for the problems we are facing now and will face for several years to come.

Mr. Speaker, I hope my friends will finally take up the challenge, assume their responsibilities and promote the interests of a province which is suffering and facing unbelievable hardships because the federal government fails to understand provincial and regional aspirations. They must be listened to and the situation corrected through the efforts of a government respectful of the provinces. Mr. Speaker, in conclusion, I express the hope that our appeal will be heard.

Mr. Côté: Mr. Speaker, I wish to put a question to the hon. member for Joliette. I want to make sure he is not misleading the House because I have some doubts in this regard.

The hon. member for Joliette referred to Senator Lamontagne and said he had blamed the government. Did he have a private conversation with Senator Lamontagne, since he mentioned his name, or was he simply quoting an interpretation from a paper? If it was a private conversation, I take it for granted that the hon. senator really blamed the government. But if this is an interpretation, I think that the member has misled this House as I have already heard him do.

Mr. La Salle: Mr. Speaker, I will answer the hon. member for Verchères right now.

An hon. Member: Not for Verchères but for Richelieu.

Mr. La Salle: Yes, for Richelieu. I apologize but as he does not often take the floor, I had forgotten the name of his riding. I will first tell him that I did read Senator Lamontagne's report in which he expresses concern for the lack of funds to research and I think that the hon. member for Richelieu had better read that report. He would become aware of and would support me when I blame the government for its paltry funding to research.

Mr. Raymond Dupont (Parliamentary Secretary to Minister of Employment and Immigration): Mr. Speaker, contrary to what the hon. member for Joliette (Mr. La Salle) has just said, I will refrain from rhetoric and stick to the point. Mr. Speaker, I am pleased to join in this debate on the problems INCO mining is facing in Sudbury and Thompson. To start with, I would like to remind the House that the Minister of Employment and Immigration and his senior officials lost no time in making specific federal services and programs constantly available to the workers and the industry.

As soon as INCO corporation's difficulties were known, senior officials from the Employment and Immigration Commission attended a meeting in Toronto, on October 25 which was also attended by INCO management and union representatives to study the question of the impending lay-offs announced by INCO. That company had announced that it intended to lay off some 2,800 workers in Sudbury, Ontario and 650 others in Thompson, Manitoba. Later, on October 31, officials from the Employment and Immigration Commission of Canada met with representatives from that corporation and from the labour union in Winnipeg to conduct a specific study of the situation in Thompson. Officials from the Ontario government attended the Toronto meeting while officials from the Manitoba government attended the Winnipeg meeting.

The purpose of those meetings was two-fold. First it aimed at ascertaining whether those forthcoming lay-offs were of a temporary or permanent nature. The second was to find the best ways for the Canadian government and the Canada Employment and Immigration Commission in particular to help solve the problems arising out of the proposed lay-offs. The commission officers therefore outlined the various programs and services that could be used by the workers involved, which I will now review. In the first place we have employment services, and in this case special arrangements are made to increase the normal services, in order that offices in the communities faced with lay-offs are made aware of the jobs available in various mines throughout the country. More specifically, the manpower consultative service closely cooperates with industry to give as fast and efficient service as possible.

In cases where lay-offs are notified, special committees have been or can be set up through the MCS to launch joint employer-employee efforts to determine the most adequate

solutions to the unemployment problem. In particular, this could determine the most appropriate ways to use and coordinate programs and other forms of department help to solve the current problems. In July 1977, Employment and Immigration Canada thusly found jobs for 1,400 miners.

Let us now turn, Mr. Speaker, to mobility grants. They can be given to jobless workers who need help to locate where employment opportunities exist. The mining industry has benefitted to a significant degree from the manpower mobility program. Some 34 per cent of workers who relocated under the program in 1974-75 found jobs in other mines. Only 4.4 per cent left mining, a significant gain to the mining industry.

We have also offered our training programs. They can be dispensed to unemployed miners wishing to acquire new skills in related or different jobs. In 1974-75, $2,100,000 or 5.7 per cent of the total help under the Manpower Canada industrial training program were granted to mines, quarries and oil well workers.

As the Minister of Employment and Immigration pointed out from the outset of his representations, we will also have our direct job creation programs. The usual type of projects provided by Canada Works could not be the best form of help for the highly skilled mine workers but could undoubtedly provide employment for certain less skilled workers. A much more substantial and important contribution could come from the job creation projects available to other people in the community whose incomes and stability of employment would be adversely affected by the reduced activity of the mining industry itself.

There is also unemployment insurance, Mr. Speaker, which is obviously the most direct and immediate way of dealing with the problem of the income of the unemployed. Nor should it be forgotten that the latest statistics for the second quarter of 1977 show that about 9,000 claimants had previously been employed in mines or related operations. During the meetings held in Toronto and Winnipeg, the management of INCO indicated its intention of co-operating fully in the help that could be provided so the relocated workers could find other jobs. As a matter of fact, since those meetings took place management representatives and labour union leaders continued their collective bargaining and employment and immigration senior officials were kept informed of the proceedings. For example, management made an inventory of available workers and their skills. It helped identify other businesses which would be interested in recruiting INCO workers. Similarly, it arranged interviews for that purpose and gave time off to the workers involved. Talks were also held to make training programs available to INCO workers which could use them to find new jobs.

In addition, Mr. Speaker, the INCO management and the union representatives have studied the possibility of cutting down the number of lay-offs through early retirement. As everybody knows, Mr. Speaker, the Canada Employment and Immigration Commission has introduced a new work-sharing program but the company and the union did not see fit to carry discussions any further, at least for the time being.

The Canada Employment and Immigration Commission is following up the situation at INCO, which includes conversations between company and union representatives and the action of the Ontario government. In fact, the Ontario legislature created a special committee to study the situation and report on actions to be taken to offset the numerous lay-offs which are contemplated by INCO. One can see, Mr. Speaker, that the federal government has been involved in a common effort with company, union and provincial government spokesmen to settle as quickly and as efficiently as possible all problems regarding the lay-offs considered by INCO. I must say that had the hon. member for Joliette (Mr. La Salle) been ready to help the government, he should have taken this opportunity to be more positive.

[*English*]

● (1742)

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, in participating in this debate I first of all listened to the Minister of Finance (Mr. Chrétien) outline the only solution which the government has come up with in regard to the lay-offs specifically in the mining industry and indeed in the entire resource sector. This proposal was reiterated by the hon. member for York Centre (Mr. Kaplan). The proposal involved work-sharing.

It is very obvious, Mr. Speaker, that the ministers of this government do not even talk to each other, and needless to say their parliamentary secretaries are treated just like the back benchers on the government side of the House. They very well know that the proposal regarding work-sharing was immediately tossed out when it was proposed by the Minister of Employment and Immigration (Mr. Cullen) to INCO and Falconbridge. It was suggested that work-sharing be adopted by INCO and Falconbridge in connection with the lay-offs at Sudbury, Port Colborne, and at Thompson, but the whole concept of work sharing was thrown out. In effect, INCO and Falconbridge told the minister in no uncertain terms that these lay-offs are going to go beyond one year and that they do not know beyond one year whether the men would ever be recalled.

The hon. member for York Centre also talked about work-sharing as being the coming solution to our unemployment problem. I am waiting for the hon. member for York Centre to start sharing his job with an unemployed miner. Perhaps if we had enough unemployed miners sharing the jobs of Liberal members we would get some mineral policies in this country.

I had a very remarkable morning, Mr. Speaker. First of all I spoke to the Canadian Paperworkers Union's annual convention in the city of Toronto. Many members were there as delegates to that convention from the province of Quebec, Atlantic Canada, the west coast, and the province of Ontario. After speaking to that convention I had another meeting this morning which was rather significant. I had a meeting with the president of Falconbridge Nickel Mines, Mr. Marsh Cooper, with respect to the particular situation in the Sudbury basin vis-à-vis the employees at the Falconbridge operation.

As I flew back to Ottawa this afternoon, Mr. Speaker, I thought about the resource industry of Canada, and what came to my mind immediately was a speech, which I thought I had seen somewhere before, by a Mr. Henry S. Wingate, who had been the Chairman of the Board of the International Nickel Company of Canada. He made a speech on February 18, 1971, and I should like to read a part of the speech to the House because I think it is very significant. If I may quote him, he said:

"The unusual capacity of the mining industry to create wealth for an economy, to literally turn what was once rock or dirt into a valuable metal, and in the process to generate jobs and a large number of supporting industries, needs to be more fully understood by the public generally and by government officials".

In other words, God created INCO and INCO created the nickel in Sudbury and Thompson.

Before I went north to the Nickel Belt in 1962, I was part of the great mass of the Canadian people who had always taken the resources of Canada for granted. I did not appreciate the implications of those resources, and in particular the non-renewable resources. It was only after living in the Nickel Belt for some time and seeing the miners at work and listening to them that I understood the nature of the mining industry.

Living in the Sudbury Basin almost at the confluence of two major railroads going east-west and north-south, we are always aware of the north-south traffic. We see the ore cars taking out iron ore, nickel and copper pellets on their journey south, and this same railway system bringing back into the north finished products to be sold to the residents of the northern communities. Those thoughts were with me as I contemplated our non-renewable resources.

● (1752)

One of the things we must keep in mind is that extracting resources from the ground is a very capital intensive operation. That was the first conclusion I came to after seeing it in operation in the Nickel Belt. Indeed, on checking with Statistics Canada I discovered that to create one job in the extractive process, in other words taking the ore out of the ground, it costs $200,000. It cost that much just to put one job in the extractive process into place.

On the other hand, to create one job in the manufacturing, secondary sector of the mining industry it costs $40,000. We immediately come to the conclusion, therefore, that when those resources are taken out, and I have said this in the House many times in the past, these resources are the key to unlocking other sources of wealth for not only this generation of Canadians, but for future generations.

In other words, if we are to get the benefit of these non-renewable resources we must take the capital generated from the sale of them and ensure that it is invested in establishing an infrastructure which will put into place secondary manufacturing industries related to the primary. I have asked myself, is that being done in the Sudbury Basin?

I was born and raised in a Third World country and saw Alcan exploit the bauxite resources of Guyana. Alcan then put the bauxite on ships and brought it to Arvida on the St. Lawrence where it was manufactured into aluminum. I lived with that, but I have come to one of the most progressive countries in the world, and I am very proud to be part of it, and lo and behold I find that in 1977, and this has been going on for nigh on 50 years, Falconbridge Nickel still ships out the nickel matte—that is the product after semi-processing—to Norway where the company has its refinery, and it is there refined into a finished product and presumably sold back to Canada.

I do not understand how a progressive government with any sort of policy in respect of the non-renewable mineral sector of this country would ever have permitted that situation to exist for so long. Indeed, it was surprising to hear the Minister of Finance say to my leader, the hon. member for Oshawa-Whitby (Mr. Broadbent), a few minutes ago that he agreed with us that we needed an industrial strategy. I would ask who has formed the government for the last 18 years? Indeed, which party has been the government for the last 40 years, or for the greater part of the last 50 years? I suggest it has been of the same political stripe as those sitting in those seats now.

How much longer must we wait for a strategy that makes the maximum use of the non-renewable resource sector? Indeed, the way those resources are being depleted it is shameful, an absolutely crying shame, to see INCO and Falconbridge at this point in time high-grading the ore, and that means taking out the highest quality ores now at the lowest labour cost because they bring the highest price. It is shameful on the part of this government that permits multi national corporations to rape us and carry on as though they had no responsibility whatsoever for the interests not only of this generation of Canadians but of future generations.

I can understand the reluctance of the Liberals and Conservatives to tackle the multinational mining corporations or to take them to task. I can understand how they can become the apologists, Mr. Speaker. The answer is very clear to anyone who has the time to dig out and read the information. This comes when we see the report of the Chief Electoral Officer of Canada. We find, for example, that the International Nickel Company of Canada Limited donated in the last year $30,885, to be exact, to the Conservative Party of Canada. Noranda Mines gave the Liberals and the Conservatives equally—they back both horses in the race—$16,000 each. Algoma Steel and Denison Mines gave $15,000 to each of those parties. When we look at the entire resource sector we find that every major company has rewarded the two old line parties.

Mr. Paproski: What about the unions?

Mr. Rodriguez: I have become cynical in this House. I do not expect a thrust in the direction of establishing a policy regarding the exploitation and development of the non-renewable mineral sector of our country.

It is important that we put into context the importance of the market that Canada has and the part that Canada plays in respect of world minerals. Having regard to nickel, we are responsible for 33 per cent of the world's production. Just a few short years ago, to be exact in 1974, we were producing

for the world 38 per cent of the world's share of nickel. That has now dropped to 33 per cent. It is not soft markets, of which the Minister of Finance spoke, that are creating our problem. It is fairly obvious we are losing our share of the world's market for nickel.

In terms of world production, in the area of zinc we produce 27.5 per cent, in asbestos it is 40.2 per cent, and in copper it is 10.8 per cent. It is also significant that while the government has made attempts at studying a mineral policy for Canada, I dug up a report that was issued by the federal and provincial resources ministers entitled "Towards a Mineral Policy for Canada." In this paper it states:

—mineral policy must maintain its general goal of obtaining the best benefits for Canadians from minerals.

My question would be, has the government set out the goals very clearly and are they known to the multinational mining companies? This brings me to my interview this morning with Mr. Marsh Cooper. One of my first questions was whether the government had approached Falconbridge in order to sit down and discuss what Falconbridge's plans are from here on in with respect to the nickel and copper industries in the Sudbury Basin? Mr. Cooper's answer was, "Not at all; not at all". There has been no communication between the senior level of government in this country and the Falconbridge Nickel Mines that could determine the future lives of so many of our people.

Furthermore, in discussing the matter with Mr. Cooper, he said exactly what the apologists for the mining companies have said, and what was said by the hon. member for York Centre, the Minister of Finance, and the Minister of Industry, Trade and Commerce (Mr. Horner), that if INCO did not go into Indonesia and Guatemala some other company would. Well, I have to put a question to the government. Maybe these are very good goals for INCO and Falconbridge. Market dominance in lateritic nickel ores is an excellent goal for the private sector, but I would ask what are the goals of Canada in respect of its mineral resources? Are INCO's Falconbridge's goals the goals for Canadians? Is what is good enough for INCO and Falconbridge good enough for us?

● (1802)

It should be pointed out that 1974 was a good year for INCO. Its net profit was $300 million. One would assume and expect that the Company recognizes the need for investment and diversification of industry in Canada, and would plough back the bulk of those profits into Canadian development. What did INCO do with $242 million of that profit? It bought a battery company, ESB. As a result of that INCO is before the courts in the United States for infringing the monopoly legislation there. That is a perfect example of money earned in Canada being used to diversify the company's base by buying out a company which already exists, and not investing that money in Canada in a new industry which would create employment.

I raised the following point with Mr. Cooper today: it has been indicated that Falconbridge is doing so poorly on the stock market and in the sale of nickel that it has to lay off workers in the Sudbury Basin, and yet Falconbridge Mines, McIntyre Mines, its parent company; Superior Oil of Texas, its grandparent company, along with Noranda Mines, have signed an agreement with the government of Chile to invest $1 billion over the next five years in the strip mining of copper in northern Chile. How does that help Canadian unemployment at this time when that investment is needed here so badly? We are saying that foreign investment should come into Canada, and yet we have Canadian investors using moneys earned from Canadian resources to invest in the southern United States, Chile, and all over the world.

In St. Lawrence, Newfoundland, Alcan has closed down an entire community. It was not because its fluorspar mine was not making profit, rather it was not making enough profit. They closed that mine down and intend to go to Mexico where they will purchase fluorspar from Noranda Mines which has a fluorspar mine there. Canadians are fed up with being used as a pawn in an international chess game which the multinational corporations play.

This morning I spoke to the convention of the Canadian Paperworkers Union. Prior to my speech I saw a film entitled "Tembec", for the umpteenth time. The International Paper Company was going to close down one of its operations resulting in the laying off of workers—

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

Mr. Alan Martin (Parliamentary Secretary to Minister of Consumer and Corporate Affairs): Mr. Speaker, I am pleased to have the opportunity today to join in this debate on a very important topic. I commend the hon. Leader of the New Democratic Party (Mr. Broadbent) for putting the matter of the implementation of an effective mineral resource industrial strategy before the House for the purpose of having a day long debate.

Before getting into what I have to say, I should like to comment on one or two of the points made by the hon. member for Nickel Belt (Mr. Rodriguez). He is always a very provocative speaker, and for this reason one is tempted to react to some of the things he says. I do not want to argue for or against the concept of multinationals. However, he might well bear in mind the number of jobs that have been provided for Canadians over decades now as a result of capital that has been brought into this country, and as a result of developments that have been made in Canada by companies that perhaps have not been owned 100 per cent by Canadians, indeed where the majority of the ownership may have been outside the country. It may not be the best way for us to be doing business, but I think we must bear in mind that many Canadians today owe their livelihood to the fact that the multinationals have been here and have been established.

● (1807)

Whenever the hon. member for Nickel Belt quotes these large figures relating to the profits of multinational corporations, as do his colleagues in the NDP, he always refrains from

talking about the returns on investment. Three hundred million dollars may be a great deal of money, but he does not tell us what percent of the capital it represents. Is the $300 million a 10 per cent, a 20 per cent or more profit on the money invested? These are the things that must be brought into play when one talks about profits, whether they are excessive or too little. The sum means nothing until you know what kind of money has been invested by the company in question.

An hon. Member: Perhaps you can tell us.

Mr. Martin: I was not the one to raise the point. I was merely saying members opposite have a responsibility, when they are talking about excessive profits, to relate the figures they quote to the capital that has been invested in the first place.

During the two year period when I was chairman of the Standing Committee on National Resources and Public Works I found it regrettable that we were never able to undertake in the committee any kind of study of the mineral resource base in this country. I think it is the responsibility of that committee to get into this area at some point. The reason we were not able to do this is that we were preoccupied with matters relating to energy, and I am afraid the committee might continue to be preoccupied with these matters in the coming year. It has been pointed out by a number of Canadians interested in the activities of our committee that indeed we should be looking at matters relating to our mines and national resources other than those more typically associated directly wth the energy picture.

Again I welcome the opportunity of this debate on this subject and I hope we can find a mechanism in our parliamentary system to have far more discussion in this area since it is so fundamental to our over-all Canadian industrial strategy. This is a very complex issue and the implementation of a mineral resource industrial strategy for Canada involves not only the jurisdiction of the provinces over their mineral resources, as provided under the BNA Act, but also the federal government's jurisdiction in a number of joint federal and provincial areas.

The government recognizes that the Canadian minerals industry is indeed a strong and very basic industry, and it appreciates its responsibility in international trade as a secure and stable supplier of metals and minerals. The federal government, in acting in particular through the Department of Energy, Mines and Resources in co-operation with other departments, such as the Department of Industry, Trade and Commerce, the Department of Finance, the Department of External Affairs and, to some extent, the office of Federal-Provincial Relations, has been carrying out a great many studies in this area.

In addition to direct consultation with Canadian mining companies, the government's actions have involved numerous contacts with the provincial governments, the Mining Association of Canada, and the National Advisory Committee on the Mining Industry. At present there is an interdepartmental committee headed by the Department of Energy, Mines and Resources, which has formed a task force with the Mining Association of Canada to study the problems of the mining industry in Canada and to make recommendations thereon.

● (1812)

Mineral development in Canada and throughout the world depends ultimately on market considerations. The Minister of Finance (Mr. Chrétien) amplified on that this afternoon when he was discussing problems with relation to nickel and in particular, expectations respecting future market trends.

The cyclical nature of supply and demand in the international market place plays a very important part in the decision-making process as to whether to develop various ore deposits and the commitment of required investments into such developments. Similarly, the rate of consumption must determine the rate of production in any given market condition, and the situation today in many mineral commodities is indeed—as we are finding with regard to nickel—one of over-supply, with massive inventories overhanging world markets. This condition is further complicated by the continuation of high production rates by some developing countries which rely heavily on their exports of metals and minerals for foreign exchange earnings.

Mr. Rodriguez: Tell us about taxes and profits.

Mr. Martin: Until recently production in Canada has been maintained at fairly high levels in order to maintain employment in the communities which depend on it, and again I admit to the hon. member for Nickel Belt that the problem in Sudbury is serious, but he knows, as we all do, that 85 per cent of the work force up there is still very gainfully employed in the INCO project. I think it is important to look positively on what is going on, but we are at the same time concerned about the problems of those who are about to be laid off.

In the light of foreseeable consumption trends it has now become necessary to adjust production levels in line with the lower level of demand and to accomplish an orderly reduction of inventory. This has had a very hard impact on employment, not only in Canada but also in most countries which have been forced to take similar action. Some examples are Australia, the United States, and various countries in Europe.

The federal government has developed a number of trade policies which hopefully are benefiting the minerals industry. In this regard the government has directed that Canada participate with other interested countries, including producers and consumers, in an examination of the problems associated with commodities such as minerals, with a view to elaboration of appropriate mechanisms to stabilize markets. For this reason Canada has become a key participant in a number of forums such as the UNCTAD, the International Lead-Zinc Study Group, the Law of the Sea Conference, and the OECD, where the present and future health of the mineral industry will be advanced.

The federal government announced its policy on the further processing of resources prior to export, including mineral resources, in 1973. The objective of the policy is to process surplus natural resources prior to export wherever processing

would be internationally competitive and compatible with the development of a sound industrial structure. This policy is still being actively pursued in consultations with the provinces and with industry through federal policies respecting trade and industrial development.

The foreign investment review process and regional economic expansion are two other areas where these consultations are going on, and there is active involvement in endeavouring to maintain and develop a sound industrial structure. Where processing is hindered by measures such as tariff and non-tariff measures of foreign countries which discriminate against Canadian further processed resource exports, we are seeking to negotiate substantial reductions or elimination of the effects of such measures, in both multilateral negotiations and in other appropriate ways.

The Department of Industry, Trade and Commerce has always recognized the tremendous importance of the metals and minerals sector to Canada's prosperity and export earnings, and has encouraged aggressive market activities on the part of Canadian producers and exporters, both by the mounting of trade missions to major marketing areas and through the services of the trade commissioners in posts around the world.

Recognizing that the present depressed state of world markets for most metallic mineral products will bring about further reductions in production levels, the government has made arrangements for the Department of Energy, Mines and Resources and the federal-provincial relations office to initiate discussions with the provinces where, after all, control over mineral resources still remains in so many ways. The government is also concerned with the development of a code of practice as to lay-offs in areas of federal jurisdiction in Canada and, accordingly, has initiated action in this regard with appropriate departments.

● (1817)

Throughout the sharp recession and prolonged and incomplete recovery in world demand, Canadian industry has sustained a higher level of output and investment than most industrialized countries. But, in the last few years it has felt the stress of rising costs of energy, materials and labour. Overhead costs have climbed because of the underutilization of capacity. In this situation some of the structural weaknesses, inherent in any changing economy, have become more obvious and more serious.

Recognizing the debilitating effects of inflation on industrial performance, the government has led the nation through a period of restraint in prices, wages, profits, and government expenditures. In preparing for the post-control period the government has confirmed its reliance on market forces and co-operation in the declaration "The Way Ahead"—I am sure hon. members from all parties have read that closely—and elaborated these principles in "An Agenda for Co-operation". At the same time the government has set the stage for recovery and investment with its spring budget, initiating inventory allowances, and increasing investment credits and other incentives to invest, which it is to be hoped will be passed by parliament in the very near future.

Meanwhile there has been an intensive examination of the performance and potential of individual industry sectors. These are being developed in collaboration with consultative groups of businessmen and are leading to the identification of market opportunities and the potential for specialization and other avenues to increase efficiency and competitive capacity. At the same time the difficulties of adaptation to meet increasing international competition, for some products and industries, are being identified.

The examination of industry sectors has underlined the impact of the many other policies and programs of governments and private institutions on their efficiency and competitive ability. Not only specific industrial grants and incentives, but broader government policies relating to taxation, trade relations, transportation and resource development, have major effects on a wide range industrial operations. At the same time policies of both the federal and provincial governments, establishing standards for the private market place, and providing greater social equity, which I am sure the member for Nickel Belt is interested in, have a cumulative impact on the cost of business operations and investment.

In summary, the government has taken major steps to improve the environment for industrial operations and investment as international markets recover.

The Acting Speaker (Mr. Turner): The hon. member for Nickel Belt (Mr. Rodriguez) on a point of order.

Mr. Rodriguez: Mr. Speaker, would the gentleman speaking permit a question, please.

The Acting Speaker (Mr. Turner): The hon. member for Nickel Belt.

Mr. Rodriguez: I recognize him as a very generous member, he being the representative of my parents in Scarborough West.

Would the hon. member agree, Mr. Speaker, that between 1962 and 1975 the return on capital on metal mining averaged 13.5 per cent, which compares to 10.8 per cent for all other industries in Canada?

Mr. Martin: Mr. Speaker, I am not in a position to agree or disagree with that quotation. I will take it as read. However, when my colleague from Nickel Belt indicates a 13 per cent return on investment, he did not say whether it was before or after taxes. I am assuming that it is after taxes, and if he compares that with 10 per cent in other areas, if you consider the substantial risks and heavy capital investment before any returns arise at all in the mineral extraction industry, a 13 per cent return on investment may not, indeed, be at all out of line. I would not suggest that is an exorbitant figure at all.

● (1822)

To continue my concluding remarks, I indicated that the government had taken major steps to improve the environment

for industrial operations and investment as international markets recover.

At the same time, an intensive assessment is under way of the opportunities and problems of specific sectors, leading to consultations with both provincial governments and the private sector. Only in this comprehensive framework can meaningful changes in our industrial and trade policies be developed.

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, having listened to the hon. member for Nickel Belt (Mr. Rodriguez) I was hoping I would have as much time as he had in order to engage in meaningful debate with him and to prick some of those fanciful balloons he was flying about here this afternoon, quoting figures, always frothing at the mouth, and waxing indignant. The mere mention of certain words such as multinational just raised his hackles. Frankly, I always consider it for cosmetic effect. It sounds good, but is meaningless.

Hon. members want to know whether the mineral industry is profitable or not. It is. However, there is a fantasy about the land that Canada sits on the richest motherlodes of almost all known metals. That is the farthest from the truth. As a result of good technology, we can develop a lot of resources. However, there are dozens of places in the world that have far richer deposits of iron ore, copper, zinc, nickel, and gold, and even oil.

Alberta oil is of a type of geological formation that is among the most expensive to get at because it is pinpoint drilling. It is a matter of finding the domes in the deposits of oil and gas. It is not like in Venezuela or Saudi Arabia, drilling a deep well and finding a huge lake or very large deposit. The drilling and other costs of production in Canada are much higher. We also see this in the drilling for natural gas on the eastern slopes of the Arctic, the cost of drilling wells 16,000 and 18,000 feet. Look at the fantastic cost of drilling wells in the Arctic.

Many people, particularly the New Democrats, dismiss the cost of development of our minerals and the high risk that is involved as something they should not even know about.

I am glad that my colleague has introduced an amendment so that this motion is meaningful. If there has been unprofitable development to this day in the minerals industry in Canada, not only the exploration and development of the raw ore beds or the finding of petroleum and natural gas but the further processing, it is because of the idiotic tax system that we had and still have.

● (1827)

Those of us who went through that nefarious white paper on taxation which the government produced in 1968, and saw the response from industry and from other governments, are aware that the basic premise for that so-called tax reform measure was astounding, a total misconception, fundamental ignorance of what is involved in the production and processing of minerals in this country. Fortunately, there were some changes, but not enough, and not soon enough.

When I first came to this House over 20 years ago I advocated getting rid of the so-called principal occupation rule, the rule which drove smaller investors among Canadians, as individuals or as corporate entities, out of the independent oil game. It was so much easier for our American counterparts to come in here. They had the advantage. We sat idly by and allowed the rule to stand and to drive Canadians out of the development of their own oil industry. Now the situation is different, but there is no more independent oil available; there is little or no freehold available which is likely to produce.

I have little time and I wish to turn, now, to another subject. First of all, I do not think there can be a national, unilateral mineral development strategy or industrial plan. Such a plan has to be developed with the provinces. We, as Conservatives, objected to the former minister of finance, the hon. member for Rosedale (Mr. Macdonald) ramming down the throat of this House his scheme for petroleum development as far as the Government of Canada was concerned. It was an outright raid on provincial jurisdiction. And if the hon. member for Nickel Belt wants to know what governments can do, let him read the judgment which was pronounced today with regard to Saskatchewan's raid on the petroleum industry and what that is going to cost those people—and the cost of $500 million was likely taken off the backs of other Canadians who were consuming Saskatchewan petroleum products. That is where the payment and the cost are involved.

The Acting Speaker (Mr. Turner): Order, please. Pursuant to section 11 of Standing Order 58 proceedings on the motion have expired.

It being 6.30 p.m. this House stands adjourned until tomorrow at 2 p.m., pursuant to Standing Order 2(1).

At 6.30 p.m. the House adjourned, without question put, pursuant to special order.

HOUSE OF COMMONS

Thursday, November 24, 1977

The House met at 2 p.m.

• (1407)

ROUTINE PROCEEDINGS

[*English*]

AGRICULTURE

ALLEGATION CABINET GIVES LOW PRIORITY TO INDUSTRY—MOTION UNDER S.O. 43

Mr. John Wise (Elgin): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. Given the fact that the latest statistics clearly illustrate that Canadian farm income continues to decline, farm input costs continue to increase dramatically for the second consecutive year, and in addition farm borrowings have doubled to an all time high of $8 billion, while industry analysts forecast negative profit margins and reductions in future export sales, all of this, Mr. Speaker, in the complete absence of any corrective measures or legislation now before parliament, I move, seconded by the hon. member for Northumberland-Durham (Mr. Lawrence):

That this House unanimously endorse the statement made recently by Liberal Senator Hazen Argue to the effect that the present cabinet gives a low priority to the agricultural industry.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

RESOURCES

OIL COMPANIES SHOULD BE DENIED WINDFALL PROFITS—GUARANTEE OF PROVINCIAL RIGHT TO DEVELOP RESOURCES—MOTION UNDER S.O. 43

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I rise on matter of urgent and pressing necessity. In view of the court decision by the Supreme Court of Canada regarding the constitutionality of the Saskatchewan legislation dealing with taxation on oil producers, and in view of the necessity that all provinces, including Saskatchewan, receive revenues for the resources owned by the people of those provinces, I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That this House urges the Government of Canada to co-operate fully with the government of Saskatchewan to develop means to ensure that the windfall profits obtained by the multinational oil companies as a result of the energy crisis remain with the people of that province and that the government of Canada take immediate steps, in co-operation with all provinces, to guarantee the constitutional right of the provinces to control their resources.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

AGRICULTURE

SUGGESTION OFFSHORE BEEF IMPORTS BE CURTAILED—MOTION UNDER S.O. 43

Mr. Ken Hurlburt (Lethbridge): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In light of the fact that the Minister of Agriculture (Mr. Whelan) is allowing offshore beef into this country that does not comply with Canadian grading standards, I move, seconded by the hon. member for Moose Jaw (Mr. Neil):

That this House direct the Minister of Agriculture to take immediate action to end this practice which is killing both the Canadian producer and consumer.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

LABOUR CONDITIONS

SUGGESTION WORKERS MAY BUY SHARES IN COMPANY AND PARTICIPATE IN MANAGEMENT—MOTION UNDER S.O. 43

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

Considering the present depression and since workers have no control over the operation of the economy, I move, seconded by the hon. member for Bellechasse (Mr. Lambert):

That the House immediately enjoin the government to introduce a bill granting workers the option to purchase shares in the business and exchange them later on for a retirement fund, and that those shares entitle them to take part in the management of the business.

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

Some hon. Members: Agreed.

Some hon. Members: No.

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[*English*]

AGRICULTURE

REQUEST FOR STATEMENT OF GOVERNMENT POSITION ON GATT NEGOTIATIONS—MOTION UNDER S.O. 43

Mr. Jack Murta (Lisgar): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity, that being the complete secrecy surrounding the present General Agreement on Tariffs and Trade negotiations in so far as agriculture is concerned. I move, seconded by the hon. member for Dauphin (Mr. Ritchie):

That the Minister of Agriculture (Mr. Whelan) along with his pertinent officials appear before the Standing Committee on Agriculture as early as next week to outline the government's thinking on this most important aspect of our international trade.

Mr. Speaker: Presentation of such a motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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JUSTICE AND LEGAL AFFAIRS

SEEKING CONSENT OF TWO FORMER SOLICITORS GENERAL TO TESTIFY BEFORE COMMITTEE—MOTION UNDER S.O. 43

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In light of the fact that the Minister of Supply and Services (Mr. Goyer) and the Minister of Consumer and Corporate Affairs (Mr. Allmand), both former solicitors general, have knowledge on the question of ministerial responsibility on matters of security and irregularities pertaining to the same, it is hereby moved:

That the present Solicitor General (Mr. Fox) endeavour to obtain the consent of both the Minister of Supply and Services and the Minister of Consumer and Corporate Affairs to appear before the Standing Committee on Justice and Legal Affairs for the purpose of giving evidence in reference to the same and that he seek their consent to be questioned by the members of the said committee because of the serious cover-up.

Mr. Speaker: According to Standing Order 43, such a motion can be presented to the House for discussion at this time only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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THE CANADIAN ECONOMY

SUGGESTION SALARY INCREASES BE PERMITTED TO LEVEL OF INFLATION—MOTION UNDER S.O. 43

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, the Oil, Chemical and Atomic Workers Union in Saskatchewan find themselves limited by the anti-inflation rules to four per cent in wages and benefits for 1978, 6 per cent below the current inflation rate in the province. I move, seconded by the hon. member for Oshawa-Whitby (Mr. Broadbent):

That this House condemn the government's economic policy which has resulted in high levels of inflation and unemployment, and demand that the government permit wage and salary increases to at least the level of inflation.

Mr. Speaker: Such a motion can be presented for discussion pursuant to Standing Order 43 only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

GRAIN

SUGGESTION RUSSIAN BUYERS BE INVITED HERE AND ATTEMPT MADE TO MAKE SALE—MOTION UNDER S.O. 43

Mr. Frank Hamilton (Swift Current-Maple Creek): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. Considering net farm income of western grain farmers has fallen 50 per cent in the last two years and that most of their grain is now committed for export at prices well below the cost of production, I move, seconded by the hon. member for Lethbridge (Mr. Hurlburt):

That this House instruct the minister responsible for the Canadian Wheat Board to invite the Russian grain buying mission presently in the United States to come to Canada immediately with a view to selling wheat at the world price, which is now $1 a bushel above sales made so far this year, so that western grain producers can see some hope of getting back their cost of production.

Mr. Speaker: Order. Presentation of such a motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

● (1412)

CANADA DEVELOPMENT CORPORATION

SUGGESTION CORPORATION SHOULD PURCHASE FOREIGN-CONTROLLED COMPANIES—MOTION UNDER S.O. 43

Mr. Hal Herbert (Vaudreuil): Mr. Speaker, under Standing Order 43, on a matter of urgent and pressing necessity, I propose, seconded by the hon. member for Lachine-Lakeshore (Mr. Blaker):

That the government intervene immediately to halt the offer of the Canada Development Corporation to purchase the Quebec based food product manufacturer Culinar Inc. and that the government insist that the corporation's objective to widen the investment opportunities open to Canadians be attained by offers to purchase foreign controlled companies which operate in Canada.

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

Some hon. Members: Agreed.

Some hon. Members: No.

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GRAIN

PROPOSED STUDY TO DETERMINE WHETHER INLAND TERMINALS COULD BE USED FOR STORAGE PROGRAM—MOTION UNDER S.O. 43

Mr. Doug Neil (Moose Jaw): Mr. Speaker, pursuant to the provisions of Standing Order 43, I rise to propose a motion on a matter of urgent and pressing necessity.

In view of recent statements of the minister in charge of the Canadian Wheat board arising out of negotiations for an international wheat agreement which he has indicated may provide for reserve stocks of grain to be held by producing countries, I move, seconded by the hon. member for Swift Current-Maple Creek (Mr. Hamilton):

That the Minister of Agriculture instruct his officials to carry out a study to determine whether or not the facilities of government inland terminals might be utilized in such a storage program.

Mr. Speaker: Such a motion requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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ROYAL CANADIAN MOUNTED POLICE

MEDICAL CERTIFICATE TO MEMBER OF FORCE INDICATING LOSS OF MEMORY—MOTION UNDER S.O. 43

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, I rise under the provisions of the same Standing Order No. 43. In view of the report in today's *Globe and Mail* that a former senior officer of the RCMP has received a medical certificate that he has suffered loss of memory prior to his proposed testimony before both the Keable and McDonald inquiries, and in view of the real possibility that this disease may become contagious, I would move, seconded by the hon. member for Broadview (Mr. Gilbert):

That this House direct the Minister of National Health and Welfare to have the department immediately develop a suitable vaccine with sufficient supply to cover senior officials of at least two departments, two former solicitors general, the present Solicitor General and the Prime Minister so that this House will have some assurance that this disease may be brought under control.

Some hon. Members: Hear, hear!

* * *

GOVERNMENT ADMINISTRATION

STATEMENT BY MICHAEL PITFIELD CONCERNING ETHICAL QUESTIONS—MOTION UNDER S.O. 43

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, that is a difficult motion to follow. My motion relates to the assertion this week by Michael Pitfield, the secretary to the cabinet, that the government has not done enough to train its officials to deal with a lot of ethical decisions. In view of the fact that past weeks have revealed that the inability of officials to deal with ethical decisions ought not to be isolated from their ministerial masters, I move, seconded by the hon. member for Northumberland-Durham (Mr. Lawrence):

That this House endorses the principle laid down by the Clerk of the Privy Council, namely that "questions of ethics and values are not abstract exercises . . . but harshly practical issues of . . . responsibility and accountability", and requests that this motion be read at the next meeting of Cabinet.

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

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

ADMINISTRATION OF JUSTICE

REQUEST FOR ASSURANCE NO ATTEMPT TO EXPAND APPLICATION OF CIGOL DECISION

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, in the absence of the Prime Minister and the Minister of State for Federal-Provincial Relations I would direct my question to the Minister of Justice. It relates to the CIGOL decision handed down which has some momentous implications, particularly for the people of the province of Saskatchewan. In view of the intervention of the federal government on behalf of the oil companies in that case I should like to ask whether the government can give us the assurance now that it will in future not intervene or initiate action to expand upon the decision which has been handed down in relation to the natural

resource ownership within provinces? Can he give us that assurance, that he will not try to expand the decision given by the Supreme Court?

Hon. Ron Basford (Minister of Justice): Mr. Speaker, the intervention by the Attorney General of Canada was not on behalf of the oil companies, it was made in an effort to give the court the benefit of the views of the Attorney General of Canada on the constitution. I am not prepared to give any undertaking as to what position we will take about some hypothetical case in the future.

* * *

FEDERAL-PROVINCIAL RELATIONS

MEETING OF RESOURCE MINISTERS—DISCUSSION OF OWNERSHIP AND TAXATION OF RESOURCES

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, the minister will understand that this particular decision has far reaching implications as far as the ownership of mineral resources within provinces is concerned, and he will understand, therefore, its importance.

In the absence of the Prime Minister I should like to ask the Acting Prime Minister whether he will give us the assurance that at the forthcoming ministerial meeting of ministers of natural resources for the provinces and the Minister of Energy, Mines and Resources, there will be an item on the agenda which will define and give more clear definition in respect of the ownership of mineral resources as far as the provinces are concerned, and will try to define the integrity of provincial taxation in regard to these resources? Will he give us the assurance that this item will be discussed and there will be an attempt to arrive at an agreement?

• (1417)

Hon. Allan J. MacEachen (Deputy Prime Minister): Mr. Speaker, I can assure the hon. member that the decision of the Supreme Court is now under consideration by the government. We have not yet reached any conclusions about the far reaching implications, as the hon. member mentioned, which stem from this decision.

With respect to consultation with the provinces, undoubtedly such opportunity will take place when the Prime Minister meets the premier of Saskatchewan early in December. I can assure the hon. member that the matter will not disappear, but it will be a matter of important consideration.

ACTION TO SAVE PEOPLE OF SASKATCHEWAN FROM EFFECT OF CIGOL DECISION

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, in view of the fact that the financial burden on the people of Saskatchewan, caused by the gaffes and policies of the federal government and the provincial NDP government—

Some hon. Members: Oh, oh!

[Mr. Hnatyshyn.]

Mr. Hnatyshyn: —will mean a cost of approximately $500 per person in Saskatchewan, $2,000 per family, and the repayment potential is over half the annual budget of the province, will the Acting Prime Minister tell this House whether the government has any intention of taking any action to save the people of Saskatchewan from this position of turning the province into a have not province once again?

Hon. Allan J. MacEachen (Deputy Prime Minister): Mr. Speaker, without accepting any of the unwarranted allegations in the hon. member's question, I have already stated that the implications of this decision will be considered by the government. It is much too early for me to make any judgment on the specific points which the hon. member has made, because they have not been considered in depth as yet.

Mr. Hnatyshyn: In other words, you are doing nothing.

* * *

FINANCE

SUGGESTION HALF OF AMOUNT RECEIVED AS RESULT OF CIGOL DECISION BE RETURNED TO PEOPLE OF SASKATCHEWAN

Hon. Alvin Hamilton (Qu'Appelle-Moose Mountain): Mr. Speaker, my question is for the Minister of Finance. In view of the Supreme Court's decision yesterday, the federal tax coffers will benefit to the extent of approximately half of the $580 million which the court has ordered to be returned to the oil companies. When the government is considering the implications of this decision, will it consider as an act of grace that the half of the $580 million the federal government will receive, which it did not expect, will be returned to the people of Saskatchewan.

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I am taking notice of the question of the hon. member.

[*English*]

PROPOSED GUARANTEE PROVINCES HAVE RIGHT TO IMPOSE TAXES ON RESOURCES

Hon. Alvin Hamilton (Qu'Appelle-Moose Mountain): Mr. Speaker, I should like to direct my next question to the Acting Prime Minister, and it is along the same line as the question posed by the hon. member for Saskatoon-Biggar. In view of the difficulties we now find ourselves in, not only in Saskatchewan, but all across the country, in the government's consideration would it consider emergency legislation by this parliament to guarantee to all provinces in the future that they will have first right under the constitution to impose direct taxes on all of their resources?

Hon. Allan J. MacEachen (Deputy Prime Minister): Mr. Speaker, the representations made by the hon. member will be considered in our over-all review of this particular subject matter which arose yesterday and which has not yet been given the serious consideration by the government that it deserves.

MANPOWER

ALLEGED REDUCTION OF TRAINING FACILITIES AND RESULTANT LOSS TO ATLANTIC PROVINCES—REASON FOR POLICY

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, my question is for the Minister of Employment and Immigration. Will the minister confirm that a recent policy document on manpower retraining programs has been approved by the cabinet? Specifically, will he confirm this policy will reduce manpower training facilities from the present regional allocations, which will mean in effect that the Atlantic provinces will lose approximately $292 million over the next ten years?

● (1422)

Hon. Bud Cullen (Minister of Employment and Immigration): No, Mr. Speaker, I will not confirm such an allegation because it is not true.

Mr. Broadbent: I somehow expected the minister might say that. I have here a copy of the document which I will be glad to send to the minister later. It is entitled, "Canada Manpower Training Program—Policy Review, September, 1977".

My second question to the minister is the following. Since the implementation of this policy document will result in the rate of increase in manpower retraining programs in Atlantic Canada being lower than elsewhere in Canada, although unemployment levels in Atlantic Canada are forecast to be much higher, can he tell the House why the government is doing this instead of spending money the way the ministers from the Atlantic provinces have recently requested to create more jobs in that part of the country?

Mr. Cullen: When I denied the fact, I denied that the conclusion reached by the leader of the NDP was in fact correct. I also deny that the conclusion reached in the supplementary part of his question is correct. The funds in fact are available for retraining—they are not going to be reduced—and over the opposition of the NDP we have also made a provision for the developmental use of unemployment insurance funds so that we can give not less but more money to those particular provinces.

REQUEST FOR MORE FUNDS FOR LONG RANGE JOB CREATION PROGRAMS FOR ATLANTIC PROVINCES

Mr. Edward Broadbent (Oshawa-Whitby): When people have had a chance to look at the document and understand the basis of the fundamental change that the minister is making in the allocation of Manpower funds, they will see that what I have said is correct and that what the minister has said is incorrect. But that remains to be seen by those who look at the document.

Since the forecast made by the Atlantic Provinces Economic Council and the forecast made recently by the four ministers representing all the four Atlantic governments, suggests that unemployment will grow in Atlantic Canada compared to the rest of the country, when will the government make a decision to allocate more funds for long range job creation instead of the make-work projects to which the minister has committed himself?

Hon. Bud Cullen (Minister of Employment and Immigration): We are moving precisely in that direction and that is why I have indicated that developmental use of UI funds and other uses of Canada Works funding will be directed precisely in that direction. I am surprised it has taken the hon. member this long to find out even though he has been in receipt apparently of goods or property stolen from my department.

Some hon. Members: Oh, oh!

An hon. Member: That is an allegation.

* * *

[*Translation*]

BILINGUALISM

REQUEST FOR STATEMENT ON AMOUNT OF GRANTS TO ANGLO-QUEBECERS AND FRANCOPHONES OUTSIDE QUEBEC

Mr. Léonel Beaudoin (Richmond): Mr. Speaker, I would like to ask a question of the Secretary of State.

In yesterday's issue of *Le Droit* of Ottawa there was an article which outlines the results of an education assistance program set up by the federal government in 1974. According to that report, an Anglo-Quebecker is worth twice as much as a Francophone outside Quebec. The paper goes on to say that for financial year 1976-1977, grants directed to Anglo-Quebeckers amounted to a total of $90 million—$113 per capita. These funds were supposed to be universal and unconditional. But Francophones outside Quebec for that same year received just about $52 million under the condition that their provincial governments agree to set up French schools. This being the case, would the Secretary of State explain such a difference between grants which seem to be a clear case of discrimination?

Hon. John Roberts (Secretary of State): Mr. Speaker, this is a financial assistance program for provinces to support education for minority groups and teaching of the second language. Figures quoted in *Le Droit* are inaccurate since they confuse two different things, that is assistance to secondary education in the second language and assistance to education for minority groups as if the whole was directed as assistance to education for minority groups. So those figures are inaccurate and the same thing goes for funds granted to provinces other than Quebec to support education in the French language and, in the province of Quebec to support education in the English language.

INQUIRY AS TO USE OF FUNDS DESIGNED TO FAVOUR STUDY OF SECOND LANGUAGE—GOVERNMENT POSITION

Mr. Léonel Beaudoin (Richmond): Mr. Speaker, I appreciate the Secretary of State's answer to my question, but could he explain why the Association of Acadians of Nova Scotia

made representations to the Pepin-Robarts Commission when they were in Halifax, about two months ago, because the federal government moneys were going to Anglophones who wanted to learn French while the Francophones of that province hardly benefited from them? Moreover could the Secretary of State tell us whether the federal government insists that the money be spent for the designated groups?

Hon. John Roberts (Secretary of State): Mr. Speaker, I have often explained that those provincial allowances are based on formulaes. There is no provision indicating that the money must be spent for such and such a purpose. Therefore it is one of the reasons for which the federal government is very concerned about the program administration. Since January last, we have entered into negotiations with the provinces to determine more specifically what are the objectives and the criteria of valuation to ensure that funds will really be used to reach the main purposes of the program.

Mr. Beaudoin: Mr. Speaker, in view of the federal government's concern about the attitude majorities are assuming towards minorities in a number of provinces, as well as the funds this government is spending, will the Secretary of State make a statement in the House shortly or will he make sure that these funds are properly spent and that the financial assistance to these minorities is not a source of greater frustration?

Mr. Roberts: Mr. Speaker, I think I have already replied to the question asked by the hon. member: We have already started negotiating a new agreement with the provinces which should be concluded in the spring of 1979. We should certainly adopt accounting procedures to make sure that the funds are really expended for the purposes designated by Parliament.

* * *

● (1427)

[*English*]

AGRICULTURE

REQUEST FOR LEADERSHIP FROM MINISTER

Mr. John Wise (Elgin): Mr. Speaker, my question is directed to the Minister of Agriculture and is further to my motion proposed earlier today under Standing Order 43 which clearly reflects the complete incompetence of the minister. The facts are and the records show clearly that the minister has taken the industry in two directions at the same time, namely, inward and downward. I would like to ask the minister when we can expect to see some productive leadership from him and when the industry can expect to see at least some indication of a reversal in the trends which have occurred under his tenure of office.

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, the hon. member speaks of trends during my tenure of office. I wonder if he is talking about the dairy industry, the poultry industry or the horticultural industry. What part of the agriculture industry is he talking about?

Some hon. Members: Oh, oh!

Mr. Whelan: The main reduction has been in cereal grains, where we are dealing with world markets. With regard to other products the hon. member's remarks are just not factual. There has been no downward trend. We are using probably the most advanced pricing formulas in the world with the Canadian Egg Marketing Agency, and if input costs would go down—the farmers agreed to that formula themselves—farmers would not have to have more money with which to operate. They could make a decent living, and that is what they are doing.

Some hon. Members: Hear, hear!

Mr. Wise: Mr. Speaker, I can understand the minister's desire to avoid any reference to his record of performance. The facts are much different, and in the interest of the industry I wish the minister would pay some attention to them. It is absolutely shameful—

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

DATE OF INTRODUCTION OF MEAT IMPORT LAW

Mr. John Wise (Elgin): In view of the situation that exists—and we have no legislation before the House at the present time—when can we expect a long awaited meat import law? When can we expect measures to expand and strengthen the agricultural industry?

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, the hon. member and other members of his party are great at pointing out some of the programs of other countries. Our agricultural programs surpass any programs for guaranteeing stability, et cetera.

Some hon. Members: Hear, hear!

Mr. Whelan: The former Secretary of Agriculture of the United States withdrew the program the Americans had while we were implanting ours, so we do have good programs at the present time. Our programs surpass those of any other country in the world. I have no intention of bringing in loads of paper showing that we are going to do things for farmers in the form of legislation, but we will be bringing in a bill. We have talked about that. I understand that the opposition concurs that we should deal with it speedily when it is presented to this House, and I hope that will be shortly.

Mr. Wise: Mr. Speaker, I am sure the industry is very impressed by the minister's modesty. I would like to refer the minister to his own remarks which were made in a recent speech in Rome. The minister said that slogans and speeches are sterile without action.

Some hon. Members: Hear, hear!

● (1432)

Mr. Wise: Has it ever occurred to the minister that if he had a purpose to serve perhaps he has fulfilled that purpose, at least in the number of days in office, and that in the interests of the—

Mr. Speaker: Order, please. If the hon. member has a question to put to the minister it will have to be less argumentative than that.

Mr. Wise: Has the minister ever considered gracefully relinquishing his portfolio as Minister of Agriculture?

Mr. Whelan: Mr. Speaker, anything I do is graceful, that is for sure.

REQUEST FOR ASSURANCE INDUSTRY NOT SACRIFICED DURING GATT NEGOTIATIONS

Mr. Jack Murta (Lisgar): Mr. Speaker, I should like to direct a question to the Minister of Agriculture as well. Since in terms of trade, one of the fears of the agricultural community is the GATT negotiations going on at the present time in Geneva and also the possibility that agriculture could be, or may be, traded away for concessions in some other sectors of the economy, is the minister prepared to state unequivocally that agriculture will be dealt with as a separate entity and there will not be any tradeoffs between agriculture and other sectors of the economy?

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, I am sure the hon. member is aware that agricultural trade in Canada is more free than in any other country in the world. People from the United States have been making statements around here about free trade, but if they were just as free in trade as we are in agricultural products, we would ask no more because that is a country we trade with most. We are making that kind of representation. I do not intend to sell agriculture down the river.

HORTICULTURAL INDUSTRY—ADOPTION OF TARIFF BOARD POSITION DURING GATT NEGOTIATIONS

Mr. Jack Murta (Lisgar): Mr. Speaker, unless certain realistic trade measures are adopted, sectors of the horticultural industry in this country will be in danger of collapsing in the very near future if meaningful negotiations do not take place at Geneva. Perhaps the Minister of Agriculture or the Minister of Finance could tell the House whether Canada's negotiating team is putting its full support behind the recommendations of the tariff board in terms of the horticultural industry?

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, the tariff board report is and has been condoned by the horticulture industry. They have said they accept the report and practically every suggestion it makes. I agree with that. We do not intend to sell that report short either. As far as we are concerned it is something we have waited for a long time. It was over three years in the making. It is what we want and if we need the backing of the provinces, etc., I understand we have most of that backing that is necessary for us to proceed in making recommendations to the government. We will be meeting with them to discuss it in further detail. We already have some briefs and if members have some recommendations other than those submitted by the tariff board, I would appreciate receiving them.

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GRAIN

SUGGESTION RUSSIAN BUYERS BE INVITED HERE IN ATTEMPT TO MAKE SALES

Mr. Frank Hamilton (Swift Current-Maple Creek): Mr. Speaker, my question is for the minister responsible for the Canadian Wheat Board. In view of the burgeoning demand in the world for grain will the minister invite the Russian grain mission presently in the United States to come to Canada with a view to negotiating some sales at prevailing world prices?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, the relationship between the Russians and the Canadian Wheat Board is absolutely first rate. Almost invariably there is a first contact between them before the Russians make contact anywhere else. As a result of that, sales have already been completed for just under four million tons of wheat to the Soviet Union in the current year.

Mr. Hamilton (Swift Current-Maple Creek): Mr. Speaker, I appreciate the minister's answer but in order to recoup some of the below-cost-of-production sales we have already made, I would again ask the minister to invite this mission to Canada with a view to selling some grain at prevailing world prices which, as the minister knows, are now $1 above sales already made.

Mr. Lang: Mr. Speaker, I assure the hon. member that the contact between the Soviet Union and the Wheat Board is constant. At every opportunity additional sales are made and one was made not very long ago as part of that nearly four million tons to which I referred. I think, unlike some other spokesmen for his party, the hon. member will join me in congratulating the Wheat Board on their ongoing, aggressive effort.

Some hon. Members: Hear, hear!

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AGRICULTURE

EFFECT OF CLOSING OF SUGAR BEET FACTORY—GOVERNMENT ACTION

Mr. R. E. McKinley (Huron-Middlesex): Mr. Speaker, may I put a question to the Minister of Agriculture. I am sure we

all remember that a few years ago the government allowed the sugar beet industry in southwestern Ontario to lapse and remember also this minister's attempt to revive it, which failed miserably. Shortly after that the price of sugar rose to $1 per pound. Now, we face the closure of another sugar beet factory in the riding of the hon. member for Lethbridge. I wonder if the minister can assure the House that the price of sugar will not rise to $1 per pound after that closure. This seems to be what happens when he fails to protect our primary producers.

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, I am sure the hon. member is not trying to intimate that I was Minister of Agriculture when the sugar beet industry was closed in southwestern Ontario. I am sure he would not want to leave off the record that the province of Ontario saw fit to do the same thing, and did not take any part in it either at that time. I am sure he is also aware of the government that was in office at that time. I want to assure him that I will show him the reports that we have on the sugar beet plant at Taber and what they intend to do. They do not intend to curtail production but to run a more efficient operation and concentrate that operation in one of the more modern refineries. That is the report from the organization there. I must say that if sugar beet farmers in Alberta are discontinuing production it is not because they are getting a lower price than sugar beet farmers across the border in the United States because with our stabilization program they will be getting approximately $8 per ton more.

Mr. McKinley: Mr. Speaker, I think that excited the minister a little. If he believes what he is saying it seems to me that he has been more brainwashed by the sugar companies than I thought was ever possible.

REQUEST FOR ACTION TO CURTAIL SUGAR IMPORTS

Mr. Ken Hurlburt (Lethbridge): Mr. Speaker, I have a supplementary question for the Minister of Agriculture. In light of the fact that we only produce 11 per cent of domestic requirements of sugar, in light of the fact that beef importers have been asking for a meat import law for three years and that this is all it would take to save the sugar industry, would the minister assure the House that this situation will receive immediate attention?

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, the hon. member knows full well that we never produced our total requirement of sugar in Canada and, in fact, produced only about 15 per cent of our total needs from sugar beet. I am sure he also knows that we can produce sugar today from maize or corn. Corn sweetener plants are producing a tremendous amount of sugar in the United States. We have had meetings with companies to consider doing that kind of thing. I am sure the hon. member for Huron is also aware of that, as are members of the government of Ontario, who are strong proponents of that kind of plan.

[Mr. McKinley.]

ENVIRONMENTAL AFFAIRS

SPRUCE BUDWORM CONTROL—GOVERNMENT ACTION

Mr. Eymard Corbin (Madawaska-Victoria): Mr. Speaker, my question is for the soft spoken Minister of State (Environment). Beyond and above what has been announced in past months can the minister tell the House whether we can look forward to an even more aggressive federal policy next spring to wage total warfare against the spruce budworm by the use of environmentally acceptable methods and improved coordination of efforts between the various domestic and United States jurisdictions in order to destroy those prolific little monsters that have been chewing away at 130 million acres of eastern forest, causing irreparable economic loss?

Hon. Len Marchand (Minister of State (Environment)): Mr. Speaker, I shall be issuing a press release in a few days relating to this particular subject. Essentially it will point out our continued support for spraying on a very limited and very strictly controlled basis. This is one of the most serious problems we have in the forest industry in this country. We are now concentrating a lot of our time and money on research in co-operation with the United States on a synthetic sex attractant which attracts—

Miss Bégin: What is it, Len?

Mr. Marchand: It is a synthetic attractant which affects the males so that they cannot find the females. Thus, the females would lay infertile eggs.

• (1442)

Mr. Speaker: With that kind of sneak preview I am sure the House can hardly wait for the minister's press release.

Some hon. Members: Oh, oh!

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MANPOWER

UNEMPLOYMENT IN ATLANTIC REGION—GOVERNMENT ACTION

Mr. Andy Hogan (Cape Breton-East Richmond): Mr. Speaker, as a celibate I find it hard to compete against the answer which has just been given by the minister. But since the Minister of Regional Economic Expansion is not in his place today I wish to address a serious question to the Minister of Employment and Immigration. The recent special study by the Atlantic Provinces Economic Council has confirmed the belief long held by many of us that long term unemployment in the Atlantic region is much higher than is indicated by the monthly figures of Statistics Canada. The study describes its findings as startling. Would the minister tell us what his department in co-operation with the Department of Regional Economic Expansion, intends to do about this deepening crisis of unemployment in the Atlantic region?

Hon. Bud Cullen (Minister of Employment and Immigration): I met with the four ministers from the Atlantic region to discuss, among other things, this very problem—long term employment and the possibility of improving the prospect through programs aimed—I hardly dare mention the word—at cleaning up of the spruce budworm and the Gull Island development, projects which might give an impetus to long term employment in the region.

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RESOURCES

OPENING OF NEW COAL MINE IN CAPE BRETON—GOVERNMENT POSITION

Mr. Andy Hogan (Cape Breton-East Richmond): Since the minister did not mention the coal industry in Cape Breton I would direct my supplementary to the Minister of Energy, Mines and Resources. For more than a year and a half, now, the energy development branch of the hon. gentleman's department has had in its possession a special consultants' study which suggests that by opening a new coal mine the Cape Breton Development Corporation could provide between one and a half and two million tons of coal for heavy industries in southern Quebec. The study shows that this Cape Breton coal could displace between six million and eight million barrels of heavy oil now imported at an annual cost of some $800 million. Would the minister not agree that it is to the advantage of Canada, of Quebec and of the unemployed in Cape Breton to replace a portion of the oil we presently import with Cape Breton coal and to do so as quickly as possible?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Yes, Mr. Speaker, I certainly agree with that objective. It is the objective of the government of Canada. I am impressed by the figures, as is the hon. member, and I will take the opportunity next week when I meet with the energy ministers of all provinces, including the provinces of Nova Scotia and Quebec, to bring those figures to their attention.

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MANPOWER

LAY-OFFS AT LABRADOR LINERBOARD MILL—GOVERNMENT ACTION TO ALLEVIATE EFFECTS

Mr. Jack Marshall (Humber-St. George's-St. Barbe): Mr. Speaker, my question is for the Minister of Employment and Immigration who is aware of the drastic effects of the closure of the Labrador linerboard mill in Newfoundland. Little or nothing has been done to find alternative employment for those who have been laid off. The minister told us a couple of months ago that his officials were dealing with the matter. Have they done so? What progress has been made? Has there been any consultation with the Province of Newfoundland with regard to the rehabilitation of the industry or finding alternative employment for those laid off?

Hon. Bud Cullen (Minister of Employment and Immigration): As the hon. member knows, our officials were on the spot. We indicated that all the resources of the department were available to those affected, both the mobility grant and the retraining program, if that should prove beneficial. In addition, we indicated that the emergency response of the Canada Works program might be available—it is premature to talk about that yet because the company did agree to pay a certain salary up to a certain point so there has been no interruption of earnings. But should such a situation arise before individuals are able to find new employment we shall, in all probability, be able to take advantage of the emergency response feature of the Canada Works program as further assistance.

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FISHERIES

PURPOSE OF MINISTER'S TRIP TO NOVA SCOTIA

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, my question is directed to the Minister of Fisheries. The minister is planning to go to Halifax tomorrow and according to today's Halifax *Chronicle-Herald* he will not be discussing the international boundaries issue, he will not be discussing the provincial development plans for the fisheries, and he will not be meeting with his provincial counterpart, Dr. Reid. Is the minister planning to give up his portfolio? What will he be discussing if he will not be discussing any of the urgent problems which face our fishermen in Atlantic Canada today.

Hon. Roméo LeBlanc (Minister of Fisheries): I shall not be meeting Dr. Reid because I had a very good meeting with him about three weeks ago and I do not think anything new has come up since then. International boundaries are the subject of negotiation now and everybody is quite familiar with the situation. In fact, Mr. Cadieux and his colleague, Dr. Shepard will be in Nova Scotia meeting with the provincial authorities to make sure we are all on the same wavelength. But I shall be concerning myself with the most important part of my portfolio which is the process of ongoing, effective consultation with the fishermen and working with them to solve the problem they have on a day to day basis. I have done this in other areas of the country and I intend to continue doing it.

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NATIONAL HARBOURS BOARD

ALLEGATION ACTION IN ANTICIPATION OF PASSAGE OF LEGISLATION DAMAGING MORALE OF EMPLOYEES

Mr. Robert McCleave (Halifax-East Hants): Mr. Speaker, my question is addressed to the Minister of Transport. It arises out of the fact that the morale of an existing legal organization called the National Harbours Board of Canada has been absolutely devastated by operations within the minister's department in the course of which officials are acting as

though Bill C-6, the ports bill, was an act of this parliament rather than a presentation to it. I always thought that no one could anticipate that a law would be passed—that nothing could be done until all of us gave it our blessing. I ask the minister whether he will call a halt to an operation which is having a very serious effect on morale of those employed by the National Harbours Board.

Hon. Otto E. Lang (Minister of Transport): Inevitably, a proposal for changing a structure as important as the National Harbours Board and replacing it by a ports commission causes difficulties for those who are engaged in the ongoing operation. We are not, of course, prejudging the will of parliament or acting on the basis of the new rules which are comtemplated, but we are trying to prepare the way to ensure that the transition, when it takes place, is made as easy as possible.

Under the existing statutory authority we are carrying out preplanning wherever possible and indicating to people employed by the National Harbours Board the employment opportunities available to them in the proposed ports commission. If we are to make progress toward the establishment of the new commission we need this kind of preplanning and we are trying to do it with the least possible effect on the morale of employees.

Mr. McCleave: Since these people are being asked, in effect, to compete against themselves for their own jobs, I propose to develop this subject further during the adjournment debate.

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[*Translation*]

INDUSTRY

INQUIRY WHETHER GOVERNMENT INTENDS TO FAVOUR CONSTRUCTION IN CANADA OF TANKERS FOR LIQUEFIED NATURAL GAS

Mr. Rosaire Gendron (Rivière-du-Loup-Témiscouata): Mr. Speaker, my question is for the Minister of Energy, Mines and Resources. According to one of the partners in the Arctic gas consortium, two methane tankers costing $360 million are to be bought abroad. Does the minister intend to use his good offices, through inciting measures, financial or otherwise, and in cooperation with other departments concerned, to ensure that those tankers will be built in our Canadian shipyards which need it so much?

● (1452)

[*English*]

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, a number of important, and I think very imaginative, proposals are coming forward regarding the use of ice-strengthened tankers or the use of Arctic marine locomotives, that kind of equipment. If the promoters of these particular projects are to receive federal government assistance, including such assistance as shipbuilding subsidies, those vessels, of course, will have to be built in Canadian yards.

EXTERNAL AFFAIRS

PROPOSED FRANCOPHONE COMMONWEALTH—GOVERNMENT POSITION ON ATTITUDE OF FRANCE

Mr. Douglas Roche (Edmonton-Strathcona): Mr. Speaker, my question is directed to the Secretary of State for External Affairs. The statement by the government of France that it would not participate in a Francophone commonwealth that excludes Quebec raises the validity of a Francophone commonwealth in the first place. Is it the policy of the Canadian government that such a Francophone commonwealth is needed and will be proceeded with and, if so, on what grounds; and have consultations taken place with the government of France on this subject?

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, the concept of a summit of Francophone heads of government, as the hon. gentleman knows, is not a new one; it was advanced I think originally by the Canadian Prime Minister some years ago. It has, of course, also been discussed in various capitals and with visitors to Canada by a number of us in recent times.

In so far as the French government's statement is concerned, I think the proposal for a heads of government meeting, which is the basis on which this matter has always been advanced, would mean precisely what it says, namely that it would be heads of government, heads of state, who would meet. Therefore, the issue of provincial participation in that context does not arise.

PROPOSED ANNUAL MEETINGS BETWEEN FRANCE AND QUEBEC—GOVERNMENT POSITION

Mr. Douglas Roche (Edmonton-Strathcona): A supplementary question, Mr. Speaker. The Minister of Supply and Services said this week that France is interfering in Canadian internal affairs with respect to Quebec participation in such a commonwealth. Has the Secretary of State for External Affairs yet consulted with the French government concerning the communiqué issued at the conclusion of the visit of Premier Lévesque to France a few weeks ago, which called for substantive annual meetings between Quebec and France; and, if so, will such meetings involve a review of the relationship between Canada and France?

Hon. Donald C. Jamieson (Secretary of State for External Affairs): With respect, Mr. Speaker, the question is hypothetical. In so far as no such meetings are planned, to the best of my knowledge, in terms of any agenda or anything of that nature, I answered at the time the visit of Premier Lévesque took place that Canada had no objection to a meeting between, let us say in this case, the Prime Minister of France and the Premier of Quebec provided such meeting was held within the standard framework of such encounters. In other words, we certainly do not want to inhibit any exchange of views between premiers and prime ministers or any others. Since that time we have made inquiries of the government of France as to the framework within which they would contemplate such

exchanges taking place, but to date no formal answer from France has been received.

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PUBLIC SERVICE EMPLOYMENT ACT

DATE OF INTRODUCTION OF AMENDMENTS

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, I have a question I should like to put to the President of the Treasury Board respecting amendments to the Public Service Employment Act. In view of a letter from the chairman of the Public Service Commission over one year ago indicating that amendments would be forthcoming, and in view of the importance but lack of clarity of section 32 of that statute dealing with the right of public servants to engage in political activities, would the minister tell me, firstly, whether it is the intention of the government to make any changes to that section? If he could tell me what they were today I would be delighted, but if he would be affirmative in this respect, that would be sufficient. Secondly, could he also tell me if he knows when the amendments to this statute might be brought in, since they were promised over a year ago?

Hon. Robert K. Andras (President of the Treasury Board): Mr. Speaker, the hon. member is quite correct; there have been considerable discussions on that particular area of the act and the more detailed amendments to the act itself. I cannot give him a specific answer as to what the changes might or might not be at this stage because we have not finalized those discussions. Nor can I give him the precise date when any amendments might be introduced to the House, except to say we hope to do so in the not too distant future.

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EXTERNAL AFFAIRS

INVESTIGATION OF PAYMENT OF AGENT'S FEE BY ITALIMPIANTI—PROVISION OF INFORMATION BY GOVERNMENT

Mr. Allan Lawrence (Northumberland-Durham): Mr. Speaker, my question is for the Secretary of State for External Affairs. Now that the Prime Minister of Italy has graciously indicated that he will look further into the $2.5 million pay-off by AECL through an Italian firm, I wonder whether the Secretary of State for External Affairs would take the initiative in this matter by volunteering to the government of Italy all of the information on this matter which is in the hands of the government of Canada?

Hon. Donald C. Jamieson (Secretary of State for External Affairs): As a preliminary, Mr. Speaker, may I say I agree that the Prime Minister of Italy was very gracious. It is too bad the hon. member did not learn a few lessons from him.

Some hon. Members: Hear, hear!

Mr. Jamieson: I am not sure if there is anything further that we could make available to the government of Italy but I will look into that. If the hon. member has some suggestions as to other documentation we might supply I would be glad to hear from him, and to act on the recommendation of the public accounts committee, as I think I have up to now.

Mr. Lawrence: Mr. Speaker, my supplementary question in relation to that very gracious reply of the minister is simply to suggest to him that since I gather the RCMP investigation into this matter has also hit a brick wall, perhaps the minister would take it upon himself to find out if that information could be turned over to the government of Italy; and, by the way, perhaps it could also be turned over to the public accounts committee.

Mr. Jamieson: I will be glad to look into that, Mr. Speaker.

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AGRICULTURE

ADOPTION OF TARIFF BOARD POSITION DURING GATT NEGOTIATIONS—REQUEST FOR GUARANTEE INDUSTRY INTERESTS PROTECTED

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, I have some supplementary questions for the Minister of Agriculture arising out of his failure to respond to some questions asked by some of my colleagues earlier. I should make it clear that the questions are capable of a yes or no answer. We will have to see whether the minister is. I should like to ask the minister whether the tariff board recommendations on horticulture will be reflected in Canada's negotiations at GATT: yes or no?

Hon. E. F. Whelan (Minister of Agriculture): Yes.

Mr. Clark: A supplementary question, Mr. Speaker. We all recognize that brevity is as difficult for the minister as a direct answer. Let me try him with another question which is also capable of a yes or no answer. Will the minister now give the House of Commons a guarantee that Canadian agricultural interests will not be further traded off in the current round of GATT negotiations: yes or no?

Mr. Whelan: Mr. Speaker, anyone who knows this Minister of Agriculture knows that he does not intend to trade off anything unless he gets proper compensation.

Some hon. Members: Hear, hear!

Mr. Clark: A final supplementary question, Mr. Speaker. With respect to the minister, would he answer my question yes or no. Would he give the House a guarantee that Canadian agricultural interests will not be further traded off in the current round of GATT negotiations: yes or no?

TRANSPORT

EFFECT OF FREIGHT RATES ON RAPESEED CRUSHING PLANTS—GOVERNMENT ACTION

Mr. Les Benjamin (Regina-Lake Centre): Mr. Speaker, I have a question I should like to direct to the Minister of Transport. In spite of the funds which he made available to the rapeseed crushing industry, the industry is losing substantial sums of money, mainly due to inequities and anomalies of the freight rates system and competition with foreign imported vegetable oils in the central Canadian market. Would the minister advise whether he is taking any immediate action to correct the very serious situation of those plants?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, we are constantly in touch with the rapeseed crushers in Canada. I think they very much appreciate the millions of dollars that we have been paying to make sure that they will not have to pay freight rates above the levels which were in effect at the time of the freeze in 1973. I think the statement of the hon. member regarding their all losing money is itself an error.

● (1502)

Mr. Benjamin: Mr. Speaker, perhaps the minister does not know that the processing plants at Saskatoon and Lloydminster are reporting substantial losses, at least as of yesterday. Since the Hall Commission has made a thorough investigation of the problems and the opportunities facing western rapeseed crushers, and followed that with several specific recommendations including one concerning the matter of statutory grain rates applying to rapeseed and rapeseed products, will the minister now assure the House that he will in fact implement the recommendations of the Hall Royal Commission regarding rapeseed and rapeseed products?

Mr. Lang: Mr. Speaker, I believe the hon. member knows that we are acting very vigorously to work toward the objectives and to implement the recommendations of the Hall Commission. We have as a very first initiative, within months after that commission report, obtained $100 million of new money for the branch line rehabilitation program. We have added additional money to the rapeseed rate program, and this is very concrete evidence, at this time of fiscal restraint, of this government's attitude in favour of our grain farmers in the west, which they out there understand.

* * *

BUSINESS OF THE HOUSE

WEEKLY STATEMENT

Mr. Baker (Grenville-Carleton): Mr. Speaker, I should like to ask the regular business question of the government House leader. What are his intentions, from the point of view of government business, for the balance of this week and next week? Does he intend to answer today, or make some comment, in respect of the question of privilege I raised dealing with the judgment of Mr. Justice Evans? Could he, specifically, enlighten the House further regarding when the proposed legislation amending the Public Service Employment Act will be forthcoming? Finally, I would ask whether he would designate next Tuesday as an allotted day?

Mr. MacEachen: Mr. Speaker, in reply to the hon. member, it is possible for me to designate next Tuesday and, if agreeable, Friday as designated days for the opposition. It is not possible for me to say when the Public Service Employment Act amendments will be brought forward. The business for the next period will be, of course, the continuation of the bill respecting the Income Tax Act for second reading and committee stage.

I would re-establish the list of itemsmentioned last Thursday by my parliamentary secretary, except to say that it would be my wish, if possible, to call second reading and reference to the standing committee of Bill C-8, if that is agreeable, earlier than the other items.

In reply to the question of privilege mentioned by the hon. member, it is possible for me to make that response today, if that is the wish of the House. I had thought that because the income tax bill is under a time allocation, it might be the desire to wait until that was over. I could do that on Monday, if that was equally agreeable, or today.

Mr. Baker (Grenville-Carleton): Mr. Speaker, I think my friend put a queson to me. First, so I understand what he said about Friday as being an opposition day, let me make it clear that he intended that to be a week from tomorrow for the second designated day. On the matter involving the question of privilege, it is rather important and I think the House would be grateful if the hon. gentleman would make his submission or statement today in respect of that matter.

Some hon. Members: Hear, hear!

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, may I put a question of House business to the government House leader? As he knows, when he was away we on this side missed him and things on his side got a little out of hand. One item that went awry had to do with Heritage Day. As the minister knows, during the last session there was a government bill which would have provided for Heritage Day as well as for certain other holiday changes. We were led to believe, in response to many questions of mine, that this matter would be dealt with in time for Heritage Day to be celebrated in February, 1978. In view of an unfortunate statement that one of his colleagues made—namely, that the idea had been dropped—may I ask the minister whether reconsideration is being given to the establishment of Heritage Day in English, French and Gaelic?

Mr. MacEachen: Mr. Speaker, the answer to the first two parts is "no."

PRIVILEGE

MR. CROUSE—FISHERIES—REPLY OF MINISTER

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, I rise on a question of privilege relating to a reply to me by the Minister of Fisheries who is planning to go to Nova Scotia tomorrow, as he stated, to discuss problems relating to our fishing industry. Yet, prior to his trip to Nova Scotia, the press has indicated that already his department plans to cut the haddock quota in southwestern Nova Scotia by 2,500 metric tons.

I submit to you, sir, that my question related to that statement, and I would simply like to ask the Secretary of State for External Affairs, as this is a matter which will vitally affect the income of many of our Atlantic province fishermen, especially those in Nova Scotia—and this comes under the purview of the minister in that his department is at the present time negotiating with the United States in respect of the ownership of the area where these fish are to be caught—whether he would look into this matter to see if some way could be achieved of obtaining joint sharing of the fisheries resources in that area so that cuts of this type, which have a disastrous economic effect upon our people, are not necessary? Would the minister look into that aspect of the entire fisheries problem?

Mr. Speaker: Order, please. Of course, it would be improper to permit any further discussion of that point. The hon. member for South Shore raises, by way of a question of privilege, the fact that he was entitled to ask only one question today. I think I should say, in respect of all members at this time, that they will have observed over the last few days that I have been admonishing members of the House to avoid lengthy preambles and lengthy answers in order to try to remedy the situation which developed in the early part of this session; that is, we have not been getting a very widespread sharing of the question period by hon. members. I have taken, in conjunction with that, a rather sterner line in respect of questions and supplementaries. In fact, over the last couple of days I have found it more normal to keep hon. members to one supplementary, and only on occasion—when it seemed fully warranted—to allow an extra supplementary. This seems to have achieved a greater sharing of the question period.

I would today, in fact, suggest to the hon. member that if his point really concerns the quotas he is talking about, involving the Secretary of State for External Affairs, it might be easier, or more direct, if instead of the preamble by way of talking about the Minister of Fisheries trip to the east coast, the hon. member had put it directly to the Secretary of State for External Affairs on that point. Then perhaps a supplementary question would have been warranted.

I think we have all had the tendency of feeling that perhaps a long build-up was necessary to a question to make it effective. I suggest that all hon. members might be wise to consider that we would do better in sharing the question period if we all tried to come to the point more quickly. I propose to do my part in that respect by continuing what I have done in the last few days, which is to take a harder line in regard to

both questions and answers. I have been discouraging both lengthy preambles and long answers in the hope that exactly what has been achieved over the last couple of days would be achieved, and instead of having something in the region of a dozen members we have been hearing from, it would be closer to 20, which make for a more satisfactory question period.

ROUTINE PROCEEDINGS

[*English*]

EXTERNAL AFFAIRS

TABLING OF ITALO-CANADIAN SOCIAL SECURITY AGREEMENTS

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, I should like to table a document.

Mr. Nowlan: In what capacity is the minister speaking—as the Secretary of State, or as the minister for external aid?

Some hon. Members: Order.

Mr. Jamieson: Mr. Speaker, I am speaking as Secretary of State for External Affairs. I wonder what capacity the hon. member is in today—if not incapacitated!

Some hon. Members: Oh, oh!

Mr. Jamieson: Mr. Speaker, with the consent of the House—

An hon. Member: What about the $6 million in aid?

Mr. Jamieson: With the consent of the House, and with the request that the hon. member shut his $6 million mouth, I would ask—

Some hon. Members: Oh, oh!

An hon. Member: What about your $6 million ego?

Mr. Speaker: Order, please. I did not think the tabling of documents was so complicated.

Mr. Jamieson: Mr. Speaker, in view of the hon. member's mood today, he would make an argument on the Ten Commandments? With the consent of the House, I should like to table documents concerning the Italo-Canadian Social Security Agreements.

* * *

NUCLEAR CONTROL AND ADMINISTRATION ACT

MEASURE TO PROVIDE FOR REGULATION OF NUCLEAR ENERGY

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources) moved for leave to introduce Bill C-14, to provide for the regulation, control and supervision of the development,

production, use and application of nuclear energy and matters related thereto.

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

* * *

● (1512)

[*Translation*]

QUESTIONS ON THE ORDER PAPER

Mr. Yvon Pinard (Parliamentary Secretary to President of the Privy Council): I ask, Mr. Speaker, that all questions be allowed to stand.

Mr. Speaker: Does the House agree?

Some hon. Members: Agreed.

* * *

[*English*]

PRIVILEGE

MR. WALTER BAKER—JUDGMENT OF SUPREME COURT OF ONTARIO ON RIGHTS OF MEMBERS OF PARLIAMENT

Hon. Allan J. MacEachen (Deputy Prime Minister): Mr. Speaker, I rise in response to the commitment made by my colleague, the hon. Minister of Justice, that I might make some comments on the question of privilege raised by the hon. member for Grenville-Carleton. I should like to read the motion the hon. member said he would be prepared to move should a prima facie breach of privilege be found. The proposed motion reads as follows:

That the portions of the judgment of Chief Justice Evans of the Supreme Court of Ontario, given November 9, 1977, which appeared to restrict the rights of members of parliament to full and accurate reporting in the press, be referred to the Standing Committee on Privileges and Elections.

Many important points were made in the discussion on this question, but the hon. member for Grenville-Carleton has done the House a service by focusing what in his view is the essence of the question of privilege, namely, what may appear to restrict the rights of members of parliament to full and accurate reporting in the press.

I have read the judgment, and while I agree with the hon. member that concerns which have been raised are valid and ought to be kept to the forefront at all times, I can find nothing that suggests to me even a prima facie case for a breach of privilege. Chief Justice Evans seems to make it clear early in his judgment that no one, in fact, has been charged with any breach of any regulation. Therefore, it is merely an academic exercise to contemplate whether at some time in the future there may or may not be a breach of privilege. A prima facie case of privilege must exist, in reality, in a concrete instance and not in some potential event which may occur in the future. No one has alleged any specific instance in which the privileges of the House, or those of any member of the House, have been abridged or violated.

[Mr. Gillespie.]

With regard to the matters then before Chief Justice Evans, he states the following:

The role of the court is not to grant absolution before sinning nor to deal with academic issues.

If the court is unable to absolve before the committing of sin, and has no opportunity to deal with academic issues, certainly it is not for the House of Commons to deal with a matter that has not yet arisen. I should like to quote from page 42 of the judgment, where we find a paragraph that seems to capsulize the cause of concern of some hon. members. It reads as follows:

Following the authorities set out above, I have come to the conclusion that a member of parliament may utilize information proscribed by regulation 76-644 in parliament and may release that information to the media. However, I hold that the privileges of the member cannot be extended to protect the media if they choose to release the information to the public. Nor do I consider that the "real" and "essential" functions of a member include a duty or right to release information to constituents. The cases indicate that the privilege is finite and I would not be justified in extending the privilege to cover information released to constituents.

Perhaps we ought to consider what this paragraph means in light of our understanding of parliamentary privilege. Every authority—Erskine, May, Beauchesne and Bourinot—points out that privilege, as it applies to individual members, is ancillary to their role as a member of the house and not as individual persons. We, as individuals, have no privileges. We have these privileges because we are members of the House of Commons, and these privileges are ancillary to the roles we hold as members of the House of Commons. In other words, a breach of privilege occurs only when a member is impeded in the performance of his duty, not as a citizen or a politician but as a constituent part of the House. It is not the member who holds the privilege; it is the House. As a functional part of the House, the member enjoys certain rights and immunities. In his judgment, Chief Justice Evans recognizes this explicitly.

Part of the privileges of the House includes the requirement that any published report of its proceedings be faithful, balanced and accurate. In order to assist the media in meeting this standard, parliament long ago enacted sections 7, 8 and 9 of the Senate and House of Commons Act which extend to the media immunities enjoyed by members in the execution of their duties in parliament.

I draw to the attention of the hon. member for Grenville-Carleton and to the House that the possible danger of restricting the rights of members of parliament to full and accurate reporting in the media is already safeguarded by sections 7, 8 and 9 of the Senate and House of Commons Act, because these sections extend to the media the immunities which members enjoy in the execution of their duties in parliament.

Personally, I fail to see how—even in the realm of possibility—the transmission of what members say or, as the hon. member puts it, their right to full and accurate reporting in the press, could be abridged in any way in light of the provisions of the Senate and House of Commons Act, sections 7, 8 and 9. Of course, these immunities which the media enjoy have been supported by the courts and by parliament in the past. Certainly, in the case before us no reporter, no publisher and no

broadcaster has been charged with any offence. No member of parliament has been able to say he certainly has been impeded in having himself fully and accurately reported in the press, which is the essence of the hon. member's question of privilege.

Mr. Stevens: That is not true.

Mr. MacEachen: While each House of parliament reserves for itself the right to adjudicate questions of privilege, the courts also regard parliamentary privilege as part of the law of the land. I should like to quote from Erskine May's nineteenth edition, page 201, which reads as follows:

On the other hand, the courts regard the privileges of parliament as part of the law of the land, of which they are bound to take judicial notice. They consider it their duty to decide any question of privilege arising directly or indirectly in a case which falls within their jurisdiction, and to decide it according to their own interpretation of the law.

The decisions of the courts are not accepted as binding by the House on matters of privilege, nor the decisions of the House by the courts.

● (1522)

This statement supports the age-old dichotomy that there are, at any given point in time, two doctrines of privilege, one held by the court and the other held by either House. Erskine May goes on to say:

In practice, however, there is a wide field of agreement on the nature and principles of privilege in spite of the apparent deadlock on the question of jurisdiction.

(1) It seems to be recognized that, for the purpose of adjudicating on questions of privilege, neither House is by itself entitled to claim the supremacy over the ordinary courts of justice which was enjoyed by the undivided high court of parliament.

I believe it is important to establish, if I may enter my own comment within the quotation, that a House undivided or parliament undivided is unable to claim supremacy in the field of privilege, according to Erskine May. I believe that what I am saying is relevant to what I may say later on. Erskine May goes on to say:

The supremacy of parliament, consisting of the sovereign and the two Houses, is a legislative supremacy which has nothing to do with the privilege jurisdiction of either House acting singly.

(2) It is admitted by both Houses that, since neither House can by itself add to the law, neither House can by its own declaration create a new privilege. This implies that privilege is objective and its extent ascertainable, and reinforces the doctrine that it is known by the courts.

I make the point, and draw upon Erskine May, to establish the fact that there can be a distinction between the privilege as seen by a court and privilege as seen by parliament in what I have described as an age-old dichotomy. But coming to this particular case, I argue that it is not the obligation of Mr. Speaker, nor is it the obligation of the House of Commons, to deal with academic or abstract issues—

Mr. Stevens: It is not academic, nor is it abstract.

Mr. MacEachen: —because in this case there is no evidence—

Mr. Stevens: You just were not here.

Mr. MacEachen: —that the privilege of any member of parliament has been abridged—

Mr. Stevens: Mine was.

Mr. MacEachen: Nor have charges or lawsuits of any kind occurred and, in my judgment, there is no prime facia case—

Mr. Stevens: What a cover-up.

Mr. MacEachen: —that the privileges of any hon. member have been abridged.

Mr. Stevens: Mine have.

Mr. MacEachen: The hon. member may have had his activities abridged, but I do not believe he has in any way been impeded in his performance as a member of the House of Commons.

Mr. Stevens: That is your opinion.

Mr. MacEachen: That is my opinion, and I have seen no evidence that any member has been impeded in the performance of his duties. But I should remind the hon. member that we have a specific motion before us. The House is asked to deal with the motion in which the hon. member says to us that there is a possibility that a restriction can occur on the accurate reporting of what a member of parliament says. That is what is in the motion that we are asked to deal with, the portions of the judgment of Chief Justice Evans of the Supreme Court of Ontario given in November of 1977 which appear to restrict the rights of members of parliament to full and accurate reporting in the press. That is the essence of the case put forward in the motion. I am not dealing with all the words that may have been said; I am dealing with the motion which says that there is an appearance that the right of members of parliament to full and accurate reporting in the press is restricted. Has anything of that nature occurred?

Mr. Stevens: Yes.

Mr. MacEachen: I say to the hon. member that he should look—

Mr. Stevens: Refer it to the committee, and we will tell you.

Mr. MacEachen: —at the relevant sections of the Senate and House of Commons Act which extend to the media the immunities that are enjoyed by members of parliament, provided the accounts are faithful, accurate and objective, so that the privilege which I enjoy of speaking in the House of Commons is extended to the media through the provisions of the Senate and House of Commons Act.

Mr. Stevens: Mr. Justice Evans says you are wrong.

Mr. MacEachen: I am not dealing with what Mr. Justice Evans has put forward; I am dealing with the motion which has been suggested as a basis for the question of privilege, because this is the particular motion that the hon. member has

indicated to us he would move if a prime facia case of privilege was found.

If the motion were adopted, presumably the committee would be obliged to investigate what restrictions have occurred on the rights of members of parliament to full and accurate reporting in the press. That is what the committee would have to do. We have to establish that there is some basis to believe that a breach of privilege has occurred, namely, that in some way members have been denied full and accurate reporting in the press of what they have said in the House of Commons. That is the simple case as put in the motion—and I say there is no evidence whatsoever to support that any breach has occurred. I suggest that it is not the obligation of Mr. Speaker to deal with academic issues or with matters in the abstract which may occur as a result of some future development—

Mr. Stevens: That is the argument that got us into the present box.

Mr. MacEachen: —any more than it is the obligation of Mr. Chief Justice Evans to deal with matters in the abstract or academic issues.

So, basically, my argument is that we have no evidence of any breach of privilege in terms of the motion which the hon. member would put before the House for a vote if Mr. Speaker found a *prime facia* case of privilege—and I do not believe any evidence has been adduced to prove that any breach of privilege has occurred, because no member has been able to say that what I have said in the House has been prevented from being reported in the media.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, may I ask the minister a question before he sits down?

Mr. Speaker: Yes. I think we established clearly in the past that we can allow members only one opportunity to participate in these arguments, but I understand the hon. member for Winnipeg North Centre is not seeking an opportunity to participate, but simply wishes a clarification. He has the floor.

Mr. Knowles (Winnipeg North Centre): Quite frankly, Mr. Speaker, my purpose in rising is to seek clarification. Is the President of the Privy Council telling us that unless, or until, someone is interfered with we are to take it for granted that the privileges of this House stand—our privileges to discuss matters and to have our proceeding reported—and that we are therefore to ignore the *obiter dictum* of the Chief Justice?

● (1532)

Mr. MacEachen: Mr. Speaker, I am saying that in the past it has been the custom to demonstrate that a breach of some member's privilege has taken place, or that there is a *prima facie* case of that breach, and I do not find that in this case that has taken place. I am arguing within the terms of the motion which the hon. member for Grenville-Carleton would move if a *prima facie* case of privilege were found, and I believe it is logical to infer that this is the basis for a *prima facie* case of privilege and this is what we would be investigating. I go on to say that the possibility of a restriction of the rights of members to full and accurate reporting in the media is protected already by the Senate and House of Commons Act.

Mr. Knowles (Winnipeg North Centre): Notwithstanding the Chief Justice?

Mr. MacEachen: Well, it is the law.

Mr. Knowles (Winnipeg North Centre): Hear, hear!

Mr. MacEachen: That is my argument.

Mr. Stevens: Mr. Speaker, I wonder if I could also put a question to the President of the Privy Council following upon my colleague's question. We seem to have two laws to deal with. Does the government intend to appeal any portion of the judgment of Chief Justice Evans? Does the government intend to appeal any portion, or all of what his Lordship has held?

Mr. MacEachen: Mr. Speaker, I certainly do not want to be unco-operative with the hon. member. His question is a matter for the Minister of Justice. I have argued the question of privilege, and I have not discussed with the Minister of Justice whether he intends to take an appeal. I might add, if I may, that there is a possibility of an appeal. Presumably, the time for the expiration of launching an appeal has not yet come.

Mr. Stevens: Tomorrow is the last day.

Mr. MacEachen: If an appeal were launched, and if it were successful, we would indeed be dealing with an academic matter. It is a technical point, but an important point for a learned gentleman of the law such as Mr. Speaker.

Mr. McGrath: Mr. Speaker, very briefly, I submit that what concerns the House is the law as we know it and of course, as the minister has stated, it is the Senate and House of Commons Act which protects the privileges and rights of this House. What is at issue here is the interpretation of that law by a judge of the Supreme Court of Ontario.

Mr. Baker (Grenville-Carleton): Which is also part of the law.

Mr. McGrath: —which is also, as the hon. member for Grenville-Carleton interjects, part of the law. That is the issue here. I want to read, for the record again, that part of the judgment which says this:

> Nor do I consider that the "real" and "essential" functions of a member include a duty or right to release information to constituents. The cases indicate that the privilege is finite and would not be justified in extending the privilege to cover information released to constituents.

In previous rulings Your Honour has indicated, and rightly so, what is in fact a cherished and sacred tradition of this House, and that is the right of the press gallery to report to our constituents what goes on here. By the same token, a very important right of a member of this House is his right to deal with his constituents unencumbered and unrestricted. I submit that is what is at issue, and that is the substance of the motion

moved by the hon. member for Grenville-Carleton which I think should be read again for the record:

That the portions of the judgment of Chief Justice Evans of the Supreme Court of Ontario, given November 9, 1977, which appear to restrict the rights of members of parliament to full and accurate reporting in the press, be referred to the Standing Committee on Privileges and Elections.

I submit that it is the duty of a committee of this House to determine whether the rights of members of parliament have, in fact, been restricted by an interpretation of the law by Chief Justice Evans, and I submit that Your Honour should accept the motion and refer this matter to a committee of the House.

Mr. Andrew Brewin (Greenwood): Mr. Speaker, what I want to say has perhaps been said elaborately already by the President of the Privy Council. What I want to say is that I think judges have the right to make nonsensical *obiter dictum*—and this is precisely what this judge has done. I think what he says is clearly without any foundation: I think it is clearly wrong, and I propose that we disregard it entirely.

Mr. MacEachen: That is my argument.

Mr. Speaker: Order, please. I did give a preliminary indication of my—

Mr. Stevens: On a point of order, Mr. Speaker—

Mr. Speaker: Order, please. I will see the hon. member in a moment. I did give a preliminary indication of my reaction to the arguments which have been put forward in a very preliminary way to the relationship between this House and our power or right to determine the definition of our privileges in the given circumstances as opposed to that of the court. However, that was done only by way of a preliminary indication. I did indicate that after all the arguments were in, because of the importance of the matter and because I am sure that the House would want some clear and definitive statement as to where we stand in this matter, that I would reserve on the matter in an attempt to give my decisions on it on Monday.

Mr. Stevens: Mr. Speaker, my point of order is prompted by the comment made by the hon. member for Greenwood. I think it is grossly unfair for members of this House now to be reflecting on the judgment of the Chief Justice, bearing in mind that six members of this House went before the Chief Justice—because we felt we had no alternative because of certain rulings in this House—concerning our anxiety about the question we are now debating.

An hon. Member: You are reflecting on the Chair.

Mr. Stevens: I recall, for hon. members that the Prime Minister invited us to litigate this matter, which we did. We were faced with the type of reasoning the government House leader has indicated today, that it is all in the abstract, and we felt we had no alternative but to get a court adjudication as to what in fact are our privileges.

Frankly, I do not like the concept of trying something and, if it is found to be against the law, you are charged and you are on your own. Surely, the only prudent thing to do is to establish—and that is what Chief Justice Evans tried to do—what exactly are the privileges and rights of members of this House. To reflect now on that judgment is, I think, grossly unfair.

Mr. Speaker: Whether that may be or not, it certainly is not disorder for a member to comment on that judgment which has been brought into discussion. The Chief Justice is not a member of the House of Commons. No comment I know of could bring about disorder, unless perhaps it were to come from a minister outside the House. However, that is not the case here.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Speaker: Before proceeding with orders of the day I would inform the House, pursuant to Standing Order 40, that the questions to be raised on the adjournment motion at 6 p.m. are as follows: the hon. member for Fort William (Mr. McRae)—Transport—St. Lawrence Seaway—Possibility of public hearings on proposal to increase tolls; the hon. member for York-Simcoe (Mr. Stevens)—Energy—Uranium—Reason government acquiesced in cartel arrangements; the hon. member for Cape Breton-East Richmond (Mr. Hogan)—Energy—Oil—Suggested shortage by mid-1980s—Request for increased coal production in Nova Scotia.

GOVERNMENT ORDERS

[*English*]

INCOME TAX

MEASURE TO AMEND

The House resumed, from Tuesday, November 22, consideration of the motion of Mr. Chrétien that Bill C-11, to amend the statute law relating to income tax and to provide other authority for the raising of funds, be read the second time and referred to committee of the whole.

Mr. J. R. Holmes (Lambton-Kent): Mr. Speaker, I want to make a few observations in this debate. The economic ills which have plagued Canada for a decade and have dissipated the faith of Canadians in their hope for a secure future have been sadly ignored, misunderstood and miscalculated by the Minister of Finance (Mr. Chrétien) in presenting his mini-budget and the tax proposals presently before the House.

At a time when Canada desperately needs a strong and steady hand to guide our monetary and fiscal policies, and when we need a Minister of Finance with imagination and courage to restore confidence in Canada's future and to heal the malignancy destroying our economy, we are presented with a mini-budget and tax proposals that offer nothing but deficit, debt and despair. The Minister of Finance, in defending his position, adopted a well-known excuse, "I had no choice"—a phrase I must remind the House, which is commonly associated with individuals who know they have erred, who attempt to hide the truth and who offer no solutions.

● (1542)

Does no choice mean that workers in Sudbury, Ontario, or Thompson, Manitoba will have to drift aimlessly in a sea of economic uncertainty? Does it mean Ottawa will have to continue to borrow $23 of every $100 it spends? Does it mean the nearly one million unemployed, and in particular the youth of our country, have no hope for the future? Does it mean there is no hope for the declining dollar? Is the inference that we must sit idly by while it continues to deteriorate? Does it mean we are committed to a deficit of better than $8 billion this year, and similar deficits in the future? Does no choice imply the farmers in my area can expect to receive $1.50 a bushel for corn next year, or those on fixed incomes should prepare themselves for a further decrease in their standard of living because the Minister of Finance has conceded he cannot control inflation?

When the Minister of Finance indicated he had no choice, was he in fact stating government policy, namely, the government had erred, the government had attempted to conceal the truth from Canadians and had no solutions? Perhaps the gravity of the situation can best be summarized by quoting from an editorial appearing in the Toronto *Star* on November 9, 1977, which stated:

> Some strong medicine for Canada: Our economy is in grave trouble, one that finance minister Jean Chrétien's mini-budget of last month doesn't even begin to deal with. . . . It's not enough for Chrétien to call for confidence and rail that "the present wave of pessimism seems to have gone too far," as he did in his mini-budget last month. He can't talk the country back to prosperity; words won't create jobs.
>
> The problem for Canada, and the reason the country is in such an economic mess today, is that the country has lacked strong economic leadership in Ottawa for more than a decade. Economic policies have been based on wishful thinking, subordinated to the exigencies of election campaigns or, as in the case of an industrial strategy, simply allowed to flounder in the bowels of the bureaucracy.

Editorials on our economy are not confined within our geographical boundaries. Indeed, an article which appearing in the Wall Street *Journal* of October 3, 1977, entitled "The Canadian Dollar," stated in part:

> Canada isn't doing so well. It's economy has been tangled up by a government effort to apply compulsory wage and price controls for nearly two years. The experiment has been marked by strikes and a flagging growth in production. Foreign direct investment has dried up and inflation which those price and wage controls was supposed to cure, is currently at a higher level than in the United States.

[Mr. Holmes.]

It went on to say:

> While the nation's troubles are frequently attributed to the rise of the Quebec separatists, it would be more accurate to say that the rise of the Quebec separatists is closely related to the country's economic mismanagement.

The article created considerable excitement in Canada and uneasiness in Ottawa. However, the United States, the international community—and, unfortunately, many Canadians—have been slow in recognizing what many of us in Canada have known for several years. We have too much debt, too much unemployment, too much government spending, too much inflation, too little productivity, too little investment capital, too much talk, and too little action. When the Wall Street *Journal* editorialized that "it would be more accurate to say the rise of the Quebec separatists is closely related to the country's economic management," it was expressing a well-established truism, namely, that a weak economy stimulates division.

The breadwinners in Newfoundland, the maritimes, Quebec, Ontario, the prairies, British Columbia and the north are equally concerned about their present and future security, and the program introduced by the Minister of Finance does not create jobs, does not place food on the table and does not pay for the utilities and rent.

On March 16 this year, the Prime Minister (Mr. Trudeau) stated "Canadians are living beyond their means." Few in Canada can match the government's experience and record. In all but one of the last ten years, the federal government has run up a deficit on its accounts.

Federal debt obligations have nearly doubled, with a 99.7 per cent increase between 1966 and 1976, rising to a level of $42.2 billion, or approximately $1,800 for every man, woman and child in Canada. Since 1973 alone, federal securities outstanding have grown by 42 per cent. This excessive spending and living beyond our means has had two unfortunate effects. First, the burden of interest payments from this debt has created a large demand upon federal expenditures and, second, a significant proportion of this debt has been "monetized" by the Bank of Canada, thus increasing the supply of money—a major contributor to the cause of inflation.

Although federal debt outstanding has nearly doubled in the last ten years, the cost of servicing that debt has nearly quadrupled over the same period. Between 1966 and 1977 public debt charges have increased from $1.2 billion to $4.7 billion. Based on estimates of spending, public debt charges will total $5.4 billion in 1978, accounting for more than 13 per cent of federal budgetary expenditures. If Canadians are to live within their means, the example must be established by the federal government.

Canada's growing inability to compete with foreign countries and, in particular, our largest export market, the United States, has virtually produced a trade disaster. Our inability to price exports competitively has immediate consequences for our balance of payments. For example, the trade deficit in manufactured goods rose from less than $4 billion to more than $10 billion in the first half of the decade. The more serious consequences are the effects on Canadian living stand-

ards, jobs, and political independence. Some of the effects are obvious now, such as reduced surplus of merchandise trade, a weak and unstable dollar. Other effects that are just becoming apparent are unwillingness of Canadian exporters to expand production capacity and the movement of whole plants from Canada to the United States.

In recent years, Canada has been progressively shifting from a goods-producing economy to a society dominated by services. Although it would be incorrect to indicate all services do not create wealth, we cannot ignore the inescapable fact that innumerable programs depend on the tax dollars of the productive segment of society, or perhaps it would be more accurate to say those sectors which produce real wealth. Less than 3½ million of the 10 million Canadians who have jobs are employed in Canada's goods-producing sectors. Two million are employed in the manufacturing sector which is a smaller proportion of the work force than any of our major trading partners. There are 650,000 in construction, and about 800,000 in the primary resources industries. Canada's service sector now employs more than 6½ million Canadians. Of this number, approximately 2½ million work in government services, which is a higher proportion of the work force in government services than in Great Britain.

Let me emphasize that the growth in the service sector is a trend among industrialized countries which is accepted by the vast majority of people. I have no doubt those present in this chamber are sympathetic to programs which, for example, assist our senior citizens or those less fortunate individuals who are unable to provide for their own needs. The central issue, and the question that must be asked, is whether Canada can afford the innumerable services that are offered or contemplated. The evidence is quite clear—that Canada has and is attempting to support a higher level of services with a lower level of goods-producing activity than any of the major industrialized countries.

Not infrequently Sweden is used as the yardstick for comparative purposes when one is discussing social and economic problems, and one cannot escape the harsh reality that Sweden has a larger manufacturing sector and a smaller service sector than Canada. The effects of this imbalance are obvious. Canada has become less competitive. This imbalance has affected productivity, it has impaired our ability to provide capital for the creation of jobs in the private sector and, as I indicated earlier, it has affected our balance of trade, resulting in the largest trade deficit in our history. It has affected the confidence of Canadians with respect to future economic growth, as well as impairing our ability to control inflation.

● (1552)

Canada's emphasis on services of all kinds has meant not only that services have been absorbing a disproportionate share of investment capital that could be used more efficiently for productivity improvements, but the smaller, hard-pressed goods-producing sectors are not creating the wealth upon which present services can be maintained or upon which an expanded services sector must be based. The existing stagnation in the Canadian economy has prompted certain groups and individuals, depending on their perception or bias, to emphasize a particular symptom.

Excessive wage rates, decreased productivity, too many services, excessive government spending, corporate rip-offs, lack of business initiative, and a host of other factors have been espoused as the causes creating the present situation. However, it is apparent that Canada can no longer price its goods competitively for the international market and, in particular, for the United States. The anti-inflation program has not restored a competitive position. The federal government, by following an economic policy which can best be described as "good economics are bad politics, and good politics make poor economics", has no other strategy. Obviously, inflation must be brought under control, at least to a rate which is in line with our major competitors.

Mr. Speaker, if Canada is ever to become more than an exporter of raw resources, the manufacturers and processors must be able to price their goods to meet the requirements of our major trading partners. On February 20 of this year, Milton Friedman stated: "There is only one place inflation is made in Canada, and that's in Ottawa."

An hon. Member: Who is he?

Mr. Holmes: Although Mr. Friedman's remarks refer to his beliefs about the relationship—

An hon. Member: Who is he?

Mr. Holmes: I will answer the hon. member's question when I have finished. Although Mr. Friedman's remarks refer to his beliefs about the relationship between money and inflation, the statement is also appropriate for describing the lack of concern shown by the whole government sector over cost inflation within its own expenditures. When one indicates that a particular group within the economy is bearing the burden of inflation—the suggestion refers to a group which is either unwilling or unable to raise its own income to compensate for price increases of goods and services—then sir, if income does not grow as rapidly as prices, the amount purchased must decrease and in times of rapid and continuous price increases those living on fixed incomes bear the greatest burden of inflation. For example, someone who retired in 1970 with a fixed pension of, say, $6,000 would find in 1976 that that amount of money would purchase a 1970 equivalent of $3,917 in goods and services. If the $6,000, had been the sole source of income, that person's standard of living would have dropped by 35 per cent.

Many Canadians have suffered as a result of inflation and, at times, price increases have been resisted by consumers. For instance, a reduction in coffee consumption, the weak housing market in many cities, and the reduced sales of automobiles in 1975 all indicate that Canadians can be resistant to burdensome price increases. Superficially, government resembles Canadians in that they, too, are faced with higher costs. However, unlike Canadians, there is much less incentive for government to resist price increases, and its income is always

growing more rapidly. There is even less incentive for government, as the prospect of the need to borrow is not seen to deter spending. During the period between the third quarter of 1970 and the third quarter of 1976, government spending increased by 148 per cent. Although several reasons are advanced for increased government spending, one obvious explanation is the propensity for a public service to proliferate, once established, and the difficulty to terminate such a service.

One example may serve as an illustration. During examination of the estimates of Indian Affairs and Northern Development, we calculated that between $50 million to $75 million had been mismanaged by the Department of Indian Affairs and Northern Development in its handling of one program, namely, the Indian economic development fund. No one questioned the merits of the program and the necessity to develop an economic base in the Indian community which would promote greater self-sufficiency and less dependence on welfare programs. However, sir, the government's insistence to embark on grandiose projects has left in its wake many multi-million dollar projects which have gone bankrupt and the public perception that the Indian community has failed.

At least one reserve, the Millbrook band in Nova Scotia, has called for a public inquiry into the Abenaki Inn to clear their name. I have asked the Auditor General, under the new powers of the auditor general's act, to investigate the entire program and report his findings to the House of Commons. Mr. Speaker, this program is not an isolated finding, and I am convinced that if the various departments were forced to question and examine more carefully existing and future programs, millions of dollars would be saved or would be utilized far more effectively.

In the time remaining, I would like to briefly touch on two specfic issues. First of all, it will not surprise the minister or the government to learn that I have received considerable correspondence relating to the federal government's proposed changes for the taxation of life insurance. I have no doubt the minister's decision to withdraw the budget proposal which would have taxed a portion of life insurance proceeds payable at death was the direct result of the combined concern and effort of millions of policyholders across Canada. I know many of my constituents shared concern and voiced their objections to that particular part of the bill.

I was initially tempted to congratulate the minister for his announcement during the speech from the throne. However, at the risk of sounding ungrateful, I hesitated to do so for two reasons. First, I am persuaded to conclude that the minister's announcement was one of political expediency and he has yet to convince me, or the vast majority of policyholders in Canada, that the basic policy of this government, namely, the confiscation of the rights of a life insurance policyholder, has been altered.

There can be no doubt that the federal government, in deciding to tax policyholders to satisfy their insatiable needs and their appetite for additional monies, knew perfectly well they were confiscating the long-established rights of the individual policyholders. I would ask: Would the minister have withdrawn the budget proposal which would have taxed a portion of life insurance proceeds payable at death if public concern had not been voiced? I suggest the answer would have been "no". I ask again, sir, have the minister and the government altered their basic policy regarding the rights of the individual policyholder? Again, the answer is "no".

I would say to the minister, in all sincerity, that until such time as he rescinds the proposal to tax the policyholder at the time of taking out a policy loan, as well as rescinding his proposal to disallow the deduction of policy loan interest as an expense, he is infringing upon the rights of policyholders. As I indicated previously, the basic issue is that of the rights of individual policyholders who number approximately 12 million throughout Canada. If the minister recognizes those rights, his course of action is clear and the proposals will be rescinded. If the minister does not recognize this fundamental right and insists on retaining the proposals in the legislation, then he must be accountable, not only to my party but to the 12 million policyholders in Canada.

Finally, I wish to make a brief comment on the proposed $100 million for job creation. Even the most optimistic proponents of the plan recognize this will have a minuscule effect on the nation's unemployment rate, which is expected to top 10 per cent this winter.

It is not my intention to take issue with present government job-creation policy at this time which, on balance, has led to an ever-increasing demand for government supported social services and has done little to create permanent jobs. Rather I want briefly to refer to changes that should be promoted by Canada Manpower which would contribute immeasurably to increasing job opportunities.

During October of this year, James G. O'Neill, Jeannette Jackson, Cindy Merritt and Cheryl Stonefish, presented their findings on the status of skilled trades in Kent county, Ontario. The document was an in-depth study of skilled trades in Kent county, and despite a present unemployment rate which is fairly high they found there is an immediate need for over 300 skilled tradesmen and a projected need of approximately 2,700 for present and future vacancies. The implications of this are profound. Although a number of groups were mentioned as contributing to the problem, Canada Manpower was singled out. I quote from page 95 of that document, where it is stated:

● (1602)

The majority of respondents believe that Canada Manpower is a bureaucratic institution which is not in tune with small business and industry. Its effectiveness as a recruitment centre is diminishing and the agency is not promoting its programs or fulfilling its expectations. The numbers of young people looking for positions are not directed into apprenticeship programs which are available. Rather, it is the responsibility of the applicant to find his own position and then enrol in an apprenticeship. If Canada Manpower is to provide its anticipated function, it must become more responsive to the needs of its applicants and it must be aware of apprenticeship openings and make this information available. The services of Canada Manpower is supposed to be counselling and perhaps this aspect should be stressed. Too often an applicant must search out his own jobs and many applicants are unaware of available apprenticeships.

The point I wish to make is that the government should be giving top priority to imaginative, constructive studies such as

proposed by the authors I have mentioned, and sponsored, incidentally, by Mr. Ronald F. Moon, president of Local 127, UAW. I have no doubt that a commitment to such a project would produce permanent jobs for a far more appreciable portion of the labour force in my area.

Mr. Paul E. McRae (Fort William): Mr. Speaker, my remarks today will concern the whole topic of employment and unemployment, but first I should like to review three main points of a thesis I put forward in the debate on the speech from the throne which relate to unemployment but are more general in nature. I should like to place them in the context of the theme we are discussing today.

The points I made were these: There has been a quantum jump in the problems which governments throughout the world have been called upon to face in recent years. The inflation figure, at 1.5 per cent in the OECD countries over the last 100 years, has now risen to basically 5 per cent. Unemployment generally has become more acute. I referred to Sweden, where the rate would run at about 6 per cent if it were recorded in the same way as ours. Similar unemployment rates are faced by Japan and a number of other countries.

The second point I made was that economic and fiscal techniques usually employed Keynesian theories, and so on—are proving unsuccessful. Third, there is the new notion of shortages, particularly of energy shortages. I concluded we were probably at the end of an era dominated by the idea of growth, and that new ideas must be introduced. I did not say then, and I do not say now, that growth will not be a major concern in the economic sphere. But it will not be the only one. We shall have to take a fresh look at all the things we are doing. It is within this context, I believe that we must look at the whole issue of employment and unemployment.

A couple of weeks ago, on November 9 or 10, we are given the employment and unemployment figures for this country taken as of the week ending October 15. We saw, of course, that the adjusted rate of unemployment was 8.3 per cent and that the unadjusted rate was 7.3 per cent. One of the things we did not hear very much about was the fact that as of the end of that week there were 257,000 more Canadians working than had been working in the same week a year earlier. Little was said about the fact that in the month of August 10,260,000 Canadians were working—the largest work force in the history of this country.

A great deal of gloom has been cast on this whole employment question. Recognition is not being given to the fact that we are creating jobs in this country faster than in any of the OECD countries. The rate of job creation between October, 1976, and October, 1977, was 2.3 per cent, representing a significant achievement. The problem remains, of course, that in the same month 780,000 Canadians were shown as unemployed. Some would argue that the real figure is higher. It may be higher, or it may be lower, depending on how the question is phrased.

Two techniques have traditionally been used to deal with unemployment. The first is to offer increased incentives to business in an effort to encourage the creation of new jobs. This has been the method favoured by fairly right-wing Conservatives in the past. I do not label any of the parties in this House as such, because there are such wide swings in all our parties. Another method which is used—and it follows Keynesian theories closely—is to put more money into circulation by lowering income tax, or by other fiscal and monetary means, as a way of increasing demand. This has been, perhaps, the more progressive way of doing things and it is one which has worked, more or less, since the depression of the thirties.

In the budget introduced in the spring of this year, the government employed both methods. It laid out about $1.2 billion on incentives to business, and it laid out some money—not a very large amount—on the demand side. But in addition to the money laid out in the budget on the demand side, there was the income tax indexing provision which also has the effect of stimulating demand. In addition, there was the increase in old age pensions, and so on, bringing the total put into the demand side, as of January 1, to an amount in the neighbourhood of $2.2 billion. I am also including the effect of such programs as Canada Works. That sum is very close to the amount which the New Democratic Party feels should be spent on the demand side.

In the mini-budget which the Minister of Finance (Mr. Chrétien) produced a month ago, there was provision of a further $800 million or $900 million, and if we consider the indexing which will occur as of January 1, 1978, we arrive at a figure of $1.5 billion. So, in slightly over 12 months a sum of between $4 billion and $4.5 billion has been put into the demand side. I do not know how anyone can sit on the opposite side and say we have not tried to do something on the demand side. Do not forget that this is in addition to $1.2 billion which we put on the business incentives side, yet we have unemployment figures of 8.3 per cent adjusted and 7.3 per cent unadjusted. These figures will likely get worse through the winter months.

● (1612)

Mind you, there are very strong reasons why we have such high unemployment. In addition, the economy has some sluggish qualities in it. One is the fact that this year we will have something in the order of 300,000 more people coming into the work force, which is about five times the number coming into the work force in the fifties. The work force is growing at a much faster rate than any other country, and this presents us with some problems.

I should like to look at the demand techniques because I am concerned about them. As I say, we will probably put something in the order of $4 billion to $4½ billion into demand techniques by January 2, 1978. However, I would like to indicate that I do not think these techniques are working, and I do not think the solutions proposed by the opposition, particularly by the NDP, will be effective in any really significant way. I do not think that an extra $2¼ billion, as suggested by the NDP will create anything in the order of 300,000 jobs. I

just do not think this is a possibility, and I disagree with it entirely.

One reason I think it will not work is that the level of saving in this country has become very significant. We have had an unusual situation occurring over the last five years, where Canada leads the "Big Seven"—the summit group of members of the OECD countries, the United States, Great Britain, France, West Germany, Japan, Italy and Canada—with the largest increase in personal consumption expenditure of any of these nations namely, 6.5 per cent on average. At the same time, we have had the second largest increase in the household savings ration; the savings ratio has increased in only one other country, a very strange phenomenon.

The OECD group says the reason for this phenomenon is that we have created so many more jobs in this particular period, and therefore there is more income around to be distributed. I am concerned with the savings ratio itself, and I should like to give the House the definition of "personal savings" because I think it is important in terms of creating demand. According to Statistics Canada, personal savings are considered to be the residual amount after deducting personal expenditures on consumer goods and services and after deducting direct personal tax payments and other current transfers from total income.

It is interesting to note that in 1970 personal savings represented 5.3 per cent of personal disposable income in Canada. By 1976 that had grown to 9.5 per cent, close to double. As a matter of fact, in 1975 it did double—savings in 1976 were a little less. This presents a very serious problem when one seeks to use the demand method for increasing economic activity and creating jobs. The problem is that if you reduce personal income tax or other taxes, such as sales tax, one might be creating additional savings which, again, would be removed from the demand side, and we would not get the kind of results we expect.

There are other techniques which might be used to create employment. Certainly, direct work employment projects are being used by the government and there might very well be more of these projects. But I am not sure whether we can expect very much from these other areas. I hear a great deal particularly from all three opposition parties about industrial strategies, and I know there is a great deal of concern in the government about the whole notion of industrial strategy. But I do have some worry about this particular notion, especially since I see what is happening to Sweden, a country which has done a great deal in terms of industrial strategy. Sweden is one of those countries which has put its eggs into a few baskets, one of them being high quality steel and the bottom has more or less dropped out of the steel market. Thus, Sweden finds itself in great difficulty. I am not so sure at this particular point that the industrial strategy notion is going to be as effective as perhaps we hoped it might be. I do not say that we should not be considering it or that we should not look at other techniques alongside a new industrial strategy; but I do say that we should look at it with a great deal of care.

[Mr. McRae.]

I should like to talk about what I think will be one of the concerns for the future in terms of employment, given the fact that we will have continuing growth in the work force and that this country and most other countries are experiencing the same kind of problem. I think there will be much more interest in the future in the notion of work-sharing. What do I mean, Mr. Speaker, by work-sharing? I mean the simple technique of trying to adjust the number of jobs which are available, the useful work that needs to be done in this country, to the number of people available to do it. There seems to be a degree of equity in this kind of notion, in the sense that one group is not expected to do all the work, while the other group is never plugged-in to the job market but shares some of the benefits. In this way we have a degree of equity, and I think this is something we should look at very carefully.

I had an experience which I should like to relate to hon. members of the House in connection with work-sharing which I think illustrates the problem we are facing. As a former high school principal of a fairly medium-sized school of 1,200 students and 70 or 80 teachers during the early 1970's I had an experience which I think is worth relating. During the 1960s and up to about 1970 there was massive growth in the school systems of this country as a result of the great influx of young people coming into the schools. There was a great deal of upward mobility on the part of teachers because new schools were being opened. There were jobs for principals, vice-principals, department heads, and so on, and this led to a great dependence on upward mobility as a means of getting ahead, as a means of creating incentives.

Then all of a sudden, Mr. Speaker, within the space of about one year, all of this growth stopped. The number of young people coming into the schools was reduced considerably and the demand for teachers fell right off. We were left with a very frustrating situation, a situation of no growth which few other parts of society were experiencing—and, as I say, a great many frustrations flowed from this. I think one of the causes of a lot of stress in the academic field to the dissatisfaction of teachers in the last four or five years, certainly in high schools and elementary schools, stems from this lack of growth, this lack of upward mobility on the part of teachers. I lived through a year or so of this, and I was very concerned about the possible effect in this particular scene. Therefore, we looked at several ways in which we might ameliorate this situation. There are many techniques that could be used, and we tried a couple. There were some which we advocated but we were not very successful in the achieved results.

● (1622)

One technique involved early retirement. It seemed a reasonable proposition that at a certain point those who wanted to retire early should be allowed to do so, and some incentive could be added to encourage this kind of thing. The second technique was phased retirement, and in terms of the school system phased retirement refers to a person perhaps teaching half a day or assuming half a teaching load for three periods instead of six periods a day. There would be some kind of pairing with another person doing the same kind of thing.

The third technique had to do with pairing itself. In this case, you might possibly have two people on the staff who only wanted to work part-time. It might involve a married woman who wanted to be at home more and in this way she was able to pair with some other person doing the same kind of thing. It is very interesting to note that where this pairing has been done—and there are some statistics on this—the school, or wherever it was done, benefited considerably in that it received more than 50 per cent of the work from each of the individuals forming the pair. Therefore, this worked very successfully.

Another form of work-sharing is, of course, straight leave of absence. Another form, and one that interested me a great deal, was the notion of sabbatical leave. A teacher could go on a sabbatical leave. His salary would be reduced. If he was at the top of his salary range and his salary was reduced to two-thirds, it would be very easy to hire a new teacher at the bottom level of the salary range to replace him for the remainder of that year. These were some of the techniques we looked at in respect of schools.

When I first came to parliament these ideas were fresh in my mind. While we have had no discussions about work-sharing until the last month or two, I have always been concerned and interested in the possibilities of using these techniques. Having done a little research on the subject, I find there is a great deal being done in terms of work-sharing in Europe at the present time, particularly in West Germany as well as in countries such as Japan. Instead of laying people off in a given industry because of economic fluctuations, attempts are made to share the work with employees working a six-hour day, or whatever is involved in the amount of sharing required. I found, also, that there is a considerable amount of work-sharing in parts of the United States, particularly in California. In all these areas there has been a considerable amount of success. One of the points I mentioned earlier is that people working shorter days are not less productive, but probably are more productive. You have work-sharing in the form of pairing with increased productivity on the part of the two people involved.

I am very interested in the efforts the federal government is making at the present time in this connection, particularly in the project at Bathurst, New Brunswick, involving the notion of work-sharing using the unemployment insurance fund. This is something well worth looking at. When considering the scene at Sudbury and the lay-offs at INCO and Falconbridge, I can fully understand the views of the labour movement rejecting, at least in the beginning, the whole notion of work-sharing, because it is in their own interests and in the interests of the community that the number of people involved in work-sharing be reduced considerably. It is possible to create other kinds of jobs and move people to other places like Elliot Lake or to the Syncrude project. This should be done in the first instance, of course.

However, at some point I believe there will be people laid off at Sudbury. I hope these lay-offs do not occur in carte blanche fashion or just in respect of new employees but, rather, that there is an element of work-sharing. If the situation is handled this way, it would be a good step forward. We could use the unemployment insurance fund to compensate a whole group of employees whose work is reduced, rather than having some employees laid off completely and drawing unemployment insurance.

One of the advantages of work-sharing is that there is leisure time available. A miner who works only four days a week would have much more leisure time. This probably would be of great value to many people. In terms of the INCO situation, I would like to see the government at some later point, not right now, make an inquiry among those employees and, for that matter, employees all across the country, to determine how many would voluntarily choose some form of work sharing with a reduced work week or a reduced hourly day. I am sure we would find, as a result of a canvass that many people would accept this on a voluntary basis, thus creating many job openings in the country. I am sure that many people working five days a week or 40 hours a week would voluntarily accept a shorter work week or a shorter work day. In this way, we would have a number of jobs filled by other people.

This is a slight divergence, but I must say I am disturbed at the statements about the INCO situation in relation to EDC funds being used to create sales of mining equipment to update mines in other parts of the world. This is of my concern because I am sure that in my community of Thunder Bay the same attitude would not obtain. In the last two or three years, to my knowledge, we have had two very sizeable orders placed with Canada Car, both funded by EDC: one was for Poland and involved tree farmers for the woods industry in that country, and one involved Mexico and the purchase of rail cars. Each of these orders could in some way eventually create competition for Canadian industries, I suppose, but we will also find that as these countries become more industrialized, they will be in a position to purchase more of the sophisticated technology we are to produce. I think it is a great mistake to criticize this kind of thing. Somebody else would have done it, of course, but these particular orders which amounted to somewhere in the neighbourhood of $100 million have had a significant effect on our community.

The government should seriously consider this whole notion of work-sharing. It should undertake a study to determine how many people across the country would voluntarily accept this concept. Work-sharing should not be introduced on a compulsory basis, even at places like Sudbury where lay-offs are a fact, but should always be voluntary. The government would then know how many people would be willing to forgo some work time and some wages, because we are speaking basically in terms of the same hourly wage, but shorter hours or a shorter week, in favour of more leisure time in which to do the other things they would like.

● (1632)

There are many employees in various industries in this country, some of whom are blue-collar workers, who have a fair degree of savings. Perhaps some of these workers would

welcome this leisure time in order to do something else with that time. Many people have things going on the side. Many people have small farms, and so on: they would welcome the same kind of leisure time. Many Canadians are working 40 hours a week, punching the clock, and so on, in our industries. Some of them are very valuable people to their communities. We should adopt the idea which I refer to as the guaranteed annual role. That would enable people, who have something to contribute to their communities, to find the time to do so. These are some of the things which can happen if we had a voluntary survey.

There seems to be a concern, because we are sharing the work, that we are not doing anything to increase demand. I am not sure that is true. If a person was on a four-day voluntary week, his savings would be somewhat less, and therefore probably he would spend a higher portion of his income than otherwise. Actually, that may generate more demand even though we are not creating more jobs.

In terms of work-sharing and the people who may look at it favourably, there is another area I should like to deal with. A Swedish economist and social scientist developed a thesis in a texbook known as "The Harried Leisure Class". The thesis was that those who are fairly affluent, earning $20,000 or more a year, are working more hours than those who are not so affluent, and their leisure time is reduced by their work time. I suppose most hon. members would fit into that category. Because of this affluence, they have a fair amount of money to spend. Therefore, their consumption time is fairly long: they spend a great deal of time in stores buying things, having things fixed, and so on. As people become more affluent and more busy, they have less leisure time. Leisure time is the time when people are not sleeping, consuming or working. When Canadians see themselves in a fairly affluent state, spending a great deal of time buying goods they may not need, they may look at leisure time as something which is much more valuable. Most hon. members would see leisure time as something which is valuable. This is another area where volunteers may be found for reduced days and reduced hours.

In conclusion, Canadians would do very well to look partially at one solution for some of our economic and unemployment problems, that is, work sharing. By that, I mean matching up the number of jobs available in this country with the number of people available for them. I am referring to useful jobs. Creating unuseful jobs does not work to the betterment of Canadians. If these things are looked at, I am sure one of the techniques of the future will most certainly be work sharing.

Mr. Andrew Brewin (Greenwood): Mr. Speaker, I am anxious to take part in this debate even in its dying moments. One might say that because Bill C-11 reveals the major weaknesses of the government's economic policies. My constituents, as well as others, are entitled to know what I think about these matters. Basically, this is a bill which gives incentives to private industry in the hope that it will provide jobs. It has failed in this effort. To me and to many hundred thousand Canadians the present rate of unemployment is by far the most serious weakness in our economy. Improving the unemployment picture should be the first priority in all our policies.

It is one thing to quote statistics, which I propose to do, but it is quite another to grasp the actual meaning in the lives of people of large-scale unemployment. There is a serious danger that we will become insensitive to the facts underlying national statistics and will be unwilling to adopt an economic strategy which will end the mismanagement of the economy and make a serious impact on the matter of unemployment.

The most recently issued statistics indicate that the rate of unemployment across Canada is approximately 8 per cent. If adequate attention is paid to those unemployed but not on the lists, it is estimated the amount would be approximately 10 per cent, or over a million Canadians. This is the worst rate of unemployment since 1940, but it fails to indicate that in various parts of the country—and I am thinking of the Atlantic provinces in particular—there are serious depression levels of unemployment being inflicted on workers.

Behind these statistics is a picture of individual human suffering and pain. The hopes and lives of families, older workers and women workers, are shattered by unemployment. Of the unemployed, 421,000 were men and 414,000 were women. Of the total, 418,000 were workers under 25, and 128,000 were workers between 45 and 64. I hate to think what is happening to the younger people under 25 when nearly half a million of them are unemployed. The average duration of unemployment is said to be 14.5 weeks. There were 667,000 families hit by unemployment. Many of the Canadians who experienced unemployment were family men.

The myth frequently repeated about unemployment is that a lot of it is voluntary. The facts of life and the statistics show the contrary. During the second quarter of this year there were only 43,200 full-time vacant jobs in Canada, according to Statistics Canada. Therefore, for every 100 persons unemployed there were only five vacant jobs. This means if every job had been filled, 870,800 workers would still be out of work, or 77.6 per cent of the work force would still be jobless.

• (1642)

Another myth which is frequently accepted by the people is that when there is unemployment only the out of work are hurt. This is not true. Real economic losses occur for everyone from massive unemployment, affecting the standard of living of all Canadians. Estimates of some of these costs in 1976 show that every 1 per cent of 104,000 unemployed results in a loss of income and output of $2.1 billion, amounting to $20,000 for each unemployed worker. Every 1 per cent reduction in unemployment would have reduced unemployment insurance payments by about $5 million. The government itself lost about $412 billion in tax revenues because of lost income due to unemployment.

The Conference Board of Ottawa, which is a prestigious institution independent of the government, recently reported that Canadians lost $12 billion in income and output last year due to unemployment, amounting to $520 for every man, woman and child in the country. There are many other impor-

tant costs of unemployment, such as reduced job security and the pressure to accept lower wages. Another myth frequently repeated is that Canada is pricing itself out of the world market. The truth of the matter is that we are selling more end products or manufactured goods than before. The rate has been increasing. What has been happening is that we are spending more on services such as interest, dividend payments and tourism. It does not make sense to say we are pricing ourselves out of world markets when in fact the volume in end product exports has grown steadily.

We are told that Canada-U.S. wage settlements indicate that our wage settlements are higher than in the U.S.A. These statistics are highly unreliable. United States figures are based on settlements in firms of 20 or more employees, and Canadian settlements on firms of 500 or more employees. Larger firms pay higher wages. It is quite wrong, and contrary to the facts, to blame the workers and say they do not work hard enough. This is simply an irresponsible effort to lay further blame on the workers for our economic problems. No one can dispute that we do have serious economic problems, but the fact remains that the top 20 per cent of Canadians receive 42.5 per cent of total income, and the bottom 20 per cent receive only 4 per cent of total income.

Let us get our priorities straight. The provision of jobs should be our first priority. Unfortunately, experience has shown the government's policy as revealed in the earlier budget and the present mini-budget failed to do this. The emphasis of these budgetary measures is to give incentives to industry, but it is certainly not the fact that these incentives necessarily produce jobs.

Others in this debate will have discussed the situation in the mining industry in northern Ontario in such places as Sudbury and Noranda. I wish to deal with a different sort of industry, but nevertheless an illustration of the same thing. I would like to refer to the situation in Northern Telecom Limited. This company is a subsidiary of Bell Telephone and, in effect, is a multinational corporation. The result of the reduction in income tax brought about by the former minister of finance was to produce an effective reduction for this company, in income tax, from 42.8 per cent to 40.6 per cent for the first half of 1977. One would have imagined that if the government's theory had anything to it, these tax concessions to corporations would have resulted in more employment—but the opposite is the truth.

Various unions throughout the country have been notified that Canadian employment by Northern Telecom will be dropped by approximately 2,000 people in the 18 months ending at the end of 1977. More lay-offs are promised after that. For example, a number of employees in the western region installation department will be reduced by about 400 in the last six months of 1977. Early in 1975 there were approximately 2,400 hourly-rated employees in the switching manufacturing plant in Bramalea. By the end of September, 1977, there will be less than 1,200, or half as many.

Other cutbacks have taken place in Montreal. There are quite a number of unions involved: the United Automobile Workers, with a total man-shift of about 3,450; the United Electrical Workers, with 1,200 members in Bramalea; the Communications Workers of Canada, with 1,811 members; the Canadian Union of Communications Workers, with 4,970 members; and the Canadian Office Employees Union, who represent 1,800 office workers in Montreal. All these people are threatened with being laid off.

Northern Telecom, which was formerly Northern Electric, has announced its intention to expand into larger foreign markets and to expand its research development capacity by spreading its operations into the United States. I do not have the details to show the obvious connection of the lay-offs in Canada to the expansion into southern parts of the United States, but it is very clear. Wages in the southern United States are lower, and unions are virtually non-existent.

One cannot say that this company has been unprofitable. In 1972, Northern had sales of $534 million, while in 1976 the figure was $1,112 million. Profits also expanded from $20.1 million to $77.1 million in the same period. Northern has not been without government assistance, although it is not easy to figure out exactly what that assistance was. Since 1970 Northern has had duty remissions of over $1 million. It had deferred taxes in 1976 of $41,321,000, up from $18,814,000 in 1970. It has prospered under a lucrative grants system. The industrial Research and Development Incentives Act prohibits disclosure of disbursements under section 13 of the act. I have not the slightest doubt that this company has benefited from this act. There is no doubt that the Export Development Corporation has been providing loan assistance and guarantees totalling $58 million to the company from 1968 to 1973.

In August of this year the corporation announced a $144.5 million loan to Northern to support the manufacture of telephone equipment for a new system in Turkey. So what, in effect, we are doing is subsidizing a large multinational corporation from government funds in various forms which then uses the money to shift employment out of Canada rather than to increase employment in Canada.

Mr. Milne: Mr. Speaker, I rise on a point of order. It is not my practice to interrupt speeches of my friends opposite, but I cannot help doing so at this time. I would be ready to defer until the end of the speech—or if the hon. member would accept a question at this time, perhaps I would be allowed to ask it now.

Mr. Brewin: I am very close to the end of my speech, so I think it would be better if the hon. member would defer his question. I was talking about the loan and saying that what is happening is that we are subsidizing corporations which are then spreading employment to other parts of the world for their own profit, which is reasonable from their point of view, instead of maintaining employment in Canada.

• (1652)

I think what is definitely needed is an increase in consumer demand. This could be done by reducing taxes for those earning under $15,000 a year by a one-month moratorium on personal income tax, a further personal income tax reduction and an increase in old age security of $50 a month. With this increased demand existing, savings would be transformed into productive investment.

The government itself must get busy on a job-creation program and a more equitable distribution of income. This is a short-term program of immediate steps. There are no easy solutions for the future well-being and prosperity of Canadians, but there is a necessity for planning in the economy and for the development of a national industrial strategy. We must recognize the right to employment at a living wage as the cornerstone of a productive and equitable society.

Our tax system must be directed at preventing inflation by taxing those who benefit from it. We are not proposing the nationalization of all industries. The private sector will remain, but there is a need for the public sector to act as a balance-wheel to ensure that we use our human and financial resources in a policy of full employment. There are many urgent needs such as housing, better research, day-care centres and recreational facilities. We can afford to have these if we are prepared to plan to use what we have intelligently, and particularly if we are not afraid to rely, at least in part, on the public sector and not solely on the private sector which has demonstrated its inability to maintain an economy of full employment.

Mr. Milne: Mr. Speaker, as the member of parliament for the Bramalea area, where I believe the largest Northern Telecom plant in Canada is located, I cannot sit here and let the hon. member's remarks go unchallenged. I would like to ask him whether he has read the material which was submitted to his colleague, the hon. member for Sault Ste. Marie (Mr. Symes) and, if he has, if he does not believe these measures have been very important in keeping this company in business so it can deal internationally rather than forcing it completely out of international business?

Mr. Brewin: I have read that material and I seem to have made a deduction which is different from that made by the hon. parliamentary secretary. I have made the deduction that the result of all these various subsidies has been to assist the company in transferring its activities outside Canada rather than increasing its facilities in Canada. I am not saying that the subsidies did no good or perhaps did not help to maintain some employment in Canada, but I judge that their main purpose has failed.

Most of what I have said today has been based on information supplied to me by the workers in these various companies. I think I also read a communication from Northern Telecom itself. I have spoken to the hon. member for Sault Ste. Marie (Mr. Symes) and I think what I have said represents my deductions from that material.

[Mr. Brewin.]

Mr. Jim Balfour (Regina East): Mr. Speaker, what we are discussing today, and what we have been discussing for the past two weeks and more, purports to be simply a bill containing some amendments to the Income Tax Act. In fact, of course, it is nothing other than a mini-budget in disguised form. Why the masquerade, one might ask? The reasons are the same as those for calling the speech of the Minister of Finance (Mr. Chrétien) in October an economic and fiscal statement. It, too, outlined a mini-budget, but the government does not admit it. That is because the government of Canada is reluctant to admit that once again it has been forced to patch up a previous budget which has proved to be inadequate and ill-conceived. In the not too distant future no doubt there will be more piecemeal measures brought in, in order to plug the holes and to correct the inadequacies in the provisions now before us.

If the government is downplaying the fact that this bill is actually budgetary in nature, it is surely because it is ashamed and embarrassed by the unco-ordinated, band-aid approach it has taken to Canada's economic problems—and I can hardly blame it.

Let us take, for example, the proposals regarding the tax treatment of life insurance policies. In the previous budget in March the government proposed to tax, among other things, the cash surrender value of a life insurance policy in excess of the premiums paid at the time of the owner's death. With a grim sense of logic, these proceeds payable at death which exceeded the amount paid into the policy at that point would be considered some sort of taxable gain to the bereaved spouse or children. However, in the face of massive protests, not only by the opposition but also by the public, the government next suggested a modification to this taxation scheme. Now it is proposed that a threshold of $10,000 be placed on the amount of the death benefits to be taxed.

Beside the fact that this in no way affected the unacceptable principle on which this particular tax was founded, it did little to mitigate the hardships it caused, for with the inflation with which we are living today, thanks in large part to the policies of this government over the last many years, this threshold will soon provide little protection. In any event, a threshold does not eliminate the fact that the tax was directed at money which was intended to be an emergency sum or an indemnity against the financial consequences of the premature death of the head of a family.

Now it appears that the government has finally bowed to pressure and proposes to drop this measure. It has taken eight months of outcry by the people of Canada, but it has been done. Yet I have to wonder if this provision was not intended to be withdrawn all along. By introducing an obviously unacceptable proposal such as this, was the government hoping that it would be the focus for protest and that it could then be withdrawn stage by stage as an apparent indication of the government's implied willingness to listen and to compromise? At the same time, however, its purpose would be fulfilled if it could draw attention from related tax proposals which are

equally regressive, thus acting as a kind of legislative lightning-rod.

I wonder if I could call it five o'clock.

[*Translation*]

The Acting Speaker (Mr. Ethier): Order! It being five o'clock, the House will now proceed to private members' business as listed on today's order paper. As there are no notices of motions (papers) listed, the House will proceed to private bills and resume debate on Bill C-1001.

PRIVATE BILLS

[*English*]

BELL CANADA

The House resumed, from Thursday, November 17, consideration of the motion of Mr. O'Connell that Bill C-1001, respecting Bell Canada, be read the second time and referred to the Standing Committee on Transport and Communications, and the amendment thereto of Mr. Leggatt.

Mr. John Gilbert (Broadview): Mr. Speaker, Bill C-1001 is legislation respecting Bell Canada introduced by the hon. member for Scarborough East (Mr. O'Connell). I think all of us should appreciate the hon. member because he was one of the whiz-kids, with Walter Gordon, back in the late sixties when Mr. Gordon ran into difficulties with his budget. Then the hon. member became an elected member in 1968, and from 1968 to 1972 he served as a member of the cabinet, in a very distinguished way, as minister of labour. In 1972 he was defeated.

From October, 1972, until 1974 he served as special adviser to the Prime Minister (Mr. Trudeau), and was re-elected in 1974. The hon. member is an economist of note. He has made a contribution to Canada in that field. Therefore, we must look closely at Bill C-1001 to see what the hon. member is attempting to do on behalf of Bell Canada. He is attempting to take a private monopoly telephone company outside the control and supervision of parliament concerning changes in the company's objectives and powers. The intention is to make changes by letters patent which would be consistent with the terms of the Canada Corporations Act, the Canada Business Corporations Act and the Telesat Canada Act.

• (1702)

It means, therefore, that any public scrutiny regarding Bell Canada's capital formation, borrowing powers, lending powers, investment powers and ancillary powers will be outside the purview of parliament, and any effects of Bell's telephone restructure will be after the fact and not before the fact. This indicates the importance of Bill C-1001.

Clause 2(14) is the key clause in the bill. It provides, under proposed section 5.3, that Bell will in future be able to alter its objects, powers and capital stock by letters patent. This means that the company will apply to the Minister of Consumer and

Corporate Affairs for letters patent. If the minister rejects the application it is not appealable. However, if approved, the letters patent are tabled in the House of Commons, and 30 days thereafter they take effect. Members may petition the House objecting to the letters patent and procure a debate. Upon termination of the debate, there is no vote and the minister is not bound to any action on the matter. This is analogous to the Anti-Inflation Board provision whereby a member of parliament may, by petition, bring legislation before the House, have debate and then at the end of the debate no vote is taken. This provision drastically alters the ability of parliament to scrutinize Bell Canada, giving it a free hand to alter its powers and objects.

Under the same clause 2(14) the bill provides inclusion under section 16 of the Canada Corporations Act. This clause allows Bell, ancillary and incidental to its objects set out in letters patent, to exercise any or all of a list of powers, including investment in any business venture, and complete market freedom. This is a regressive step which will provide Bell an incentive to neglect basic telephone service.

Included in the bill is a provision to increase the capitalization from $1.75 billion to $5 million. We, in this House, have experience with banks, insurance companies, oil companies and finance companies and changes in their names, their objects, powers, and so on. The result has been legislation to remove changes in these fields from public scrutiny, and now we have little or no control over the financial and insurance institutions in Canada.

This brings into focus a very important philosophical question—that of public ownership versus private ownership of a public monopoly corporation. Bell Canada is not just another corporation, because only 7 cents of every revenue dollar from the competitive market is obtained from such activities as data transmission services which provide such a vital public service as telephone communication. In other words, out of every $1 earned, 93 cents is obtained from the public monopoly of telephone communication services, and a mere 7 cents from other investments.

We have to look at the philosophy of private and public monopolies, and in that discussion we have to bring into focus and under scrutiny the multinational corporations. Within the last 30 years we have had the public phenomenon of the multinational corporation in different sectors of the Canadian economy. I do not think it is necessary to go into detail about how private monopolies control the resources of Canada and, by doing so, control the production output and the price of services.

The income tax bill presently being debated by the House is ample proof of the benefits obtained from the government by these private monopolies. Need I mention the oil companies, the nickel companies, the aluminium companies who have control over our major resources and whose major thrust is to obtain the greatest profit for their shareholders? I imagine the hon. member for Scarborough West (Mr. Martin) and the hon. member for Scarborough East who sponsored the bill will ask what is wrong with the large corporations concentrating on

profit for shareholders. If this were a private company operating in an ordinary way in a competitive market, that principle might be acceptable. This is a private monopoly of a public enterprise—namely, the telephone system in the provinces of Ontario, Quebec and others whose sole concern is to obtain the greatest profit for its shareholders.

We in the New Democratic Party have joined issue with the philosophy of this bill and with members of the Liberal party and the Conservative party to determine whether a corporation that has a monopoly on telephone communications services should have the powers it is attempting to obtain. We feel that the profits they make should not merely be shared with the shareholders, but with the users and should be for the benefit of the general public. That is the very sharp difference between a private monopoly of a public enterprise and a public monopoly of a private enterprise.

We have heard different views expressed on this bill, but members of my party have been unanimous in saying that in a public monopoly of a public enterprise, the greatest benefits should obtain to users and the general public. The public monopoly is not new to members of this House. This is what public enterprise should be all about.

● (1712)

Mr. Speaker, I am interested in ownership, service, rates and the efficiency of a public enterprise. We have in Bell Canada a private company which has complete monopoly of the telephone communications system in the province of Ontario. They operate on the myth that the main shareholders of Bell Canada consist of widows and orphans. Mr. Speaker, I think it is only fair that I bring to your attention just who does own the main shares of Bell Canada, because it is very important that the public know who they are. I wish I could present the tables which I have in front of me with regard to the capital structure of Bell Canada. They show Bell Canada has capital debts in the form of mortgages and bonds, and they have capital stock in the form of common stock and preferred shares—conversion A they are called—preferred shares, conversion C, preferred shares D and E, and so forth. This makes us all appreciate the complexity of corporate law in these operations.

Mr. Speaker, let me read the information on the main shareholders. This information was obtained from the best source possible, namely, the *Financial Post* survey of funds, 1976. It would take me a great deal of time to list them all, but I will give you a few examples of who, in the main, holds shares in Bell Canada. Principally, they are the insurance companies, the finance companies, the large corporations, Canada Trust RSP, 62,000 common shares, Eaton Commonwealth 50,000 common shares, Confederated Life (Canadian) 63,400 common shares, Great West Life 20,000 common shares, Investors Growth 169,087 common shares, and 320,000 preferred E shares. Then we have Investors Mutual, with 144,225 common shares, Manulife Diversified, 101,200 common shares. In the words of my colleague from Sault Ste. Marie (Mr. Symes), "What orphans and widows own the shares of Bell Canada"? With regard to the bonds, they are in the names of the National Insurance Company, United Corporations, Provident Mutual Fund, and so forth.

Without doubt, the main ownership of these companies does not lie with widows and orphans; it lies with the large corporations throughout Canada. You have probably heard, Mr. Speaker, the clever advertising Bell Canada has on television. I wish I could sing it. It goes someing like this, "If your're feeling lonely, if you're feeling blue, just pick up the phone and call long distance." When I read the list of ownership of Bell Canada shares and bonds, I felt a little bit lonely and a little bit blue, because I realize that the ownership is not with the widows and the orphans, but with the large corporations.

An hon. Member: Who did you telephone?

Mr. Gilbert: Mr. Speaker, I could not telephone anyone. This is the unfortunate part, because if you cannot telephone someone you have a duty to get up in the House to speak and tell the Canadian public that you have concern with regard to the widows and the orphans and you want to make sure that they are taken care of. I do not like to have that myth perpetrated by Bell Canada with respect to its ownership being in the hands of widows and orphans.

I have read the speeches of my colleagues with regard to the service and, more especially, the non-urban service. When I read the speeches of the members for Sault Ste. Marie and Nickel Belt, I realized people in the non-urban areas suffered greatly with regard to telephone service. Within 25 miles of Sault Ste. Marie, people cannot get service. Within a short distance of the Nickel Belt area, people, if they desire service, have to pay tremendous rates and tremendous service charges even to have the telephone installed. Therefore, Mr. Speaker, the main thrust of any public corporation should be that the profits are used for the benefit of the users and for the service of the community at large.

We have heard a great deal with regard to rates. I think it would be fair to say that the rates in Ontario, under a private corporation such as Bell Canada, are higher than Saskatchewan, Manitoba and British Columbia. The evidence by my colleagues has shown that the rates to private users have been much lower. So, too, have the commercial rates. I thought the member from Winnipeg South Centre (Mr. McKenzie), had a point with respect to the difficulties corporations have concerning services in the large urban centres and the amounts of money that is required. That leads me to the simple proposition, if that is the case, that all the profits—or most of the profits—which are obtained should be put into the service of these people rather than into the pockets of the shareholders of these large corporations. If time permits, I would like to place on record a statement that a competitor of Bell Canada is accused of overcharging in the United States. It is an article by UPI, dated March 28 which says:

Bell Telephone may be overcharging home and business telephone users in the U.S. more than $2.2 billion yearly to finance a war on competition, a Bell competitor said Sunday.

Edwin Spievack, general counsel for the North American Telephone Association, which represents 400 independent telephone equipment manufacturers, said the overcharge averages about $20 a year for every main telephone subscriber in the nation.

I wish I had time to develop more of this, Mr. Speaker, but you can see why we, in the New Democratic Party, are opposed to this bill.

Some hon. Members: Hear, hear!

● (1722)

[*Translation*]

Mr. C. A. Gauthier (Roberval): Mr. Speaker, I wish to take this opportunity to say a few words about Bill C-1001. According to the mover of the bill, the hon. member for Scarborough East (Mr. O'Connell), Bill C-1001 has four objects. First, to increase the present limit of the authorized capital stock from $1,750,000 to $5 million; second, to give more financial flexibility to Bell Canada so that it may adjust itself to the changes which can occur in the economy and on the capital market; third, to modernize the administrative powers of the company; the purpose of this bill is to elucidate and broaden its real and ancillary powers; fourth, to give the company the authority to alter from now on by letters patent the company's objects, powers and capital stock.

The charter of Bell Canada was granted under a legislation of Parliament. Any change to that charter must be approved by the people's representatives, that is Parliament. This bill would practically remove any control of Parliament over that company. The letters patent process theoretically gives a power of decision to Parliament, but it really removes that power. The application of clause 16 of the Canada Corporations Act, as requested in clause 5(b) of Bill C-1001, would finally enable Bell Canada to launch all kinds of commercial ventures unrelated to communications, because we must remember that we have always been under the impression that Bell Canada was first and foremost a communication corporation, but Bill C-1001 would enable it to enter into all kinds of other fields, to establish other subsidiaries, in addition to those it has already set up.

Bell Canada is a private enterprise providing an essential service to Canadians because it is a monopoly. Parliament should not surrender its right to control the decisions made by this company. If this government allows and even promotes monopolies, it should at least retain the necessary powers to keep a very strict control over them. When we look at the profits they make, we are always astonished to find that the board regulating prices and incomes has not reduced by even one cent the super revenues of all these monopolies in Canada. All this board has done, as we have said in this House, is to control worker's wages, but never these large monopolies' profits.

The net revenues of Bell Canada for the first semester of 1977 over those of 1976 went down from $149 million to $129 million, that is 18 per cent. But this reduction stems from fewer long distance telephone calls due to the very high rates.

Furthermore, the last rate increases came into force only at the end of the first semester. Therefore revenues for the second semester should be higher due to the new rates.

As it is impossible to obtain figures concerning the profits of the subsidiaries, the true financial situation of these companies remain unknown. The umbrella under which they are hiding distorts realities, so that we can never—neither can the smartest accountant—state for sure what benefits Bell Canada made in any given year, especially because of its relationship with its subsidiaries. The rates of increase are reported to have been 7.8, 18.8, 12.2, 13.3 and 16.6 per cent in 1975, 1974, 1973 and 1972 respectively. But it is when we turn our attention to its subsidiaries that we are in for a big surprise, Mr. Speaker. The rate of increase in net benefits of Northern Telecom Ltd. was 5 per cent in 1976, but it reached 32 per cent in 1975, 62 per cent in 1974 and 60 per cent in 1973. Of course, the profits of the Northern Telecom Co. Ltd. will remain unknown because it is a subsidiary which is 69 per cent owned by Bell Canada.

Here are further statistical data and information, Mr. Speaker. Before 1971, Bell Canada was publishing its own directories. This activity was highly profitable, because of the publicity in the yellow pages. In 1971, Bell Canada created a new subsidiary, Tele Direct Ltd., in which it invested some $9 million to look after the publication of telephone directories. In 1976, this subsidiary's income reached $91 million. That is not too bad.

For an investment of $9 million, nice revenues of $91 million—an investment return of about 75 per cent. Maintenance, traffic and amortizing expenses go up 8 per cent a year. But other expenses have gone up 70 per cent during the last five years. What are those expenses, Mr. Speaker? Now that is an interesting question. Those expenses relate to senior management, legal advisers, public relations, consultant office, rent, various taxes and so on.

For instance, former board chairman Robert Scrivener was paid $201,000 in 1976. When he left Bell Canada to join Northern Telecom, a subsidiary of Bell, he was given a lump sum of $575,000 and he will draw a pension of $81,000 a year. That is more than the Prime Minister of Canada earns, Mr. Speaker.

This does not take into account the fact that Mr. Scrivener will earn $175,000 with Northern Telecom Limited, Mr. Speaker. I think that instead of appointing some of its friends to the Senate, the Liberal party should send them to this company. It pays more money. Moreover, Mr. Scrivener will receive a pension. A salary of $175,000 is not enough, he will receive a pension. As for the former chairman of Northern Telecom, the American John C. Lobb, he is assured of a pension of $147,000 for ten years. He will also receive $30,000 a year as adviser to the company.

In an interview given to the Ottawa *Citizen* on October 12, the chairman of Bell Northern Research, another Bell subsidiary, for there are many of them, said that his company was preparing to expand outside Canada rather than over here.

Mr. Speaker, this is the danger that I mentioned at the beginning, the danger that results from the change provided in this bill. Bell Canada, not satisfied with its income and after having made the largest profits in Canada, will take this money to do business in another country. We say that capital is leaving the country, but we are contributing to this with the bill that will be passed today. We are helping Bell Canada to invest in other countries.

In the United States, the Federal Communications Commission has forced American Telephone & Telegraph to stop the multiplication and incestuous union of its subsidiaries. In addition, AT&T will have to submit each year a detailed financial statement for each service it provides. This will provide information on the cost of services and on the returns of the company. The company will no longer be able to make across the board rate increases and will have to restrict increases to the areas where costs make this necessary, which is very vague, Mr. Speaker, and leaves the door wide open to the company. If its returns are too large for one service, it will even have to reduce the rates for this service.

Bell Northern Research has virtually forced into bankruptcy all Canadian manufacturers of coaxial cables, the type of cables which are used in cable TV distribution. Bell no longer manufactures this type of cable and Canadian users have to import them from the United States because Bell Northern got rid of all Canadian competitors. And now Northern Telecom is laying off 1,000 Canadian workers. The increased powers Bell is asking for would give it the power to invest in nearly every field and every country. We can rightfully wonder whether Canadian users, through their phone bills, would not be financing investments which finally would be of no use to them.

● (1732)

[*English*]

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, Bill C-1001, which is being sponsored by the hon. member for Scarborough East (Mr. O'Connell), in my opinion is unacceptable on a number of grounds. My main objection to this bill lies in the fact that it will enable Bell Canada to be removed from the scrutiny of this parliament for many years to come. By asking this parliament to agree to increase their capitalization from $1¾ billion to $5 billion, it means that in all likelihood there is not a single member of this parliament who will ever see that bill come back for review.

One of the reasons for making provisions in these private bills with respect to capitalization was to ensure that when a company wanted to enlarge its capitalization it would be required to come back to parliament, and members of this House would be able to scrutinize whether or not that particular company operated in the public interest. However, if this House agrees to increase the capitalization from $1¾ billion to $5 billion, Bell Canada will go scot free for many, many years to come.

Someone may ask why should there be periodic scrutiny of the operations of Bell Canada. Mr. Speaker, I think it is abundantly clear we have to make a distinction between a company incorporated under the Canada Corporations Act which is in competition with other companies doing similar business in a similar area, and a company which is by its very nature monopolistic. If someone wanted to build a refinery, or a shoe factory, or a pulp mill, the public interest is protected to some extent by the fact that there is competition. Now, even competition does not always safeguard the public interest because we have had companies entering into arrangements for restraint of trade.

It is rather significant, in spite of anti-trust legislation in the United States and the Combines Investigation Act in Canada, we have still seen companies growing in size to the point where they virtually control the market, or two or three companies control the entire market in a country. However, where there is no competition at all then the public is completely at the mercy of that monopoly.

There are enterprises in which it is impossible to have competition. The generation of electric power, the transmission and distribution of natural gas, and telephones are all good examples. You cannot have two power utilities distributing power in the same town where you can buy from blue company, or red company, or yellow company. When a company is given a franchise to put in pipelines or distribute natural gas it automatically becomes a monopoly. And when a company is allowed the privilege of providing telephone service it is not possible to have competition so that you have two or three different companies from whom you can purchase telephone service. Bell Canada, by virtue of being a monopoly, ought to be subject to the scrutiny of parliament in the interests of the consumers. I do not see why members should be alarmed at the members of the New Democratic Party taking that position. In the province of Ontario at the turn of the century, Ontario Hydro, under the leadership of Sir Adam Beck, was set up, and it has provided probably the best electrical service at the lowest conceivable prices—certainly in Canada and probably on this continent.

Mr. Baker (Grenville-Carleton): That is not what Stephen Lewis says. You better straighten him out.

Mr. Douglas (Nanaimo-Cowichan-The Islands): The TVA—Tennessee Valley Authority—in the United States, set up under President Roosevelt, has provided the American people with cheap, accessible electric power. It has been of tremendous value to the people of America.

● (1742)

In the province of British Columbia governments there, which do fight elections against public ownership of electric utilities, took them over and operated them under public ownership. The government took over the ferry service, and the ferry service is operated by the government of British Columbia. This is not because the governments, which happened to be Social Credit governments, were wedded to socialism, but because they recognized that, in fairness to the consumer, services such as the generation and distribution of

electric power, and ferry services, absolutely essential to the people who live on the coastal islands of British Columbia, had to be operated under public ownership in order to protect consumers. That is the danger of leaving a natural monopoly in the hands of a group of individuals who naturally seek to maximize their profit at the expense of consumers. There is no doubt that the consumer is victimized where there is no adequate public protection.

I know it will be argued that in the case of the telephone companies they must apply to the CRTC for increases in their rates. The fact of the matter is that such an application, originally to the CTC and later to the CRTC, has become a farce. These companies are able to hide a good bit of their profits. Bell Telephone, for instance, owns Northern Electric from which it buys its supplies. It can quite well afford to pay inflated prices for its supplies to its own subsidiary, which keeps the profits of the parent company down, and simply transfers them to the subsidiary, Northern Electric.

There are scores of ways by which it is possible for a monopoly such as Bell Telephone to come before a government board and demonstrate that their profit margin is not excessive and that, therefore, they are entitled to a further increase in rates. In fact they have obtained an increase in rates year after year after year.

The fact of the matter is that the services which they have provided in many cases have not warranted the kind of increases they have obtained. I have a letter on my desk right now from a man who complains that while the rates of the telephone company were increased on the grounds that it needed greater capitalization in order to improve the service, in his case, my correspondent claims, the service has not improved at all but has steadily deteriorated. He has sent me copies of the letters he has written to the telephone company complaining about the fact that his service has deteriorated in spite of increasing rates, and in spite of alleged increases in capitalization.

The consumer is being ripped off by virtue of the fact that he has no protection whatsoever against a natural monopoly. If the consumer could purchase goods or services on a competitive basis he could go to another firm, but you cannot go to another telephone company, you cannot go to another power company, and you cannot go to another gas distribution company. They are monopolies.

It is abundantly clear that the monopoly, in this case Bell Telephone Company, has taken advantage of its preferred position. One has only to look at a comparison of rates between the privately owned telephone companies and the rates charged by the publicly owned telephone companies in the three prairie provinces, Manitoba, Saskatchewan, and Alberta.

When we last discussed this the hon. member for Winnipeg South Centre (Mr. McKenzie) sought to make a case for these higher rates by Bell Telephone Company over the private telephone company rates on the ground that they were serving large cities such as Toronto and Montreal. His argument was that serving a city cost a great deal more money because a company has to put in switching operations with many people to service and, consequently, the rates ought to be higher in a large city. He suggested it was unfair to make the kind of comparison my colleagues have been making of rates charged by private telephone companies and those charged by public telephone companies.

Let me say to the hon. member for Winnipeg South Centre that I had close association for some 17 years with the workings of the Saskatchewan Telephone Company, and I know that company was always much more pleased to get an increase in business in the cities than in the small towns and rural areas because it was much less costly to put in additional lines in the city than it was to take telephone lines out into the rural communities and to put up switch boards to serve only a few hundred customers. This is much more expensive than to put in switch boards to serve a more concentrated urban centre.

Even if we accept the argument of the hon. member, and this much of his argument is true, the people in large cities should pay higher rates than the people in small rural areas for the obvious reason that if you live in a city where there are a million telephones, there are a great many more people whom you can telephone from your own house than if you live in a community where there are only 500 telephones. In other words, you are getting a much greater service.

An hon. Member: How many of us would call 500 people?

Mr. Douglas (Nanaimo-Cowichan-The Islands): Perhaps people would not make phone calls to 500 different locations in a large city, but the people in the city can make phone calls which would be long distance calls if they lived in a small community, and the hon. member should recognize that fact. That is elementary, even to one with the normal Liberal intellectual capacity.

Even if we accept the argument of the hon. member for Winnipeg South Centre, that it costs more to provide services in a large city, let us take a look to see what happens in comparable areas. For instance, in the city of Calgary, where the public telephone system operates, there are 200,650 telephones. The residential rate is $5.70 and the business rate is $14.70. Let us consider the city of Quebec, which is not very much larger, there being 245,806 telephones, and the rate is $6.55 for residential and $18.70 for a business phone. That is a difference of $4 a month or $48 a year more in Quebec than in Calgary. Let us consider the city of Winnipeg which has about the same number of phones as Quebec City, namely, 237,500. The residential rate there is $4.90, with the business rate being $11.65.

If you consider London, Ontario, which has only 119,483 telephones, by the logic of the hon. member for Winnipeg South Centre the service ought to cost much less than service to the people in the city of Calgary. However, we find that in London, Ontario, the residential rate is $6.20, which is 50 cents a month more or $6 a year more than in the larger city of Calgary. The business telephone rate is $17 or $2.30 a month more than the business telephone rate in the city of

Calgary. A businessman in the city of London is paying $27.60 more each year, despite the fact the number of telephones there is a little more than half the number of telephones in the city of Calgary.

● (1752)

How can my friend argue that the reason the private telephone companies have to charge higher rates is because they serve larger centres of population? Even in London, Ontario, where the number of people served is only a little better than half what it is in Calgary, the people in Calgary are getting much lower rates for their residential and business telephones.

I should like to refer to two communities which are almost comparable. The city of Regina has 72,400 telephones, and the residential rate is $5 and the business rate is $11.85. The city of Moncton has 52,200 telephones or 20,000 less telephones. Its residential rate is $7.65 or $2.65 more per month. The rate for a business telephone in Moncton is $22.30 or almost twice what the people in Regina pay, even though there are 20,000 more telephones there.

The city of Edmonton has 207,700 telephones. The residential telephone rate is $5.80, and the business telephone rate is $17. The city of Victoria, which is smaller, has 192,796 telephones. The residential rate there is $6.65, and the business rate is $17.15. By the logic of the hon. member for Winnipeg South Centre, subscribers in Victoria should be paying less, but they are paying more.

In Halifax with 96,249 telephones, the residential rate is $8.95 or $3.15 more than in Edmonton which has twice the population. The business telephone rate is $26, which is $9 more than in Edmonton.

Saint John, New Brunswick has 47,007 telephones. Their residential rate is $7.65, and their business rate is $22.30, which is $5 more than what is charged in the city of Edmonton where there are 2½ times as many telephones. Certainly that defeats the logic of the argument that the reason the private telephone companies are charging high rates is because they are serving larger centres. By any standard of comparison it is perfectly clear that the people served by these private companies are being ripped off. Not only are they paying more for their telephone service, they are getting a lower quality of service from these private companies.

I sum up by saying that the only way this parliament can protect the telephone users is by defeating this legislation, or so changing it that these companies will be required to come back periodically to parliament in order for parliament to have an opportunity to scrutinize their operations and ensure that Canadian consumers are protected.

I have other objections to some of the clauses in the bill, but perhaps I will have a chance to discuss them at a later date.

Some hon. Members: Hear, hear!

Mr. Les Benjamin (Regina-Lake Centre): Mr. Speaker, in view of the fact that it is two or three minutes before six o'clock, in a preliminary way I want to say I am happy to join my colleagues in opposition to this bill. This is not the first time we have been faced with this legislation, so our unanimous opposition to it is of no surprise to other members of the House. We do not feel lonely, because there are tens of thousands of Bell Canada subscribers across Canada who are cheering us on, and are happy that once in a blue moon their cause is put before the public and in parliament. The consumers' side must be heard, rather than just hearing about poor Mother Bell who needs another $3½ million for capitalization.

[Mr. Douglas (Nanaimo-Cowichan-The Islands).]

The bill goes beyond the stated objective. It is an attempt to exempt Bell Canada from regulation. The telephone service, light, power and natural gas are just too essential to be left to the whims and the tender mercies of private corporations responsible to no one but their shareholders. The objective of these private corporations is to maximize the profits and returns to the shareholders. That is their primary objective. The top priority of private corporations is to make money and not to provide a service. With that lack of social conscience or moral treatment of the communities those companies serve, no one can blame their subscribers for protesting this kind of legislation.

Treating telephone service as a public utility is not only logical, it should be obvious to anyone. Because it is a public utility that is privately owned, minimum regulations apply to Bell Canada's rates of return, assets, and the price it can charge for its services. I would go further with respect to its accountability to the public and its customers by saying that there should be a full scrutiny of the methods of operation used by Bell Canada, their labour management relations, the way they spend their money, and how generous they are to the board of directors.

Mr. Deputy Speaker: Order, please. I regret to interrupt the hon. member but the time allotted for the consideration of private members' business has now expired.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

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

TRANSPORT—ST. LAWRENCE SEAWAY—POSSIBILITY OF PUBLIC HEARINGS ON PROPOSAL TO INCREASE TOLLS

Mr. Paul E. McRae (Fort William): Mr. Speaker, I am concerned about the minister's answer to a question I asked last week in the House concerning the gross increase in Seaway tolls.

Canadian users have not been given the opportunity of public hearings that American users have been given to discuss

these increases. This is particularly galling to Canadian users since they represent 70 per cent of the tonnage and pay about 63 per cent of the tolls. These Canadian users who are concerned, such as people in the grain industry, ship owners, unions dealing with grain handling, seamen, farmers, various business groups, chambers of commerce, and so on, are very concerned.

● (1802)

Certainly ship owners are not concerned for themselves particularly because they know they will be able to absorb the extra cost, but they are concerned about the loss in business which they believe could very well occur, and also the loss of jobs. Basically they are concerned with the size of the increase—the cost will be approximately doubled—and with the suddenness of the increase. They believe this could create some very bad psychological effects. For instance, it could create a diversion of ore from Sept-Îsles to Philadelphia or Baltimore. This would mean that the cost of moving grain would be considerably higher since grain from western ports moves east and the ore traditionally moves back. We could have an increase in cost for the movement of grain, if ships came back empty, of 4 cents or 5 cents a bushel.

They are also concerned about the diversion of grain to the Pacific coast. They are concerned, too, about unit trains which, given the increased tolls, might by-pass Thunder Bay and move grain to east coast ports. They are also concerned about loss of sales.

The Seaway Authority says the increase will cost only an extra cent a bushel, but when grain is sold in quarter cent quotes per bushel and quotes are made at $2.95¼, 1 cent is a large sum and, if a ship comes back empty, 4 cents or 5 cents is a sum which could result in serious losses.

The Seaway stands to gain something in the order of $22 million. The users, people working on the Seaway, are concerned they could lose $70 million to $100 million with an attendant loss of jobs.

One of the things that concerns me is whether or not the Authority actually needs the amount of money it says it needs. The deficit this year was $6.5 million, with depreciation added of $1.2 million, and with the new policy of the 1 per cent tax on the $625 million debt on the Seaway, the total amount would come to $14 million. If you add 7 per cent or 8 per cent for inflation, you are talking in terms of about $15 million. The Seaway authority is talking in terms of picking up between $20 million and $22 million.

If the minister were to take another look at this and allow for some public hearings, either through the Standing Committee on Transport and Communications or through some independent body, and think in terms of these increases over three to five years, spreading them over a longer period of time and not creating the psychological situation which may cause this diversion, the users, my constituents, and people who live along the Seaway would be a great deal happier.

I am opposed to this move because I am afraid we will lose considerable business, but I am also opposed to it on other grounds, namely, that this is a move in the direction of the user-pay concept. I think the user-pay policy is not a policy which will satisfy the needs of Canadians. It is a policy which tends to favour the inner core of the country, the Golden Horseshoe, but it certainly does nothing for people in the Atlantic provinces, northern Ontario, or in the west. The user-pay principle is one about which I am very concerned. I think it will bring disunity to the country. For these reasons I oppose both the size and the suddenness of these increases, and I hope the minister will reconsider his stand on this matter and allow open hearings to take place.

● (1807)

[*Translation*]

Mr. Charles Lapointe (Parliamentary Secretary to Minister of Transport): Mr. Speaker, the remarks the hon. member for Fort William (Mr. McRae) just made can easily be understood, and the member was of course making himself the spokesman for the St. Lawrence Seaway users who of course are not happy to face a toll increase. It is quite normal for any user of a service not to be fully happy when an increase is announced. However, Mr. Speaker, the Minister of Transport (Mr. Lang) does not intend to refer the question of higher tolls for transit in the St. Lawrence Seaway to the House Standing Committee on Transport nor to any other body.

The Seaway authorities have stated for several years the need for a toll increase to stop the accumulating and ever increasing yearly deficits in spite of the fact that tonnage is going up as well. I was nevertheless surprised to hear the hon. member say that this is a sudden increase. If my records are correct, I believe the succeeding governments have asked for and talked about an increase in the seaway tolls since 1964. The Minister of Transport himself has repeatedly and publicly announced that he intended to recommend higher tolls on the St. Lawrence Seaway. All people directly concerned have closely followed the negotiations that have taken place between our government and that of the United States. Those people, on both sides of the border, have had the full opportunity to express their opinions and justify their objections and they have not missed the occasion to do so that the negotiations between the two countries provided them with. Public audiences would not have been more advantageous to them than the meetings they have had with the authorities of the St. Lawrence Seaway, the Marine Administration of the department or the minister himself.

As I was saying at the beginning of my reply, it is no surprise that the users of the seaway object to an increase in their transportation costs since people never welcome an increase in their costs. The fact remains that current tolls have not changed since 1959 and that the increases which the governments of the two countries associated in the St. Lawrence Seaway now propose will not even bring the tolls back to the level that had been deemed acceptable in 1959. I think this partially answers the objection that the rate of increase is too high. These tolls have not changed for nearly twenty years now and it seems reasonable to me that they be readjusted, given

the increase that all other sectors of the economy have experienced.

[*English*]

ENERGY—URANIUM—REASON GOVERNMENT AQUIESCED IN CARTEL ARRANGEMENT

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, the matter which brings me into the adjournment debate this evening is the international uranium cartel, and particularly the effect this possibly illegal cartel will have on prices Canadians will pay in the future for electricity.

On Monday last I asked the Minister of Energy, Mines and Resources (Mr. Gillespie) about a contract a cartel member, Gulf Minerals Canada Limited, signed with Ontario Hydro in 1974, apparently with the blessing of the federal government. Gulf's own records on this deal now reveal for the first time that Gulf charged the consumers of Ontario, prices which were in line—in fact, dead on—with cartel prices set by the Club of Five in Paris. These records of Gulf boast of the profit Gulf will make on the deal, some $50 million at least, on a contract valued by Gulf at $98 million.

These records point proudly to the fact that by virtue of its membership in the cartel, which was sponsored by the Canadian government, Gulf was charging Ontario Hydro prices far in excess of the going world market price. I would like to quote from a Gulf memo dated March 8, 1974, referring specifically to the Hydro contract to which I have just made reference. The memo states, and I quote:

● (1812)

The above prices are considerably higher than either the current world market price or the latest prices established by the Department of Energy, Mines and Resources as being the minimum for export of Canadian uranium.

What is worse, Mr. Speaker, the government appears to have known of and even approved this contract which we now know to be based on prices rigged in Paris by the cartel. Again referring specifically to the Hydro contract the above cited memo says:

The EMR staff does however recognize that Canadian utilities must be prepared to pay the same prices that we could achieve from export sales.

In 1974, Mr. Speaker, export prices were one and the same as cartel prices.

Another document, dated February 26, 1976, raises even more serious questions. This memo hints darkly that the government even went so far as to offer Gulf "protection from government action," meaning, I suspect, protection from legal action. It says:

At the time the (Hydro) proposal was made $12.50 plus 90 per cent escalation plus protection from government action was at the top of the market.

When I asked the minister why his department—contrary to repeated public statements—allowed a cartel member to charge cartel prices in Canada, the minister hedged the question, suggesting I was an "agent for a foreign corporation."

Frankly, the real question is, who is the minister acting for in this matter? Is he acting on behalf of Canadian consumers who are going to be using electricity, or is he acting for certain rather secret interests, certain foreign corporations such as Gulf U.S. or Rio Algom. Incidentally, the Gulf operation is estimated by them to yield between $3 million and $3½ million per year after tax profits for as long as the deal continues.

The real question in my mind is whether the minister is more concerned with Ontario users of electricity or with saving members of his government from embarrassment.

Frankly, his answers look pretty fishy. When I asked the minister if he has reviewed the Hydro contract he said in effect, "Why should I? Ontario Hydro hasn't complained!" Mr. Speaker, that is just not true. I should like to read into the record a few comments Hydro made at the time the cartel was forcing Canadians, including Hydro, to pay rigged prices for uranium.

Minutes of a meeting of the Ontario Hydro finance committee on July 15, 1974, report:

Uranium suppliers have clearly indicated that uranium prices will be equated to the so-called "World Price" calculated at or near to the year of delivery.

"World price" was the term the cartel used to describe cartel prices in 1974. The report concludes that, under present circumstances, Hydro does not have a strong bargaining position and may have to pay world market prices even though they will lead to significantly high uranium costs.

I am sorry the minister is not with us tonight, Mr. Speaker. I hope he will stop stonewalling this whole cartel misadventure, particularly this contract with Hydro. I hope he will tell us why the government permitted the people of Ontario to be ripped off by a cartel member.

I think it is time the government started to answer a few questions on this entire affair. Certain blind or frozen trusts that have been reported at the time the cartel was established have to be opened up and explained. Do these blind trusts include members or former members of the Government of Canada, for example? These are questions that have to be asked. To use the Prime Minister's (Mr. Trudeau) expression, "It looks fishy." I think it is time questions were answered instead of being stonewalled as we were last Monday by the Minister of Energy, Mines and Resources.

[*Translation*]

Mr. J. Gilles Lamontagne (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, I am pleased to repeat, for the benefit of the hon. member for York-Simcoe (Mr. Stevens), the details concerning the marketing of uranium. From August 17, 1972 to March 6, 1974, the Minister of Energy, Mines and Resources (Mr. Gillespie) issued five directives on price fixing to the Chairman of the Atomic Energy Control Board. Another one issued on March 27, 1975 invalidated all former directives. All relevant details are given in a press release dated October 14, 1977.

[*English*]

● (1817)

It had become clear by early 1974 that there had been a dramatic turn-around in the uranium market from a buyer's

market to a seller's one. After many years of relative inactivity, Canadian uranium marketing personnel found themselves with far more inquiries than could be accommodated. Hence, during the first six months of 1974, the Canadian uranium industry contracted for sale into the export market, for future years, a total of 45,000 tons of uranium oxide, some ten times the then Canadian annual production rate.

The government, recognizing that the market had switched so positively, moved to ensure that domestic uranium consumers would not be caught in the position of not having enough future uranium supplies from domestic sources to satisfy their own nuclear power programs. This was a very real risk in mid 1974. As a result, on September 5, 1974, the government announced a uranium export policy which protects domestic utilities with long term assured supplies through the creation of a system to establish domestic reserve allocations. It is not surprising, therefore, that by March, 1975, the Minister of Energy, Mines and Resources felt that it was no longer necessary to specify a minimum price for uranium sales in order to protect against what had pertained in earlier years, namely, that uranium mines were being high-graded and sales were sometimes made at prices below operating costs in order to prevent mine shutdowns.

In the last pricing direction issued on March 6, 1974, the minimum price specified for sale of uranium from Canada was $8.20 per pound, for delivery in 1974; $9.05 in 1975; $10.00 in 1976; $11.05 in 1977, and $12.20 in 1978. For deliveries during the period 1979 through 1985 or, as an alternative to the minimum fixed price schedule just mentioned, escalated prices on a base price of $9.70 per pound could be offered. The escalation formula was to operate from 1974 at the stipulated base price, irrespective of the first delivery year in the contract. At least 80 per cent of the price was to be subject to escalation, and the labour and materials cost components of the escalation formula were to be at least 30 per cent each.

In the direction of March 6, 1974, as in all previous pricing directions, it was made clear that the Canadian market was to be excluded.

Mr. Stevens: It was not, and you know it.

Mr. Lamontagne: Canadian producers were also very much aware of this exclusion. Consequently, the federal government was not informed of the negotiations, if any, which were occurring between Canadian producers and domestic utilities. Even the Atomic Energy Control Board did not call for copies of domestic contracts until after the export policy of September 5, 1974, was issued. The purpose of calling for contracts then, by the way, was to ensure that domestic uranium producers were not offering uranium into the export market under more favourable conditions than they were into the domestic one. Given this background, it is not surprising that officials did not hear of the Gulf Minerals Canada Limited-Ontario Hydro contract until 1976 after the contract had been signed.

[*Translation*]

Mr. Deputy Speaker: Order, please. I regret to have to interrupt the hon. parliamentary secretary but the time allocated to him is over; he even spoke beyond his time.

[*English*]

ENERGY—OIL—SUGGESTED SHORTAGE BY MID-1980's—REQUEST FOR INCREASED COAL PRODUCTION IN NOVA SCOTIA

Mr. Andy Hogan (Cape Breton-East Richmond): Mr. Speaker, the Minister of Energy, Mines and Resources (Mr. Gillespie) has been repeating for the last few months that Canada faces the threat of a serious energy crisis in the mid 1980's. The minister recently, in early November, told a Toronto audience that even if people do not see it, it is like the iceberg that sank the Titanic. Again, in response to my question in the House today, he repeated his serious concern that Canada ceased to be self-sufficient in oil last year.

The minister has committed Canada to a target of imports of no more than 800,000 barrels a day by 1985, which would still cost over $4 billion a year. Paying for this imported oil is only one part of the problem, although an extremely difficult one. In addition, it is going to become increasingly difficult to ensure that there is enough oil to buy at any price, although experts disagree on timing. The Massachusetts Institute of Technology study, the Central Intelligence Agency study of supply and demand for world oil, the Organization for Economic Cooperation and Development, as well as the leaders of the organization of petroleum exporting countries—which control most of the oil—all have warned that sometime in the 1980's there will not be enough oil in the world to go around, even if we use rigorous conservation practices.

● (1822)

The head of Petroleos de Venezuela recently said in Toronto:

> . . . in ten years the surplus oil production capacity of the Organization of Petroleum Exporting Countries (OPEC) will gradually disappear as demand rises and additional supplies of oil from outside the OPEC area are not forthcoming in significant quantities . . . When this happens, international crude oil prices will again rise steeply, perhaps to as much as $20 a barrel in 1976 dollars.

The Cape Breton oil industry is now at a point at which it can make a contribution to the balance of payments problem of our country if the federal government will quickly start two new deep mines, as well as using some of the coal that can be stripped in that area for Nova Scotia's own power needs, such as at the new generating plant being built at Lingan, outside New Waterford, Nova Scotia.

Over and above what we can supply for ourselves in Nova Scotia, there is a market which was formerly held by the Cape Breton coal industry when it was under private ownership but which was lost during the era of cheap, imported oil, which has now come to an end. I refer to the heavy industries in the southern part of Quebec, such as cement, pulp and paper, iron and titanium, and many others which are now using the very expensive imported heavy oil. For example, last year in 1976

there were 41.3 million barrels of heavy oil imported into Quebec at 35 imperial gallons per barrel. The forest products industries use 24 per cent of this volume; cement and smaller industries use another 20 per cent; mining, smelting, and quarries use 12 per cent, and marine industries use 13 per cent.

The best targets for Cape Breton coal to substitute for some of the industrial users of heavy imported oil are the major pulp and paper and cement plants, etc. which are situated on or near St. Lawrence ports and can be readily reached by water shipment from Sydney Harbour. Practically all these industries used coal until the late 1950's and their steam plants or cement kilns can again use coal after reconversion to coal firing apparatus. Now it takes about four barrels of this heavy oil imported into Quebec to be equal in British thermal units of heat value to one ton of coal, so one can easily see that Government of Canada could, for an investment in a new coal mine in Cape Breton, help immensely these industries in Quebec to survive competitively and, as I mentioned before, this would in turn help Canada's balance of payments.

There is one major fly in the ointment, so to speak. The industries I have mentioned would have to reconvert their steam boiler plants, or cement kilns, from oil to coal firing at substantial capital cost. This involves not only the boilers but also the reconversion of their coal storage grounds. Given the concern in our day for pollution control, modern devices to reduce fly ash and noxious gases from their stacks would be needed.

It would appear to be economically beneficial for the Government of Canada and or Quebec to allow such companies a form of tax forgiveness or fast write-off for their coal conversion costs. On the Cape Breton side, from Devco's point of view, the corporation would have to reconstruct the customer contacts the former private owners of the Cape Breton coal mines had with these industries in Quebec and re-establish a coal flow marketing system in the St. Lawrence trade. None of this can be done overnight, but it is imperative that these problems be tackled as soon as possible.

It is obvious that the future supply of energy is a serious corporate concern to all these Quebec industries. Currently they depend almost entirely, as I said before, on imported oil. These industries, to repeat, are concerned not only with the sharply rising price of oil but also and, more significantly, with the future uncertainty of the supply itself. This is particularly true with respect to the additional supplies of oil required for normal industrial expansion. The uncertainty, unless corrected, will place a marked restriction on normal industrial growth in the province of Quebec.

There is a market opportunity for three to four million tons of thermal coal on the St. Lawrence waterway of Quebec province. The question is, can and will Cape Breton be prepared to supply that important profitable market? It is my opinion that the Cape Breton coal fields can, with expansion, provide at least a million tons of coal per year, and perhaps two million tons, which would be over and above Nova Scotia's own needs. What is required is a genuine co-operative effort by the federal government, Quebec industry, and Devco to establish a market development strategy conducted in orderly co-ordination with a mine expansion program in the Sydney coal fields. It is obvious that time is pressing, both for Cape Breton and Quebec, and serious planning must not suffer from procrastination from any quarter.

[Mr. Hogan.]

• (1827)

[*Translation*]

Mr. J. Gilles Lamontagne (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, I wish to thank the hon. member for Cape Breton-East Richmond (Mr. Hogan) for his relevant question as it allows me to review some activities of the Department of Energy, Mines and Resources. Those activities are undertaken in co-operation with Nova Scotia, the Department of Regional Economic Expansion, Devco, the Treasury Board and they are aimed at reducing Canadian dependence on imported oil, particularly in the Maritimes.

[*English*]

These co-operative activities embrace all aspects of coal development and utilization.

As far as exploration is concerned, the Department of Energy, Mines and Resources is providing technical advice to DREE for the coal drilling program currently being conducted both onshore and offshore in Nova Scotia. The cumulative expenditure on this program amounts to about $8 million, of which 80 per cent, or $6.4 million, is contributed by DREE.

As far as mining is concerned, the Cape Breton Development Corporation, as a federal Crown corporation, has been completely modernized and now operates two new mines, one rehabilitated mine, and a new preparation plant. In addition to the capital requirements, Treasury Board approved a substantial grant of $28 million last year to cover the deficit in operations.

As for utilization, under the Canada-Nova Scotia agreement on oil substitution and conservation, which is administered federally by the Department of Energy, Mines and Resources, $9 million has been made available directly, and a further $15 million will be available through loans for, among other things, accelerating the construction of new coal-fired power plants and experiments in combustion of coal-oil slurries in existing oil fired plants.

[*Translation*]

However, the new mines can be established only when the results of the exploration have been evaluated, the economic effects of foreign oil substitution by national coal have been measured and experimental combustion has been made.

I hope that with this additional information all hon. members and all those who are listening to us will appreciate the efforts and the constructive and co-operative approach implemented by the Department of Energy, Mines and Resources to reduce the dependency of Cape Breton, Nova Scotia and the Maritimes as concerns imported oil. And this is the objective at which we continually aim in the interest of every Canadian.

Mr. Deputy Speaker: The motion to adjourn the House is now deemed to have been withdrawn.

Motion withdrawn.

Mr. Deputy Speaker: I do now leave the chair until eight o'clock tonight.

At 6.30 p.m. the House took recess.

• (2002)

AFTER RECESS

The House resumed at 8 p.m.

GOVERNMENT ORDERS

[*English*]

INCOME TAX

MEASURE TO AMEND

The House resumed consideration of the motion of Mr. Chrétien that Bill C-11, to amend the statute law relating to income tax and to provide other authority for the raising of funds, be read the second time and referred to committee of the whole.

Mr. Jim Balfour (Regina East): Mr. Speaker, before the dinner hour I was addressing a few remarks to the provisions of the bill before us as they relate to the treatment of insurance policies. Now I should like to examine the other proposals relating to insurance policies, one of which concerns loans taken by policyholders against their life insurance policies.

The Department of Revenue proposes to have the amount of the loan that exceeds the value of premiums paid, to be added to the borrower's income. In other words, the gain portion of the loan is to be treated as an advance or disposition, and is to be taxed as such. This suggestion attacks the concept of paid up insurance constituting tangible property. While money borrowed on the security of real estate is not taxable, these measures insist that borrowing on the security of the paid up portion of an insurance policy does not warrant similar consideration. This is clearly unjust. A policy loan should be regarded as just that, because the loan is ultimately repayable out of the insurance proceeds, if it has not been repaid earlier.

In introducing this measure the government is effectively eliminating a ready source of low interest loans, easily accessible to finance such projects as sending a child to college, paying uninsured medical expenses, or effecting household improvements.

Traditionally and historically, policy loan provisions have constituted well established and valuable features of life insurance programs in Canada. Changing the rules in mid-stream, as the minister proposes, will further erode the incentive to

save and provide for one's own future, which at one time was a significant feature of the Canadian style of family life.

Many, if not all, current policy owners bought their policies in the expectation that in times of financial need or emergency they could borrow against their policies without being taxed. To change this provision is to undermine a basic feature of life insurance policies. In so far as this provision was simply intended to plug a possible loophole for avoiding the now defunct proposal for a tax at death, it is clearly pointless.

A third proposed measure regarding life insurance policy owners would disallow the deduction of interest on policy loans designed to be utilized in such a way as to increase the policy owner's income. An example of this might be a small businessman borrowing against his policy to improve his business. This proposal will serve only to further hamper access by small business to low cost financing, and place a further burden on the private sector of our economy. It should be recognized that life insurance policies are often the best, if not the only, source of ready cash for small business operators, since money can be obtained quickly at modest rates with no questions asked and no further collateral demanded.

In addition to the foregoing, the proposed measures regarding life insurance would have the effect of greatly increasing the administrative burden for insurers by the additional record keeping and reporting for ordinary policy loans, automatic premium loans, and payments of interest, thereby adding to the cost of insurance to the public. However, we should not be so surprised that the major effect of government tax amendments seems to be to raise prices, for the primary objective of these amendments appears to make the law, as it relates to income tax, even more tortuous and convoluted than it is already.

This bill that we are discussing today is nearly an inch thick, and all of 200 pages long. This is in addition to the 424 pages of the 1970 revised version of the Income Tax Act, and the hundreds of pages of amending acts between that date and this. Many of the amendments and obfuscations of income tax laws are the offspring of the "equity in taxation" hobbyhorse that is being ridden by senior advisers down the corridors of the Department of Finance. No one would claim the major inequities that existed in the tax system of days gone by should not have been eliminated, but we are at the point now where small and almost meaningless discrepancies in fairness are being operated upon to the over-all detriment of the system.

Let us consider one of the changes proposed in the bill—the provision to tax interest free loans to employees and shareholders. It is a purely equity based amendment. However, the consequence will be untold man-hours poured into revising compensation packages and looking for ways to circumvent the application of the rule, hours that undoubtedly could be put to more productive use.

This amendment will raise no revenue; will hurt, not help the economy; and will be nothing but trouble and aggravation to those who will have to enforce it. It is an amendment which will create enormous problems in order to clear up a minor source of inequity. On the corporate tax side it is well known

that if the tax rates on dividends and capital gains were at the same level, the tax provisions relating to these could be simplified enormously. With this is mind, the tax gap between dividends and capital gains has been narrowed by increasing the dividend tax credit. This is fine as far as it goes, but it stops short of situations where there is non-arm's length dealing.

For example, in these cases where corporate control is being transferred among family members, or an estate plan is being set up, very complex rules have been introduced to ensure that no untoward tax benefit accrues. Again we find the concern about equity and fairness. However, all this does is create a situation where grossly inordinate amounts of time and effort, not to mention money, are spent to cope with the tax ramifications of every private corporate change, and the revenue in question is minute.

In short, major simplification is being held up on the corporate side because of relatively minor equity problems. The cost of refusing to simplify the corporate tax provisions, not to mention partnership, trust resource or insurance provisions, is simply staggering. All of this is not to suggest that fairness and equity in our tax system should be abandoned or ignored. On the contrary, the reform of Canada's tax laws to make them more equitable is an important task. A sense of proportion is required, and a realization that the cost to achieve perfect equity may very well far exceed the minor benefit derived. In these troubled times, the removal of minor inequities should not be the primary end toward which the tax amendments should point. Rather, our major objective must be the stimulation of the economy. The introduction of effective incentives for the expansion of the economy has to take precedence over all else.

The Minister of Finance (Mr. Chrétien) has, to some degree, recognized the need for incentives. Perhaps he has not recognized the need for effective incentives. Nowhere is this more clear than in the case of the $100 tax cut for low and middle income earners, of which we have heard so much in this House. The minister has told us that the cut will be concentrated in January and February, that a married taxpayer with two children could receive maximum benefits at income levels of up to about $16,000, and that a total of $700 million in revenue is expected to be returned.

This rebate appears generous in its gross amount. However, to the individual taxpayer it will represent very little. A taxpayer with three dependants is going to derive very little benefit from the cut which averages out to $1.92 per week for the year. It will also do little to offset the gap between the rate recommended by the Anti-Inflation Board for wage increases and the projected rate of inflation for this year. The tax cut is supposed to spur consumer spending and confidence in the economy, but its inevitable failure will serve only to undermine whatever confidence is left. Even the Economic Council of Canada, normally a rather mild mannered and optimistic body, concurs with this diagnosis.

[Mr. Balfour.]

• (2012)

The measures outlined in the minister's speech were described by the Economic Council as being so inadequate as to "barely prevent the currently high unemployment from increasing further". It went on to say that incentives proposed by the minister "will not be sufficient to bring about the reductions in either youth or adult unemployment that are needed".

The response of the Minister of Finance to this critical report which proposed a variety of alternative solutions to Canada's economic woes, was to label it irresponsible. Before accepting this assertion regarding the Economic Council's forecasts, it might be instructive to examine the government's record in this department.

In the budget of May, 1976, the then finance minister forecast a decline in unemployment. It rose, instead. The government anticipated a fiscal 1977 cash requirement, excluding foreign exchange, of $4.5 billion. In fact 1977 cash requirements were $5.4 billion, in excess of the forecast by 20 per cent.

According to that budget there would be a significant decline in the 1978 cash requirements from the level first forecast for 1977. Latest estimates reveal 1977 cash requirements nearly double those originally projected for 1977.

Only last March the government forecast 4 per cent real growth, 6 per cent inflation, and a $6.4 billion cash requirement. Where are they now? Today we are confronted with real growth of 2 per cent, inflation pushing 9 per cent, and an $8.5 billion cash requirement. The Minister of Finance should re-identify the target of his allegations of irresponsibility in forecasting.

The plain truth is that there is simply not enough incentive being introduced to stimulate the private sector. It is this sector upon which we must depend for the creation of the jobs our unemployed so urgently need.

Some obvious indicators of the plight in which the private sector finds itself lie in Canada's balance of international payments. The biggest single item in the balance is merchandise trade. Although we have recovered from a deficit in 1975 and appear to be on our way to a healthy surplus for 1977, a closer examination of the figures will show that all is not well.

Most of Canada's exports are natural resources shipped in raw or semi-processed form, while imports are generally made up of manufactured goods. In 1976, raw and semi-processed goods composed 66 per cent of exports, worth $25 billion, while manufactured products composed 61 per cent of imports for a value of $23 billion.

The problem lies in the fact that these raw exports have a very low labour input, whereas the manufactured imports have a high labour component. In other words, our exports create very few jobs in Canada relative to the number of foreign jobs created by our imports.

In the years from 1970 to 1976 our trade deficit in manufactured goods alone grew from $2.5 billion to over $10 billion,

and is currently projected to exceed $11 billion. Clearly the manufacturing sector is one to which the present bill might more effectively turn its attention.

Not only positive measures, in the form of incentives, are needed. The elimination of negative factors, whether in place or proposed in this bill, has to be examined. There is lack of co-ordination between the federal government and the governments of the provinces on matters concerning taxation.

A prime example of the disorganization that abounds is in the taxation of mining companies. In British Columbia and Saskatchewan, for example, the lack of co-operation and consultation between the two levels of government has led to a situation where the combination of provincial royalty payments, and the federal elimination of the income tax deduction for such payments, has effectively created a tax rate of more than 100 per cent of revenue. How can the government seriously talk about turning the economy around and attracting investment when it cannot even co-ordinate its taxes and those of the provinces to avoid placing companies in such an outrageous position? What confidence should a prospective investor have in such an administration? How the government can purport to be attracting investment on the one hand, while terrorizing business on the other, I do not know.

A further example of the double-edge sword of government programs can be seen in the Canadian home insulation program. Even ignoring the tremendous inroads that the federal conditions for the implementation of this program have made on the jurisdiction of the provinces, there are aspects which cry out for examination and change. The aspect that concerns us most with respect to this measure is that the grant will be added to the income of the spouse with the highest income. This makes a mockery of the entire program.

An insulation grant will only cover two thirds of the cost of materials involved, nothing is paid towards the actual installation. An applicant receiving the maximum grant of $350 would have to spend a minimum of $525 on materials. If added on to that were say $175 for installation, the minimum cost would be $750, against which the grant would be applied. But a homeowner with sufficient funds to be able to afford part of the cost of the insulating will find that the grant, when added to his taxable income, could easily be taxed at a rate of 40 per cent or more. He would then be left with a net grant of perhaps $200, which would cover barely one quarter of the total cost. In addition, the government has overlooked the fact that, in many cases, the insulating it has promoted will result in increased local taxes for the homeowner far in excess of his anticipated savings in energy costs. All this hardly represents an effective incentive program to encourage insulation.

The same label can be placed on this entire package of government proposals that we are discussing here today: ineffective. There are several reason why. First is the fact that not enough incentive is being given to stimulate the economy effectively. Those measures that are included are so weak as to be of doubtful use; our economy is not in so healthy a position that half hearted measures will improve it.

Connected with the lack of incentives is the continued and needless complexity of the income tax laws. Unconscionable amounts of time are spent by businessmen and their advisers trying to understand the provisions and then to apply them to their particular situations. This is bad enough for large companies which can afford to keep tax specialists on staff, but it is absolutely intolerable for small businessmen for whom this represents a major expense. Indeed, Mr. Speaker, I wonder how many in this Chamber prepare their own income tax returns.

The government must make a commitment to streamline and simplify our tax laws and regulations. The major problem with this legislation, however, lies not so much in its content as in its style, for it is nothing more than another piece in the patchwork quilt that is the government's approach to the economy. We have here simply a few more palliative measures, designed to fix up the failures of the past, and destined to be replaced by the failures of the future.

The government is blindly slapping a few more band aids on the flagging economy in the hope that one of them might cover a wound. But the problem is far more complex than that, and so is the solution. Until the government realizes this, and takes a far-sighted and comprehensive approach to economic planning, we will continue to suffer the despair of unfulfilled potential that has been our lot for so many years.

Mr. Dean Whiteway (Selkirk): Mr. Speaker, I appreciate the opportunity to join this debate on Bill C-11 but I will not get into the specifics of the bill. I intend to raise several very pointed questions when the bill goes to committee of the whole, at which time the minister, who is not present tonight, will be in his place. My remarks tonight are of a general nature and are more directed to what is not in the bill than to what is there.

● (2022)

Before I really begin I must say I am somewhat bothered that by reason of courtesy to my colleagues I am unable to take the full time which would normally be allotted to me, because the government has decided to bring in closure. That restricts the right of the opposition to scrutinize this legislation. This Bill has some critically important aspects to it, and the omissions in some cases are also very critical.

Yesterday the government charged that we were obstructing parliament and holding up the bill—the word "filibustering" was not used—when in fact up until the time of the closure motion only about 28 hours had been spent debating this legislation. If that amount of time was divided by the number of members in this House, a grand total of six minutes and 18 seconds would have been allowed for each hon. member to contribute to what is a critical tax proposal.

Mr. Stevens: Shame!

Mr. Whiteway: The minister does not want to call it a budget, but if it is not a budget, it should be. The hon. member

for York-Simcoe (Mr. Stevens) has been calling on the government to bring in a budget before Christmas.

I reject the notion of the government that restricting my right to speak on this legislation is proper. I feel almost professorial at this point because I want to lecture—if I can use that word—the government about the nature of parliamentary democracy. I do not deny for a moment the right of the government, which has a clear majority, to set fiscal and monetary policies. The Minister of Finance (Mr. Chrétien) has just walked in, and I will say very clearly to him that it is his prerogative, responsibility, and indeed his duty to set fiscal and monetary policies and to bring in a budget. It is his duty to set the rate of taxation and to get the economy in order.

It is the prerogative of the government to set foreign policy. It is the right of the government, which has a majority, in a parliamentary system to rule and govern absolutely. I do not debate that point, but what I do reject is any move by any government to deny my rights, privileges, responsibilities, and duties to all the citizens of Canada and in particular, of course, to the people of Selkirk. It is my responsibility to scrutinize, to oppose, and to offer alternatives, and the alternatives we have offered this government are endless.

The hon. member for York-Simcoe and my leader have been very specific point by point, particularly in the area of fiscal and monetary policies and in suggesting a new budget. If it is true—and I believe it is—that the government has the absolute right to govern, surely the opposition has the absolute right to oppose, to scrutinize, and to take our time, if that is what we deem responsible, to try to persuade the government with reasonable arguments based on sound judgment, however reluctant it is to do anything meaningful, that it ought to take a course of action which will mean something to the country. I do not take it at all lightly that I am forced to curtail my remarks because the government has brought in closure.

Mr. Lumley: Mr. Speaker, I rise on a point of order. I would like to remind the hon. member that the debate on C-75 ended yesterday. We are back on the second reading debate of Bill C-11.

Mr. Knowles (Winnipeg North Centre): Standing Order 75C.

Mr. Lumley: Sorry.

Mr. Whiteway: Mr. Speaker, the parliamentary secretary has once again demonstrated his astuteness. I am glad he raises the fact that we are debating Bill C-11. If he had his way, he would have muted the opposition and would not have allowed us even five hours. The government is so generous it gives us five hours, and hon. members opposite take half of it!

Mr. Daudlin: Give us five minutes of something original.

Mr. Whiteway: The hon. member wants something original. I can tell him there is nothing original on his side of the House because we are getting more of what we have had in past years, deficits. I must correct myself because there is something new this year. The deficit is larger than it was last year. We are facing a $9 billion deficit. Perhaps some of my hon. colleagues opposite do not really understand what $9 billion can buy. So that they might understand—because they spend money as if it were water, and they obviously do not understand the consequences of a $9 billion deficit—I will tell them how much $9 billion is.

[Mr. Whiteway.]

Let us take a 1978 Dodge Aspen sports sedan with a standard shift, and no options. That car sells for about $4,700. It is about 197 inches long, which is about 16.3 feet. Let us line Dodge Aspens up bumper to bumper along the Trans-Canada Highway beginning at Victoria. The line would stretch all the way across British Columbia, Alberta, Saskatchewan, that great keystone province of Manitoba which has a Tory government, all across Ontario, winding its way down around the Great Lakes, all through that great *la belle province*, which will remain in Confederation because a Canada without Quebec is no Canada at all, down through the maritimes to New Brunswick and Nova Scotia—we could not get to Prince Edward Island on the Trans-Canada which, incidentally, is something else the government has balked on—then over to the capital of Newfoundland, St. John's, to a location in front of Joey's oratory. The total distance I have here is 4,860 miles. That is as of September 3, 1962. If we lined all those cars up bumper to bumper, an amount equal to our deficit would pay for every single car, and there would be $1.5828408 billion and a few pennies left over. That is what our deficit means, and yet this budget is the same as usual. That is obviously of no concern to the government.

Hon. members opposite smile with contentment about this mini-budget, economic statement, or whatever the minister chooses to call it. A million Canadians are unemployed, and hon. members opposite dare to ask me to be original. With unanimous consent I would yield the floor so that the hon. member for York-Simcoe, for the benefit of hon. members opposite who may not have heard him the first time, might again shed some light on what ought to be done and must be done to get the country working again.

This bill, this budget or this economic statement—whatever it is—says nothing about housing. My colleague, the hon. member for Red Deer (Mr. Towers), smiles, but I know it is a smile of great disappointment because this matter almost passes the point of seriousness. There is not a word in this bill about housing. There is not a penny for housing. I think it is important that I read what the deputy minister under the Minister of State for Urban Affairs (Mr. Ouellet) has said about housing, while this bill or whatever it is is absolutely silent with reference to housing. In a speech made in Calgary in September, 1976, Mr. Teron said:

● (2032)

When 280,000 families in Canada pay more than 50 per cent of their family income for housing and 500,000 families in Canada pay more than 35 per cent, and 820,000 families pay more than 25 per cent, and when 2/3 of those Canadians in need of housing cannot afford to buy or rent a home without a government subsidy, we have a problem of fundamental proportions. We must take decisive action now or face unparalleled problems later.

One year and two months later there is no sign that the government has heeded the deputy minister of urban affairs.

I hope the Minister of Finance and hon. members opposite will not consider my remarks to be partisan or critical, which is the normal role of a member of the opposition, when as a member concerned about housing I plead with them to consider some of the concrete and constructive proposals put forward by the leader of my party, by the hon. member for York-Simcoe, and by other members of this party. We are not looking for glory or praise for the Conservative party, but are here because of an interest and a love for this country. Our suggestions are put forward in a spirit of co-operation.

There is nothing in this mini-budget to solve the critical problems Mr. Teron has referred to, nor is there anything to answer the problem of energy conservation as it applies to urban transportation. I have said in this Chamber before, and I think it is worth saying again, that at the moment three quarters of our population live in urban centres, and in another ten or 12 years 90 per cent will live in cities. Half of the energy consumed in this country is spent on intracity transportation. The larger cities like Toronto, Vancouver, and Montreal have modern energy saving mass transit systems that are efficient and energy saving. The Minister of Finance and this government, however, have reneged on a 1974 election promise of hundreds of millions of dollars for mass transportation within our urban centres.

To state the obvious, we must begin to do things, and right now. Of course hon. members opposite will ask the usual question—where are we going to get the money? They blame the Tories for asking them to spend money all the time, and claim we have more programs than can possibly be financed.

We reiterate almost to exhaustion the solution we have proposed. It is not what you spend, it is how you spend. Time and time again we have asked the government to get its priorities in order. We only have to go up to the sixth floor of this building and gaze across that great river to the great province of Quebec, the great city of Hull. Spread almost as far as the eye can see are those fortresses that house civil servants.

Let it not be said that we on this side criticize civil servants. We could point to almost any civil servant and say he works hard and conscientiously. The question is not whether he works hard, it is whether the work is necessary. As the Auditor General pointed out, the government cannot control its spending. We have asked over and over again that it set priorities, and certainly the most obvious areas of capital expenditure are office buildings and accommodation.

If time permitted, Mr. Speaker, I could give a list as long as an arm and a leg of ways the government could save money so that problems of energy conservation and urban transportation could be solved. Not only that, we could export the technology and finance our own urban transit systems through selling our knowledge abroad. We have the brain power and the technology; the only thing lacking is the initiative on the part of the government. I do not believe the government has that much vision, however. I believe its members are stale, worn out, tired. They offer the same old non-solutions to problems like one million people unemployed and deficits going up to $9 billion. The Canadian dollar was worth 90 cents yesterday, and for all I know it may only be worth 88 cents today.

We on this side plead with the government, even at this 11th hour, to show some sign of repentance by bringing in a budget. We would be overjoyed if that were done before Christmas and would co-operate so that this House might address the problems besetting the country.

At committee stage, Mr. Speaker, I shall be asking specific questions on specific parts of this bill. This party will do all it can in a responsible way to make Bill C-11 address, to some small degree, the problems of Canada. For the sake of the country we in the opposition can do no less.

Some hon. Members: Hear, hear!

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, in joining in this debate on Bill C-11 I should like to be rather positive tonight. This government needs some sincere suggestions from all sides to ensure that in the short time left at its disposal as a government it can start solving some of the problems facing us.

Mr. Chrétien: We need your help.

Mr. Stevens: As the Minister of Finance (Mr. Chrétien) says, he needs our help, and I can assure him that he will have it tonight.

Many of my colleagues have pointed out deficiencies or aspects of Bill C-11 that should be clarified. Many of those points will be dealt with in committee of the whole when it starts later tonight or tomorrow. Mr. Speaker, I think in the dialogue that will then ensue on such things as the proposal to tax the insulation and a grant that was given by this government, as well as such things as the proposal to tax the insurance cash surrender values to some extent, which is proposed in this bill, the whole reference that is made in the bill to the turnover, roll-over provisions with regard to small businesses and farms are now in the hands of say, a father who wishes to turn the property over to his children, all of these matters raised by my colleagues hopefully will be dealt with fully during the committee of the whole session. There are other items, the $100 tax credit which many have referred to. We feel that while the concept was, I suppose, stolen from us, it is a good concept. There are certain clarifications that are very badly needed.

● (2042)

One thing I would like to emphasize, Mr. Speaker, and I hope this time when we get to the committee of the whole, the Minister of Finance will be able to give us some insight of this, I feel there are a lot of questions to be asked, and hopefully answered, with respect to the $9 billion borrowing limit extension which the minister has included in this bill. $9 billion is a lot of money. It is a lot of money when you consider that it is almost as much as the total federal spending budget at the time when this Trudeau government took power ten years ago.

I said this evening I would like to be positive, and I mean that. What I hope to do tonight, in addition to dealing with Bill C-11, is to make certain suggestions to the House, to the government and to the Minister of Finance as to how we could handle more effectively this whole budgetary process, which this House has to grapple with periodically, and specifically this legislation before us tonight. In doing that, I think it will be helpful if we basically accept, that in any budget, there are two sides to it. There is a policy side, which is by far the most important, and there is also what might be regarded as an administrative or a structural side. It is this technical side we are dealing with tonight. Generally, because budgets have those two aspects to them, and realizing of necessity, they are relatively complicated documents, I feel there should be certain tactics or approaches taken in order to facilitate, not only our dialogue and discussion of the matter before us, but hopefully to facilitate better understanding by the Canadian public as to what this process is all about.

If I may, Mr. Speaker, I would like to deal with four or five suggestions with respect to that question of structural change. How can we get a more effective approach in dealing with a bill touching on income tax, for instance, Bill C-11?

My suggestion would be that green papers should be used more widely by the government because I believe green papers are well received. For example, we had green papers on sales tax, on the charity areas, and they contributed to a meaningful debate and discussion with respect to the points raised in those green papers. I would hope, therefore, that the government would bring in more green papers with respect to matters they feel are suitable to that kind of discussion. The next point I would like to raise tonight is that I believe the time has come for less secrecy surrounding this whole question of budget-making and the type of debate taking place here. Let me just give you one example. It is widely known, although somehow it is kept secret, that the Department of Finance calls on various consulting firms for advice. For reasons not clear to me, the names of those consultants are not disclosed, we are not advised as to their terms of reference, and I think we should be. I cannot see anything wrong with the Department of Finance making it very clear that they have called on a certain accountant firm, a certain law firm, or have called on certain tax professionals for advice as to what they should do. I suggest we should have a little less secrecy. Let us open up and let us know who the government is relying on for that type of consultative information or advice.

When the minister says tonight he needs our help, I think he needs the help of others, and I would like to see the Minister of Finance surround himself with an advisory group of people well vested in tax matters so that the minister can get some fresh advice. I say that because there is a growing suspicion that the advice the minister is getting is warmed over, old advice, which is something the officials around him are attracted to, but you don't have that spark of ingenuity or freshness that might be conveyed in the policy thinking sessions a new independent advisory group drawn preferably from the private sector might bring into the general policy-making decision apparatus.

I would like to see draft legislation made available to the House, not only for our consideration but so that the general public can have a look at what the public has in mind. Sometimes I feel that we tend to get locked in here, the government will introduce a bill, it will go through first reading—which is only a formality—it comes to second reading and they suddenly feel they are locked into a position that if they alter or back away from, this is a loss of face. It then results in that impossible situation where we make a comment, or the public makes a comment with respect to changes and the government feels they cannot even meet those changes without appearing to be backing down from a position they got themselves into by introducing the bill in the first place. Why is it we cannot have draft legislation on the routine type of legislation, which is what Bill C-11 is mainly made up of? Let us take a look at it. Let us find out, without people taking definitive positions, what the general public might feel about draft legislation, and also have a free interchange within the House, both opposition and government members concerning their views on a draft put before us.

Tomorrow when we get to committee of the whole stage with Bill C-11, I think we will be uncomfortably surprised as to how little will be told as to why changes now proposed in Bill C-11 are needed. Why should that be so? For every change that is proposed in any bill, not only fiscal bills such as we have before us, why can't we have every change in legislation be given an in depth honest answer as to why the change is needed?

On a money matter, for instance, the first clause in Bill C-11 deals with capital gains. I think we should have an explanation from the minister on that. Why does he feel the $1,000 write-off or chargeable amount with regard to capital gains losses should be raised to $2,000? I think we should rightly expect the minister to tell us what revenues are involved, how many transactions are involved, why are all losses with respect to capital gains not in a position that they can be written off against capital gains. That type of thing I believe will be very meaningful, and I hope when I mention this item tonight, the minister will cooperate during the committee of the whole stage to give the answers which have rarely been given before as to why the changes are really needed. Let me touch on a bigger question, the concern of any minister of finance, the policy side of the budget.

● (2052)

We have touched on the structural aspect. Let us turn to the policy side of the budget. In this connection I think it would be extremely helpful if there were more references to the Standing Committee on Finance, Trade and Economic Affairs concerning the economic condition of the country. This has often been discussed. Other Ministers of Finance have hinted that they might make such general references, but for reasons known only to themselves they draw back at the last moment when it comes to giving the committee a firm reference to

enable it to consider, for example, what are the real alternatives for Canada today faced with inflation, lack of real growth, and mounting trade deficits. What, for instance, in such circumstances are the effects of tax cuts or reductions in sales taxes? Let us have more references to our standing committee so that we can consider policy matters under the heading of the economic climate in Canada.

I have touched on the policy questions which arise from every budget. Here is an example of the need for separation. Let there be two distinct parts of every budget with a clear distinction between the policy side and what one might refer to as the structural side.

Most of us eventually feel sorry for the poor Minister of National Revenue (Mr. Guay) over there.

Mr. Parent: He is a happy fellow.

Mr. Stevens: I should like to make him a little happier, then, by giving him a bit more to do. I am suggesting that more bills of a structural nature be introduced by the Minister of National Revenue. Why, for example, should he not bring in the various bills whose administration he has to supervise? This is a suggestion which might be considered in future as a step ahead in trying to get through the rather extensive procedure we now follow as far as budgets are concerned.

Another suggestion. It may be that to iron out hundreds, if not thousands of misunderstandings which arise with respect to the tax process and the position of the government with regard to income tax, some type of board ought to be established which could deal with this task in a prompt and effective way. I do not mean a board in the sense of an adjudication board, but a board which could address itself to difficulties and inequities which are inherent in our taxation system, and advise whether they should be altered in the next budget. This would, if you like, constitute a screening process to ensure a more effective, a more efficiency-oriented income tax approach.

These are only a few suggestions having to do with the process in which we are engaged tonight. I should like to turn now in a more general way to the whole question of the economic position in which the country finds itself. I should like to touch upon the incomparable incompetence of the government in dealing with economic matters. Many times I have heard the President of the Treasury Board (Mr. Andras) and the Minister of Finance speaking about restraint and suggesting that somehow or other they know how to cut down federal spending. Mr. Speaker, I feel this is just like asking a rabbit to carry lettuce. Neither of those two gentlemen knows how to restrain public expenditure.

Mr. Andras: Tell us what to cut.

Mr. Stevens: The President of the Treasury Board says. "Tell us what to cut." I hope he will remain in his place, because he will get an earful as I speak. In the past decade Canada's economic performance has deteriorated, with Ottawa giving little priority to measures which might arrest the trend. On balance, the measures taken by the government have aggravated rather than relieved the situation. Meanwhile, grizzly economic figures pile up.

Unemployment, running at more than 8 per cent—twice the level forecast by the Economic Council for this period—will likely result in more than one million jobless this winter. Inflation roars on at nearly 9 per cent, well above the government's target and three times the level anticipated by the Economic Council. Trade in the last quarter fell to a projected annual deficit of $6.5 billion, the highest in history, at a time when the administration actually anticipated a decrease. The government's budgetary deficits average over $5 billion a year. Next year it will be something like $11 billion. In the aggregate, government deficits in the past ten years have totalled more than the combined deficits of all federal governments in the previous 100 years.

The Canadian travel deficit reached over $400 million in the last quarter, a tenfold increase compared to four years ago, and it is anticipated this deficit will approach $2 billion for the year. Our dollar in relation to the United States dollar has slipped 13 cents since last November to its present 90 cents. Our foreign exchange reserves have slumped to their lowest level since 1971, and now represent only 1½ months of our imports. In this connection it is most disappointing to find in the Conference Board Report issued today that the effect of our 13-cent devaluation has simply been to restore the cost of inflation since 1975. I should like to quote exactly what the Conference Board said on this point:

> The effect of the recent devaluation has been, therefore, to offset the increase in relative labour earnings which has occurred since 1975.

In short, here we have a government which, through the Minister of Industry, Trade and Commerce (Mr. Horner), and to a lesser extent through certain other ministers, has tried to tell the Canadian people that the 90-cent dollar is something good. Well, the Conference Board tells us that the effect of devaluation has simply been to offset the rise in wages which has occurred on account of inflation in this country since the control program began.

Productivity among our workers continues to lag compared to productivity in other countries, making us relatively non-competitive internationally. Here again I should like to refer hon. members to the Conference Board study which came out today. It shows that in 83 industries reviewed by the Board, wages in Canada have been higher than comparable wages in the United States, yet productivity on the average has been only about 90 per cent of that of their United States counterparts. Investor confidence is at a low with stock exchange values crumbling year by year in real terms.

● (2102)

This economic morass is illustrated by our low real growth, that is, growth without inflation. For the past three years how many of us realize—certainly I do not believe the government realizes—that such annual real growth has been stalled on a per capita basis at one half of one per cent. In the past reported year the United States real growth on the other hand

has been 4.6 per cent, nine times the actual real growth in the same one-year period in Canada.

I said at the beginning I intended to be positive, and I will be positive tonight. Those are the bald facts. That is the situation into which this government has put us. Now I would like to make some suggestions of a policy nature that I hope the government will accept in order to get us out of the problems we face. In making these points, Mr. Speaker, I would like to divide them into short term policies, middle term policies, and longer term policies. But first I would suggest that to restore public confidence in our economic momentum in Canada we need leadership in Ottawa which is willing to implement the three types of plans that I have indicated; that is, short term, middle term, and longer term plans. In short, an industrial strategy for the nation must be evolved.

With respect to short term policies we have said for some time that, faced with today's unemployment and sluggish economic growth, there should be substantial personal income tax cuts, with the greatest benefit being given to those earning less than $8,000 per year and with lesser benefits being extended to those earning between $8,000 and $16,000. The lower the income, the greater should be the benefit. The government in Bill C-11 has met the suggestion at least in part, but unfortunately it proposes that the $100 tax credit will be felt in 1978, not now.

Ministers have represented that the tax credit will be shared by Canadians in January or February, but there is no place in this bill that that is said to be the case. They plan to do that through new directives in an administrative way. I emphasize it is going to be an administrative matter, and we will be suggesting why it should not be left in that position. The burden of financing public expenditures has fallen increasingly on personal income taxpayers. This tax has essentially affected low and middle income taxpayers who receive the bulk of income in Canada.

How many of us realize that in 1975, the latest year for which data is available, over 60 per cent of the total income taxes paid in this country was paid by persons earning under $20,000 per year? I have said repeatedly, certainly for the last 18 months, the federal government should reduce the load that it is taking from the personal income taxpayers. Again, we believe the federal government should reduce its manufacturer sales tax as soon as possible. This would bring about a reduction in the consumer price index and would boost consumer and business confidence. It would also increase consumer purchasing power.

Although unemployment is national in scope, its greatest burden is borne by the five eastern provinces, and by young people entering the labour force. Companies willing to create employment in those regions, or for young people, must be given suitable added incentives. For example, tax credits or rebates could be made available to corporations willing to create jobs in regions with high unemployment. This would encourage, I would suggest, those companies to invest needed capital. But that is only half of the job.

In addition there should be unemployment tax credits for firms which qualify for such assistance by hiring additional workers. Such employment assistance ought to be oriented most heavily to our youth and to those securing jobs in high unemployment areas. The minister in his October 20 statement made reference to employment tax credits. He indicated that they would like to put a program in position, but I emphasize, Mr. Speaker, there has been no action. There is no legislation. Frankly, the government is not sure how it will implement that program. Mr. Speaker, we would like to tell it how to implement the program. I can assure you if we were the government in this House tonight, such a program would be on the statute books of Canada.

Mr. Kaplan: Tell us what you would do.

Mr. Stevens: Mr. Speaker, the Chairman of the Standing Committee on Finance, Trade and Economic Affairs has asked that I give him some hints. I can assure him that if he can succeed in getting the Minister of Finance at least to attend the meetings of that committee we will start giving him some hints. So the ball is over to you, Mr. Speaker.

Wage and price controls, in our view, have a limited usefulness. Left in place, they become counter productive and a deterrent to economic expansion. Therefore the government should commence phasing out its present wage and price control program right now. An ongoing monitoring agency may be needed for a limited time, but it is the market place that should be left as much as possible to settle wage and price levels. Given fiscal and monetary restraint by government, the market place in the past has controlled inflation, and it can do so in the future.

Surely it is relevant to note that in the past three months the inflation level in the United States has been an average 3.8 per cent a year. Compare that to the level in Canada, over 8 per cent—twice the level that has been experienced in the last three months in the United States. That is not just a three month phenomenon. The fact is that since controls were put in place in Canada we have consistently had higher inflation levels than they have had in the United States where they have no controls. That is something the government loves to gloss over in its fascination with the controls program in Canada that has contributed to tens of thousands of Canadians being out of work on account of the counter productive nature of controls in undermining business confidence in the country. But, Mr. Speaker, I have touched on just a few of what I regard as short term policies.

Perhaps the more important policies are the medium term, longer term policies in which this government is so lacking. Let me touch on some medium term policies I would like them to consider. Governments, in particular the federal government, have increased their share of the economy in the past decade so that they now handle about 43 per cent of our total gross national product. This, I would suggest, has placed an unfair burden on our personal income taxpayers and has contributed to inflation, lower productivity, and in fact has ruined many small businessmen. For these reasons we believe it is impera-

tive that government should reduce its gross national product take to a more manageable level.

● (2112)

In conjunction with other levels of government, a five-year target for reduced government spending in relation to our gross national product must be set and reached. The government likes to assure us that it is trying to control its spending so that it will not rise more quickly than the GNP. In short, it is saying that it will maintain its share of government spending at its present relative relationship to the GNP. Frankly, that is not good enough. What is the magic in all governments taking 43 per cent of the GNP? Clearly it has contributed to some of our problems. Governments must start retrenching to return to a lower share of the gross national product.

Zero budgeting is a concept which must be introduced to public administration. It would ensure that programs would have to be periodically reviewed and justified. The present assumption that once a program begins it continues indefinitely, which all socialists seem to assume, must be changed.

In addition, working with labour, business and consumer groups, the government should establish targets for future real growth, inflation, and employment levels within the country. With such guidelines, decision makers within the economy will be able to proceed with greater confidence in the future. As targets are reached, confidence will grow. If targets are not reached, reappraisals to determine the reasons will be beneficial.

We have not heard from the Minister of Finance in this respect. I think his predecessor shocked most members of this House, when asked why would he not set such targets for Canada, he said that it was because they might cause a lack of confidence in the government. That is one of the reasons for governments establishing targets. One wants to have a bench mark to judge them by in order to see if a reasonable target has been met; if not, why not; and if the government cannot do it, we will get another one.

Canada is the most over governed country in the world. Not only do we have four levels of government in most areas, but we find these levels duplicate activities and on occasion stalemate, or at least frustrate each other's actions. At the federal level we must question if it is necessary to have 25 different departments which are duplicated in the main at the provincial level. Is it really necessary to have a federal Department of the Environment concerned about pollution, or could it not be assumed that if each provincial environmental department enforced anti-pollution legislation there would be no dirty federal air in Canada?

Is it necessary for federal authorities to add to our already high housing prices through their needless regulations and requirements? There may be a role for the federal authority to play as banker in connection with housing, but the actual development and construction of such housing should be a provincial matter.

Traditionally, small businessmen have been Canada's main employers, yet today they are under heavier pressure than any other business group. Tax concessions help, but other steps are needed. Many smaller businessmen never reach a taxable earnings level before they are snuffed out. It is here that aid is needed. Less regulation by government would be a tonic for such entrepreneurs. Dealing with regulations is an added cost for big business, and it kills the small fellow.

At this point I should like to remind the Minister of Finance that at page 8 of "The Way Ahead" the government outlined eight crucial steps it was going to take during the anti-inflation program, which it indicated would help relieve the various problems I am touching upon tonight. Not one of the eight has been executed to date. I hope the Minister of Finance will be able to tell us why the government failed with respect to what it set out to do.

Consideration should be given to assisting smaller firms in the formation of consortia which would enable them to compete better with larger firms. Grouping smaller concerns by specialty would preserve the individual identity of each, while allowing the consortia to bid for large orders both domestically and internationally. An increase in subcontracting by large concerns to smaller businessmen would revitalize our economy. Government, which is the largest purchaser of goods, must ensure that small businessmen get a fair share of the orders.

Federal and provincial minimum wage laws have contributed to our lack of competitiveness in that Canadian minimum wages are now 20 per cent to 30 per cent higher than in the United States. Not only have they contributed on our cost side, but also they have contributed to our unemployment where many people who might hire, if it were not for the minimum wage structure, now simply do not hire. Is it better to have a person out of work on unemployment insurance, or at least working for a wage, as opposed to the present situation?

The federal minimum wage of $2.85 an hour compares to the United States minimum wage of $2.30. The American Congress recently boosted their minimum wage to $2.65 an hour effective next January, to $2.85 a year later, and to $3.05 in 1980. It would be wise for federal and provincial authorities to freeze any further increases in our minimum wages until the Americans at least catch up. In certain fields such as the tourist industry it may be necessary to make further minimum wage exemptions in order for them to regain some competitiveness. As minimum wage laws are a major cause of youth unemployment we should consider a short run subsidy, such as a six months' subsidy to youths just entering the private sector labour market who otherwise would be unemployed, if full minimum wages had to be paid.

One must consider the leverage one receives if a person's wage is subsidized. At $3 per hour, if the government were to subsidize that wage for $1 up to six months, and assuming the person works 40 hours a week—that is $120—of that amount approximately $30 comes back in taxes, and the net subsidy paid out of the federal treasury would be $10 per worker. On the other hand if he is put on unemployment insurance and if he receives $120 comparable to the $120 wage I am referring to, the government gets approximately $30 in income taxes. Thus, the total net cost to the federal treasury is $90. In short,

it costs the treasury $90 to keep one person on unemployment insurance, compared to the $10 it would cost if that person were subsidized for working for a private employer in the way I am suggesting.

Mr. Deputy Speaker: I regret to interrupt the hon. member, but his allotted time has expired. He may continue if he receives unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Mr. Benjamin: No.

Mr. Paproski: Benjamin said no.

Mr. Deputy Speaker: The hon. member for York-Simcoe (Mr. Stevens).

Mr. Stevens: Mr. Speaker, I will be brief. I want to touch on some of the longer term policies I would like the government to consider.

Mr. Benjamin: Mr. Speaker, I said no.

Mr. Deputy Speaker: I am sorry, but I did not hear the hon. member. Now I hear him, so there is no unanimous consent.

Mr. Paproski: But the hon. member has carried on.

Mr. Stevens: Mr. Speaker, I have carried on.

Mr. Paproski: Mr. Speaker, I rise on a point of order. The hon. member for York-Simcoe carried on after Your Honour had not heard a no. I believe the hon. member should be allowed to continue for a few minutes. From wherever the hon. member for Regina-Lake Centre (Mr. Benjamin) was—behind the curtain or some place—he yelled no. I think there was no proper "no" at that time.

Some hon. Members: Oh, oh!

Mr. Paproski: Therefore the hon. member for York-Simcoe should still continue and have the floor.

Mr. Kaplan: Mr. Speaker, I also want to submit, since the hon. member had continued and the Chair had not heard any objection, that he ought to be allowed to continue.

Mr. Deputy Speaker: Order, please. I do not think we should play games. I did not hear anything. I gave the floor to the hon. member for York-Simcoe, and then the hon. member for Regina-Lake Centre (Mr. Benjamin) stood up and said no, which is his right. Unless the hon. member withdraws his "no", he has not given his consent, and I do not think the hon. member can pursue it.

Mr. Benjamin: Mr. Speaker, I rise on a point of order. If Your Honour did not hear my "no", I fully accept that. Is there any rule of this House which would enable us not to listen to any more of this nonsense that we are hearing from the hon. member? However, if he wants to go on a few more minutes, he can.

[Mr. Stevens.]

• (2122)

Mr. Stevens: Mr. Speaker, I thank hon. members for their courtesy in allowing me to continue my remarks, but as I was saying I feel that I would like to make some long term policy suggestions to the government.

World technology is changing at a rapid rate. Canada has failed to keep abreast of these changes, and this has contributed to our $10 billion manufacturing trade deficit, a deficit that might grow to $11.5 billion this year.

The deterioration in our net export position in 1976—the deficit on trade in goods and services accounted for 2.7 per cent of the gross national product—is perhaps the most important shift that has taken place in the Canadian economy. We are simply consuming more than we are producing. We are living beyond our means and using borrowed foreign money to cover the difference.

While other nations have concentrated on encouraging and funding new technology breakthroughs, we have tended to fund existing industries which have grown uncompetitive. American government funding of research and development is twice as high as ours in relation to the respective GNPs.

The Japanese strategy is to increase the international sales effort for existing products and to develop new products through government sponsored research. The Japanese government spent $214 million over the past five years to help the computer industry compete with IBM's series 370. Canada has no similar programs, but on the other hand will spend this year two and a half times that amount on the CBC.

We no longer have a full time minister of science and technology in Canada. We should.

We believe there must be a massive effort to assist Canadian business to attain technology breakthroughs in fields in which we have an inherent advantage. These fields include agriculture, the resources of our three seas, our fresh water, and those industries related to our mineral and chemical wealth.

Historically we have been large exporters of pulp and paper products. Plantations in South America and Europe are now producing marketable trees in six to ten years, compared to our 40 or 50 years. Faced with this problem federal complacency is unforgiveable. The government's $100 million financing of overseas pulp and paper plants, which will compete with us, for example in Poland, is madness.

A more imaginative internatioenal sales effort at the federal level is overdue. Properly merchandized, Canadian produce could be sold more effectively. Cheese factories are closing down in this country, but at the same time Canadian Cheddar cheese is being rationed in England because it is in short supply. Can you believe it, Mr. Speaker?

Our export financing, which is in the billions, has become the private preserve of a few intimates of the Liberal party. It must be made available to all exporters, both small and large.

We have lost the balance in Canada between big corporations and those not so big. It must be regained so that the traditional ingenuity, inventiveness, and entrepreneurship of

small businessmen can once again contribute to the growth of our productivity.

As the world is reshaped into new market pools we must also seek out partners to enlarge our trade areas. With our natural resources and our proximity to the wealthiest market in the world, we are in an excellent position to gain access to such markets. In the meantime the government must stop allowing important industries to be ravaged by foreign competition. There is no reason why Canada should become the freest of the free trade nations in the world. Through it all we need an industrial strategy to chart once again the course which will restore our economy to its real growth potential with full employment and stable prices.

When we have an opportunity to vote on Bill C-11, we will do so feeling that many of the measures in the bill are good. We are not against the $100 tax credit, but essentially we believe that the government must improve Bill C-11. We hope that it will improve it during committee of the whole stage and that we will be able to vote with it on third reading. Frankly, as it now stands, we cannot see how we can vote with the government at third reading if Bill C-11 remains in its present form.

Some hon. Members: Question.

Mr. Bob Wenman (Fraser Valley West): Mr. Speaker, perhaps I would not have spoken tonight if, while walking between the parliament buildings, I had not asked myself in terms of taxation, what is all this for? As I hear the government members speak about restraint and as I watch the government shove the crumbs off the table while crying for restraint, thus demonstrating its tremendous hypocrisy, I feel the need to rise tonight to speak on this Bill C-11 amending the Income Tax Act. I ask: taxation for what? Is it taxation to light another massive structure on the other side of the river? There are half empty offices in Ottawa and half empty offices in Hull.

Some hon. Members: Oh, oh!

Mr. Wenman: I see that makes hon. members opposite a little concerned. They should be concerned, because if all Canadians could travel to Ottawa today and see the half empty offices in Hull and in Ottawa they too would be concerned and would not believe a word of the government's restraint program. They too would see that this taxation bill, these crumbs they are sweeping to the Canadian people in an attempt to buy them with their own money, is of little interest. It is indeed discouraging. Do we need this further taxation to turn the lights on in these buildings?

One government member talks about conservation, about cutting back on the lighting in these buildings, yet when you look across the river you see the lights in all the government buildings in Hull blazing away. Is that what we need taxation for? I think not. Perhaps we need more taxation for foreign affairs because, after all, the government has not been able to give away all the money it budgeted for foreign affairs. There is no increase in taxes, the hon. member says? I say there is a constant increase in taxes. You have an increase in taxes through inflation.

Some hon. Members: Oh, oh!

Mr. Andras: Better get your facts straight.

Mr. Wenman: Perhaps you do not need more taxes because you cannot spend all the money you have. You cannot give away the money fast enough. Right now in the Department of External Affairs officials in CIDA are furiously scrambling to try to spend the money quickly, because if they do not spend their full budget they know that next year they will be cut back. CIDA is spending $1 billion.

Mr. Kaplan: Go on to your next point.

Mr. Wenman: Yet the report comes in that we have budgeted that $1 billion and we can only spend $913 million. The government has given money for every single project. There is not a country in the whole world that has come to us and told us they need foreign aid and was turned away. The government met all the demands, and still has money left over.

The government is giving away capital at a time when Canada needs capital for its development. What will it do with the surpluses in the external aid program? What will it do with that extra money that comes back to revenue? Perhaps it will give it back in some form of tax rebate—I hope so. It is the great give-away program. If it is not going to be given away by CIDA, perhaps it will be given away by establishing another embassy in another underdeveloped nation, and we will be more successful in giving money away next year. However, then again we will probably exercise restraint in the Middle East. We will not establish a new embassy or an expanded embassy in the Middle East where, in Saudi Arabia, they have $23 billion for which they are trying to find a place in the world. That $23 billion could be tapped through technology exchange if the government would care enough just to go to that country and establish and expand relations there. In Iraq there is $7 billion. We could establish a minor embassy, but there is no thrust into real world markets where there is in fact potential for dollars and for Canadian industry and trade.

• (2132)

If we could get into these great markets of the Middle East, we would not require such a large taxation bill. We could perhaps be giving back more money than this token $100 tax deduction which is promised to us. Perhaps we could have more money to put out another green paper.

The government is very effective at putting out green papers. Green papers are another stall tactic while the athletes of Canada starve or live on welfare or unemployment insurance. The athletes of Canada who contributed to Canada in the Olympics live below subsistence, and the government puts out another green paper. To the government the green paper is the answer to everything.

Perhaps some of the tax dollars the government did not give back but could have, and should have, should have gone to a place like Wickaninnish, but the government wants to close down Wickaninnish. That is a revenue producing vehicle. There are only 22 rooms involved, but the government wants

to cut this out and instead build some form of interpretative centre which will require more and more civil servants.

The government should cut back the number of civil servants. There would be a tremendous saving. There are 467,268 federal employees. That is far too many. Someone once mentioned to Milton Friedman that many government employees do not work hard at their jobs. He responded by saying, "That's good, they do less harm that way." There has been fantastic growth in the public service which is well reported and documented, and there is no doubt that Canadians are getting fed up with it.

This taxation policy is nothing new. It is a rehash. Why does the government not look at some new ideas? Why not a flat rate tax system where everyone would pay equally?

An hon. Member: Come on!

Mr. Hogan: Would that help the poor?

Mr. Gilbert: Is that Tory policy?

Mr. Wenman: There are many basic economic policies which could be developed. Instead of getting more and more involved in the economy the government should adopt a policy which involves it less and less and which would move more and more toward a free economy. The government should interfere only in extreme cases, in order to maintain free enterprise. The government professes to believe in free enterprise, but 43 per cent of the gross national product goes in taxation. The government says it stands for competition, but its competition bill cannot get through the House and cannot establish any credibility in the country.

The government discourages price fixing while at the same time working on the international scene as a major price fixer itself.

A major reduction of taxation would come about with a reduction in the number of government employees. If the number of government employees were reduced, government spending would be reduced.

Mr. Benjamin: Keep that up and the voters will reduce you.

Mr. Wenman: In the past the automatic answer was "get rid of useless jobs, abolish them," but today the unemployed and their families have become a tax burden. It becomes more and more impossible to keep them from being charges on the government and to develop more productive capacity in the private sector. One suggestion would be to acknowledge openly the existence of this powerful political force and present a compromise solution, from which all parties would benefit. The aim should be to encourage the thousands now on government payrolls to transfer voluntarily to private industry by making it financially attractive for them to do so. To that end all government employees working on jobs which are found to be unneeded and so designated as permanently abolished should be placed on a leave of absence with a full pay guarantee until the normal time of retirement.

[Mr. Wenman.]

Even if unneeded employees stayed home, the government would net tremendous savings in the cost of working space, supplies, and other expenses. The proposed program also calls for 10 per cent awards of whatever the employees who go into private industry earn there. Thus if an employee making $10,000 at a government job goes into private industry and earns $10,000, the total income would be $11,000, and the government would save $9,000.

The government should develop new economic programs, with new imagination and new policy thrust. Instead of the constant attitude that the government can spend itself out of its problems by hiring more civil servants to create more spending programs, the government should concentrate on developing productive programs in the private sector.

Undoubtedly when the report of the Auditor General comes forward it will discuss the expenditure of $59 million by the Canada Council. Undoubtedly it will express some concern that there is no accountability by this government for the $59 million so spent. That $59 million was handed to the Canada Council, and no accountability is required. The Canada Council took the money and allocated it to many individual applicants. These people make applications, receive money, and no further accountability is required. It is time that all Canada Council money was treated like other government funds and a measure of accountability established. When a Canada Council grant or contribution is provided, a legal contract should be established, the budget submitted met, and the project as submitted finished, or the person receiving the money should be held liable for it and the money should be returned.

The list of Canada Council grants would cause concern for any Canadian, and it does. I wonder how many Canadians would accept spending $20,000 for a film record of Pashtoon pastoralists in Afghanistan. I wonder how many Canadians would like to see their hard earned tax dollars going into that kind of project. Looking over this list I wonder how Canada will benefit by an annotated edition of the complete letters of Benjamin Disraeli for $113,000. I wonder how many Canadians will benefit from a critical edition of the correspondance of Emile Zola for $30,000. I wonder how many backbench Liberals would stand up and defend these Canada Council grants. Who will accept the responsibility for levying taxes for this type of project?

There are many items which could be discussed with regard to waste in government. These are becoming well known to a very disillusioned Canadian public. Of every dollar we earn 43 cents is now being consumed by taxation. I wonder how the constituents of hon. members opposite feel when the average Canadian who goes to work at nine o'clock in the morning has to work until 1.30 in the afternoon just to pay his taxes. Only after that does he begin earning his take-home pay.

● (2142)

I wonder how many people realize that of the $15,000 average salary, $7,000 goes to taxes in one form or another. I wonder how many Canadians realize that the equalization these tax acts claim to represent means no equalization at all

but rather an excessive burden on the taxpayers of Ontario, Alberta, and British Columbia. This taxation is not just reflected in grants and formats but is an equalization found throughout the structure of government from bill to bill.

In small craft harbours, boat owners in Vancouver pay $2 per foot for a berth whilst the cost in Quebec and the Maritimes is $1. That is hardly fair. Is it fair that a tax system sets up an equalization format which has western Canadians subsidizing the gasoline that eastern Canadians use in their cars whilst those cars cost westerners $500 or $600 more because of the freight rates?

This bill does not address any of the inequities in our taxation system. It is band aid legislation. Accountants and lawyers will have a heyday with it, yet they have hardly had time to adjust to the last tax bill. It is time the government brought in measures to deal effectively with the taxes it has already collected instead of throwing them away on CIDA programs, Canada Works programs, or Canada Council grants. The people of Canada are getting tired of this lack of accountability.

In the Standing Committee on External Affairs today, Mr. Speaker, some of the abuses in CIDA's spending came under discussion. A report before the committee showed concern for—

Mr. Deputy Speaker: Order, please. At this point I have to inform the hon. member that in this House he cannot refer to proceedings taking place before a committee unless the Committee's report has been tabled in this House.

Mr. Wenman: Mr. Speaker, I will just mention that the North-South Study indicated concern that some Canadians are getting noisy about the wasted expenditures on CIDA and Canada Council grants and it fears that funds will be cut off. I should like to associate myself with those Canadians who are concerned about government expenditure and about taxation.

Mr. Deputy Speaker: Order, please. Is the House ready for the question?

Some hon. Members: Question.

Mr. Deputy Speaker: The question is on the motion of the Minister of Finance (Mr. Chrétien).

Is it the pleasure of the House to adopt the said motion?

Some hon. Members: No.

Mr. Deputy Speaker: All those in favour of the motion will please say yea.

Some hon. Members: Yea.

Mr. Deputy Speaker: All those opposed to the motion will please say nay.

Some hon. Members: Nay.

Mr. Deputy Speaker: In my opinion the yeas have it.

And more than five members having risen:

Mr. Deputy Speaker: Call in the members.

The House divided on the motion (Mr. Chrétien) which was agreed to on the following division.

● (2152)

(*Division No. 12*)

YEAS

Messrs.

Alexander	Douglas (Bruce-Grey)	Lumley
Andras (Port Arthur)	Dupras	MacEachen
Andres (Lincoln)	Elzinga	MacKay
Appolloni (Mrs.)	Faulkner	Masniuk
Baker (Grenville-Carleton)	Flynn	McCain
Balfour	Foster	McGrath
Béchard	Fox	McKinley
Bégin (Miss)	Fraser	McKinnon
Blaker	Friesen	McRae
Blouin	Gauthier (Ottawa-Vanier)	Milne
Boulanger	Gendron	Munro (Esquimalt-Saanich)
Breau	Gillespie	Munro (Hamilton East)
Buchanan	Gray	Nicholson (Miss)
Bussières	Guay (St. Boniface)	Nielsen
Cadieu	Halliday	O'Connell
Cafik	Harquail	Ouellet
Campbell (LaSalle-Émard-Côte Saint-Paul)	Herbert	Paproski
Caron	Holmes	Parent
Chrétien	Holt (Mrs.)	Philbrook
Clark (Rocky Mountain)	Hopkins	Pinard
Clermont	Huntington	Poulin
Collenette	Jamieson	Prud'homme
Corbin	Jarvis	Ritchie
Côté	Joyal	Roche
Crouse	Kaplan	Savard
Cullen	Kempling	Smith (Saint-Jean)
Cyr	Korchinski	Stevens
Daudlin	Lajoie	Tessier
Dawson	Lamontagne	Towers
De Bané	Landers	Trudel
Dinsdale	Lang	Turner
Dionne (Northumberland-Miramichi)	Lapointe	Wenman
	Leblanc (Laurier)	Wise
	Lee	Wood
	Loiselle (Chambly)	Woolliams
		Young—103.

NAYS

Messrs.

Benjamin	Hogan	Leggatt
Blackburn	Knowles (Winnipeg North Centre)	Nystrom
Firth		Symes—9.
Gilbert		

● (2222)

Mr. Deputy Speaker: I declare the motion carried.

[*Translation*]

Motion agreed to, bill read the second time and the House went into committee thereon, Mr. Laniel in the chair.

The Chairman: Shall clause 1 carry?

[*English*]

On Clause 1.

Mr. Stevens: Mr. Chairman, before calling it 10.30 I should like to remind hon. members that we on this side of the House indicated some time ago that the government would likely get second reading of Bill C-11 on Thursday. That is exactly what it got. There was obviously no need for closure.

Mr. Chairman, if I may call it 10.30 I have certain items I should like to raise with respect to Clause 1.

Progress reported.

Mr. Deputy Speaker: It being 10.30 p.m. this House stands adjourned until tomorrow at 11 a.m.

At 10.30 p.m. the House adjourned, without question put, pursuant to special order.

HOUSE OF COMMONS

Friday, November 25, 1977

The House met at 11 a.m.

• (1107)

ROUTINE PROCEEDINGS

[*English*]

THE CANADIAN ECONOMY

CONDEMNATION OF PRIME MINISTER'S ATTITUDE TOWARDS UNEMPLOYED IN NEWFOUNDLAND—MOTION UNDER S.O. 43

Mr. James A. McGrath (St. John's East): Thank you, Mr. Speaker. I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. I do so out of a sense of indignation. Mr. Speaker, we in this House have come to accept the arrogance of the Prime Minister in dealing with the economic problems facing this country today, but I do not think any of us, and especially the rest of the country, was quite prepared for the Prime Minister's performance in St. John's yesterday when confronted with an orderly and peaceful demonstration of the unemployed. As a Canadian, and not just as a Newfoundlander, I do not and cannot accept the Prime Minister's "Rich Man—Poor Man" concept of confederation, which would have the poorer provinces content with acceptance of the crumbs from the table of the richer provinces. I would move, therefore, seconded by the hon. member for Humbert St. George's-St. Barbe (Mr. Marshall):

That in the opinion of this House, the Prime Minister should try living in Newfoundland, the province with the highest per capita cost of living in the country, for a period of one month on $115 per week, which amount is the maximum payable under Canada Works, and should then be directed to report to this House on the adequacy of the government's make-work programs.

Some hon. Members: Hear, hear!

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

URBAN AFFAIRS

REQUEST FOR STATEMENT ON REORGANIZATION OF DEPARTMENT—MOTION UNDER S.O. 43

Mrs. Jean E. Pigott (Ottawa-Carleton): Mr. Speaker, under the provisions of Standing Order 43 I wish to move a motion on a matter of urgent and pressing necessity. In view of the fact that the Ministry of State for Urban Affairs was created under the Government Administration Act by order in council, and, to quote the Prime Minister in a letter of May 16, 1971, that ministers of state will have "no direct program responsibilities", I move, seconded by the hon. member for Selkirk (Mr. Whiteway):

That the Minister of State for Urban Affairs make a statement on motions today outlining whether the minister intends to refer this matter of reorganization to parliament and whether the minister has consulted his provincial counterparts regarding this intrusion into provincial rights.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

VETERANS AFFAIRS

PENSION FOR WIDOWS OF VETERANS WHOSE PENSIONS WERE LESS THAN 48 PER CENT—MOTION UNDER S.O. 43

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I too rise under the provisions of Standing Order 43. I suppose this is a case of trying again, and I shall keep on trying until we win. I move, seconded by the hon. member for Humber-St. George's-St. Barbe (Mr. Marshall):

That this House notes the deep concern of all veteran's organizations with respect to the rule under which a veteran's widow receives no widow's pension unless the veteran was in receipt of a disability pension of 48 per cent or more, and this House calls on the government to correct this situation, without further delay, by providing pro rata pensions for widows of veterans in cases where the veteran's disability pension was less than 48 per cent, as recommended by the Woods Commission, the Hermann Commission and the Standing Committee on Veterans Affairs.

Mr. Speaker: Pursuant to Standing Order 43, such a motion can be presented for discussion at this time only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

• (1112)

PROPOSED REFERENCE OF ESTIMATES TO COMMITTEE SO ORGANIZATIONS CAN PRESENT VIEWS ON LEVEL OF PENSION—MOTION UNDER S.O. 43

Mr. Jack Marshall (Humber-St. George's-St. Barbe): Mr. Speaker, I rise pursuant to Standing Order 43 to move a

motion similar to the one presented by the hon. member for Winnipeg North Centre (Mr. Knowles). Briefs submitted by the National Council of Veterans Associations and the Army, Navy and Air Force Veterans Association stress the widespread concerns of the majority of veterans over the reluctance of government to adjust the basic rate of disability pension on a parity level with the unskilled labour group in the Public Service of Canada. Therefore, I move, seconded by the hon. member for Saskatoon-Biggar (Mr. Hnatyshyn):

That the supplementary estimates on veterans affairs be referred to the Standing Committee on Veterans Affairs, rather than the Standing Committee on Miscellaneous Estimates so that ample time be provided to hear presentations from veterans' groups to indicate their concern.

Mr. Speaker: Presentation of such a motion at this time requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

SPORTS

SUPPORT FOR SENSE OF NATIONAL UNITY ENGENDERED BY GREY CUP GAME—MOTION UNDER S.O. 43

Mr. Steven E. Paproski (Edmonton Centre): Mr. Speaker, I rise pursuant to Standing Order 43 to seek the unanimous consent of the House this day, as I will not be in the Chamber on Monday, to move a matter of urgent and pressing necessity. Grey Cup celebrations demonstrate national togetherness and good natured competition, captivating the Joneses, the Prefontaines and the Paproskis of Canada. Therefore, I move, seconded by the hon. member for Joliette (Mr. La Salle):

That this House go on record supporting the sense of national unity engendered by the Grey Cup game, celebrated between the Eastern Montreal Alouettes and the Western Edmonton Eskimos.

Although I know already which is the better team, in the interest of national unity, and modest as I am, I will continue to adopt my usual gracious attitude should the other team win.

Some hon. Members: Hear, hear!

ORAL QUESTION PERIOD

[*English*]

THE CANADIAN ECONOMY

UNEMPLOYMENT—REASON FOR GIVING AID TO FOREIGN STATES IN VIEW OF SITUATION IN NEWFOUNDLAND

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, in the absence of the Prime Minister, I should like to put my first question to the Minister of Finance who is the chief spokesman for the government on economic affairs in this country. My question arises out of the views expressed by the Prime Minister in St. John's, Newfoundland yesterday to the effect that the principle of Confederation is that there are some rich and some poor, and in effect, if they do not like it down there, that is just too bad.

Is the minister aware that tens of millions of dollars are being poured by the federal Export Development Corporation into the states of Texas, New Jersey and Minnesota to aid the construction of steel mills in those states, notwithstanding that the unemployment there is as low as 3.5 per cent and the average unemployment is one-third of that in Newfoundland? If he is aware of that type of financing going into the United States, would he indicate why it is the government's policy to help the citizens of Texas, and those other states, more than the citizens of Newfoundland who are crying for jobs?

Some hon. Members: Hear, hear!

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I think the hon. member is asking a very, very mixed type of question. What the Prime Minister said is something that everyone in Canada pretty well understands. Unfortunately, all provinces of Canada are not equally rich in natural resources. In terms of history, some provinces become rich and then poor. It is the federal government's role to attempt to equalize opportunities in Canada, and that is why we have equalization programs and work programs for the less fortunate Canadians to benefit in Confederation.

With regard to the second part of the question, I do not know exactly to what the hon. member is referring. I will look into that and provide him with a reply.

Some hon. Members: Hear, hear!

• (1117)

UNEMPLOYMENT—POSSIBILITY OF AID TO REFURBISH FISHING FLEET IN ATLANTIC REGION

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, again to the Minister of Finance. In view of the fact that EDC has agreed to put out something over $100 million in the form of long term loans at low interest rates to Great Britain and various states in the United States for the construction of steel mills; in view of the fact that over $160 million has been lent to Poland to help build a pulp and paper mill in that country, and other money has gone to Iran; would the minister at least undertake to review this situation to see if this money could be used, for example, to help refurbish fishing fleets off the Atlantic coast and in that way give a few more jobs to Canadians?

Hon. Jean Chrétien (Minister of Finance): The hon. member's question puzzles me because we have an organisation that helps to export Canadian technology and Canadian materials abroad in order to create jobs in Canada, but members opposite are not happy with that. I am completely puzzled. If the hon. member is putting the proposition that we should not try to get into international markets and should have a completely closed internal economy, and if he thinks that is going

to build prosperity in Canada, I hope Canadians will never accept such a policy with such a person to lead it.

Mr. Stevens: I have a supplementary question for the Minister of Finance. Would the minister indicate whether the government has considered not only exporting the technology that we are talking about to help others in the world, but using that technology to help people such as those who are out of work in Newfoundland? You could do two things. You could create more work for those who have the technology, and secondly you could create the work right here in Canada within that area where you have 17.5 per cent unemployment, compared to 3.5 per cent unemployment in Minnesota.

[*Translation*]

Mr. Chrétien: Mr. Speaker, I am really surprised by the comments of the hon. member. In a modern society, should I explain to him, when we have reached a degree of sophistication which allows us to sell our technology it is normal to do so. I would like to tell him that if we do not sell Canadian machinery or technical services in Poland for the construction of a paper mill, if we did not sell those products and that technology, some other countries would willingly do so. In the competitive world in which we are living it is absolutely normal to sell abroad the products used to develop those industries. It is normal and it shows the degree of competitiveness that Canada has reached in fields in which we are specialized. I do not understand the hon. member who does not want us to use our assets to create jobs for Canadian workers manufacturing equipment, for Canadian engineers who can show abroad that Canadians have made great progress in the past few years.

[*English*]

UNEMPLOYMENT—GOVERNMENT POSITION ON ASSISTANCE TO DEVELOP NEWFOUNDLAND'S RESOURCES

Mr. James A. McGrath (St. John's East): Mr. Speaker, the unemployed of the Atlantic region will draw precious little consolation from the answer given by the Minister of Finance. I would like to ask the Minister of Finance, in light of the observations and discussions of the Prime Minister yesterday with the ordinary people of Newfoundland, whether it is the view of the government that Confederation is to be a rich man-poor man affair, with the poor provinces expected to be content with the largesse of the central, richer provinces, or is this government prepared to assist provinces like Newfoundland to develop its vast resource potential which would provide employment, not only for its own people, but would contribute substantially to the Atlantic people as a whole?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I think the hon. member would be well advised to talk with the premier of Newfoundland who was on TV yesterday, and who said that he had a very good understanding with the Prime Minister during the meeting and that he acted more responsibly than the hon. member who is trying to score petty political points. I just want to say that we are preoccupied with that. What the Prime Minister said is that we are in Confederation and those who happen to be richer this time are there to help those who are not so fortunate. In order to help the hon. member's province we have extended the fishing limit to 200 miles, and we are trying to develop some industry which will benefit Newfoundland workers. There is more unemployment in Newfoundland than in any other province. That is why we have some programs which are designed to help areas where there are high levels of unemployment, and that is why the highest contribution to any single riding through the Canada Works Program is going to the riding of the hon. member's friend who sits behind him.

● (1122)

Mr. McGrath: Mr. Speaker, the riding of my colleague is getting the highest rate because it has the highest rate of unemployment in the country, and that is a disgrace.

By way of a supplementary question I would like to tell the minister that my concern is for the unemployed of my province. The real rate there is now 27.6 per cent. My question stems from the statement made by his colleague, the Secretary of State for External Affairs, when he said in Newfoundland last July that there was a need for rethinking the sort of development process to pursue in Newfoundland and that DREE was not working.

In light of that admission—I agree with the minister wholeheartedly and I am glad he has come around to my way of thinking—I would like to ask the Minister of Finance what the government proposes to do about this crisis situation in a province which is blessed with resources, enough to satisfy not only its own needs but also the needs of the whole region. Is the minister prepared to treat this as an emergency situation, or is he prepared to condone the arrogance and contempt of his leader, the Prime Minister, when he said in Newfoundland yesterday, "Let them eat cake"?

Mr. Chrétien: Mr. Speaker, I know that the hon. member does not want to be aware, but I would like to tell him that yesterday the Prime Minister and the Premier of Newfoundland discussed two basic developments which could occur in Newfoundland, hydro electric development and the development of the fishing industry. Just to demonstrate that we have been concerned, in the program of decentralization the first thing we did was to decide to have a National Revenue data centre in St. John's, in the hon. member's own riding, and he never said thank you.

Mr. McGrath: Fifty jobs to St. John's and 1,500 to Sherbrooke.

* * *

INDUSTRY

FOOTWEAR—REQUEST FOR STATEMENT ON MEASURES TO AID

Mr. Max Saltsman (Waterloo-Cambridge): Mr. Speaker, I would have directed my question to the Minister of Industry, Trade and Commerce, but in his absence I will direct it to the

Deputy Prime Minister, if I can get his attention for a moment. In July of this year representations by the shoe industry were made to the government outlining the serious difficulties facing the shoe industry and calling for immediate quotas to save jobs in the footwear industry. This week a telegram was received by members of this House asking us to press the government for a statement of policy on this matter. Would the Deputy Prime Minister now tell the House what decision the government has reached concerning the urgent matter put before it by the shoe industry?

Hon. Allan J. MacEachen (Deputy Prime Minister): Mr. Speaker, I am able to advise the hon. member that the government has had this matter under consideration. As recently as yesterday it was considered, and certain decisions have been reached. I am not in a position to give the details of the decisions reached, but I hope it will be possible to make an announcement with respect to the decisions which have been taken in response to the concerns of the industry and members of this House.

Mr. Saltsman: Mr. Speaker, in view of the long delay in reaching a decision would the Deputy Prime Minister reconsider what he has just told the House and the fact that urgent action is needed now before another selling season is lost? Plans have to be made by the footwear industry. Can the Deputy Prime Minister give the House a definite date on which this decision will be announced, or can the government explain why there is this delay in telling the House, in view of what the Deputy Prime Minister has just told us?

● (1127)

Mr. MacEachen: Mr. Speaker, there will be no new delay. I would hope an announcement will be made very shortly. As I said, decisions were taken yesterday and just as soon as it is possible to put the material together I am sure an announcement will be made. There will be no delay that should cause concern to the hon. member.

* * *

TRADE

REQUEST FOR CLARIFICATION OF DEPUTY MINISTER'S STATEMENT ON TARIFF NEGOTIATIONS

Mr. Max Saltsman (Waterloo-Cambridge): A supplementary question, Mr. Speaker. I should like to ask the Deputy Prime Minister if he could indicate whether the statement made yesterday by the deputy minister of industry, trade and commerce is government policy? Regarding the negotiations on tariff concessions, he said that there are going to be some winners and most assuredly some losers. Because of the concern that will be aroused by this kind of general statement can the Deputy Prime Minister tell the House who the winners are, who the losers are and whether this is an accurate reflection of government policy?

[Mr. Saltsman.]

Hon. Allan J. MacEachen (Deputy Prime Minister): Mr. Speaker, if I may return to the original question I can tell the hon. member that it is the intention of the Minister of Finance to make an announcement on the footwear decision next week. Regarding the comments of the deputy minister of industry, trade and commerce, may I say that at the present time the Canadian government is preparing its negotiating stance. In fact, the major participants in the negotiations have not fully agreed upon a tariff plan that will be the subject of negotiations. It is obvious, however, that if any adjustments are to be made in the Canadian tariff it is the intention of the government to ensure that reciprocal benefits accrue to the Canadian economy. The objective is that the over-all wealth of the trading community be increased and accordingly the over-all prospects of Canada in the fields of employment and income will be improved as a result of the negotiations. We are looking at the negotiations as an opportunity to increase trade for Canada with a resultant increase in our over-all prosperity. I think in a narrow sense it may be possible to look at the situation in terms of particular industries that have tariff reductions, but over-all we hope it means growth in the prosperity of the country.

* * *

[*Translation*]

INDUSTRY

REQUEST FOR REPORT ON MEETINGS WITH QUEBEC ON MANUFACTURING

Mr. Gérard Laprise (Abitibi): Mr. Speaker, my question is directed to the Minister of State for Federal-Provincial Relations. On November 13 last, the minister announced to the House a series of meetings between federal and Quebec officials, referring to them as thawing operations. Can the minister inform the House whether these meetings are going on as anticipated in a climate of understanding or whether they are going on in a climate of confrontation? Moreover, can he say in particular what is the status of files on housing, urban renewal and home insulation as well as those on manufacturing industry, including textile and footwear?

Hon. Marc Lalonde (Minister of State for Federal-Provincial Relations): Mr. Speaker, it is with pleasure that I say to the hon. member that these meetings are going on. Some have been held on November 15, 16 and 18 last. Another took palce yesterday, November 24, on regional economic development projects and the home insulation program. These issues will be considered next week during the meeting of Energy ministers. These discussions went very well and it is possible that agreements may be reached in several areas. A variety of measures should be announced very soon either by the Quebec government or the federal government, which will be evidence that these discussions were held in an extremely positive climate. I hope Quebecers will benefit from it all.

SOCIAL SECURITY

INQUIRY WHETHER RECENT AGREEMENT ON PENSIONS WITH ITALY APPLIES TO QUEBEC

Mr. Gérard Laprise (Abitibi): I have a supplementary question, Mr. Speaker. Could the minister advise the House whether the general agreement which the federal government signed recently with the Prime Minister of Italy applies to all Canadians, including those Quebecers who are entitled to Canadian pension plan benefits, or whether they are excluded from this agreement, Quebec not having signed this agreement with Italy as yet?

Hon. Marc Lalonde (Minister of State for Federal-Provincial Relations): Mr. Speaker, I indicated yesterday how I deplore the statement by the Quebec premier that there had been no consultations between Quebec and Ottawa concerning the agreement signed by Canada and Italy. Yesterday, my colleague the Secretary of State for External Affairs tabled in the House the correspondence on this subject which clearly bears witness to the fact that the federal government has vainly tried over the past ten months to involve the Quebec government in these negotiations. I can assure the hon. member that the Canada-Italy agreement provides all Canadian citizens, including those residing in Quebec, with the relevant benefits of the old age security pension scheme, the family allowances plan, and of course the Canada Pension Plan for those Quebec residents who are covered by it; as the hon. member knows perfectly well, however, most Quebec residents are covered by the Quebec Pension Plan, not the Canada Pension Plan, and this situation will have to be dealt with under a special agreement between the Quebec Pension Board and its Italian counterpart, under the general agreement which Canada signed with Italy during Prime Minister Andreotti's visit to Ottawa. This general agreement contains a specific clause which allows provincial organizations to enter into such agreements, and we hope that the relevant agreement will be signed very shortly by the Quebec and Italian authorities.

* * *

● (1132)

[*English*]

URBAN AFFAIRS

REASON FOR ALLEGED EXPANSION OF DEPARTMENT'S MANDATE WITHOUT APPROVAL OF PARLIAMENT

Mrs. Jean E. Pigott (Ottawa-Carleton): Mr. Speaker, I would like to address my question to the Minister of State for Urban Affairs. Will the minister explain to the House why recent moves to expand the mandate of the Ministry of State for Urban Affairs were carried out without reference to parliament?

[*Translation*]

Hon. André Ouellet (Minister of State for Urban Affairs): Mr. Speaker, I think the hon. member's question is based on an article which appeared recently in an Ottawa newspaper. I wish to inform her that the moves affecting personnel within the department have been grossly exaggerated and do not in any way imply a head to toe reorganization which would modify the department's vocation.

[*English*]

Mrs. Pigott: Even in light of that, I feel that head to toe there could be some parts of the anatomy which might be very interesting to know about.

Some hon. Members: Explain.

Mrs. Pigott: Will the minister inform the House what he is doing, and whether legislation will be introduced to approve what is going on within that ministry?

[*Translation*]

Mr. Ouellet: What is being done essentially, Mr. Speaker, is that the Canadian government has entrusted the Department of Urban Affairs with analyzing, developing and coordinating policies on urban matters while the Central Mortgage and Housing Corporation is responsible for housing assistance. So we have tried to integrate those two government sectors into a more rational structure to improve efficiency and eliminate duplication.

Obviously some people have lost their employment in the course of this operation. There has been a cut in the personnel when there was duplication. Therefore some of the laid off employees have criticized and made statements to the press which exaggerate the scope of these changes. Since the hon. member comes from the private sector, I am sure she knows very well that to improve efficiency one must undertake some adjustments to be more efficient and save money to the Canadian taxpayers.

[*English*]

DIRECTORATE GENERAL OF SPECIAL URBAN PROJECTS— REQUEST FOR STATEMENT OF RESPONSIBILITIES

Mr. Dean Whiteway (Selkirk): Mr. Speaker, my question is to the same minister. Can the minister confirm to the House today whether there is a position called the Directorate General of Special Urban Projects, whether that specific position has a budget of $29 million whereas the entire ministry has a budget of only $22 million, and what the specific responsibilities of the Directorate General of Special Urban Projects are.

[*Translation*]

Hon. André Ouellet (Minister of State for Urban Affairs): Mr. Speaker, I repeat that the changes which have been made are strictly administrative and were aimed at getting more efficiency in the operations. I will appear before the parliamentary committee next week and have the opportunity to explain in further detail the figures and allegations of the hon. member. I would not want to abuse the time of the House by explaining details on budgets and various department components.

[*English*]

HOUSING

SUGGESTED TRANSFER OF FUNDS FROM HOME INSULATION PROGRAM TO RESIDENTIAL REHABILITATION ASSISTANCE PROGRAM

Mr. Jack Marshall (Humber-St. George's-St. Barbe): Mr. Speaker, my question is to the Minister of State for Urban Affairs. Fuel costs in the Atlantic region are higher than anywhere in Canada. Most families on low incomes cannot take advantage of the home insulation project. Because of the deterioration of their homes, they are not in a position to put in insulation. Will the minister consider transferring some of the home insulation money to the Residential Rehabilitation Assistance Program in order to meet the needs of those people on low income?

Hon. André Ouellet (Minister of State for Urban Affairs): Mr. Speaker, it is important that the hon. member understand there are in fact three programs. Because of the high price of fuel, we established the housing insulation program in two provinces, namely Prince Edward Island and Nova Scotia. That program is going very well. It is proceeding at great speed because of the tremendous response by the people there. More recently we introduced for all the other provinces of Canada the Canadian Home Insulation Program, referred to as CHIP. That program is proceeding at a normal pace. It is indeed a very useful program. I do not understand the hon. member's argument that these people cannot afford this program. In fact, it is a total subsidy of $350.

Mr. Marshall: Taxable.

Mr. Ouellet: The hon. member is saying "taxable". It is applicable according to a person's income. He is referring to low income people. Obviously, these people do not pay income tax. Therefore, they receive the total amount.

Mr. Marshall: The minister did not say that in Prince Edward Island and Nova Scotia the grants are $500 tax free. In the province of Newfoundland it is taxable. A person must spend $500 in order to receive two thirds of that amount. I again point out to the minister that there are many people on low income who are wasting fuel because of the lack of insulation. They cannot put in the insulation. They could do it under RRAP. The minister could make some of the $1.4 billion which they are not spending available to the RRAP program. That would help many people in Newfoundland as well as providing employment.

Mr. Ouellet: Mr. Speaker, the hon. member should be aware that we have tripled the amount allotted under the RRAP program in his province. Unfortunately, not all of the money available under the RRAP program has been used because, for one reason or another, the recipients have to put forward their own money. Under the CHIP program, they do not have to put forward any money. I suggest that the hon. member advertise the CHIP program. Many people could take advantage of this total subsidy that is being offered to them by the Canadian government.

[Mr. Ouellet.]

Some hon. Members: Hear, hear!

* * *

LABOUR CONDITIONS

GOVERNMENT VIEW OF STATISTICS RELEASED BY INTERNATIONAL LABOUR ORGANIZATION

Mr. Jean-Robert Gauthier (Ottawa-Vanier): Mr. Speaker, my question is to the Minister of Labour. Considering that 85 per cent of Canada's labour force falls under provincial jurisdiction, and in view of the fact that according to reports from the ILO in Geneva that Canada led the list of countries in strikes, averaging 2.27 days lost per worker in 1976, can the Minister of Labour explain this situation and state what new actions he is taking in concert with his provincial colleagues to halt this turmoil in the industrial relations scene?

Hon. John C. Munro (Minister of Labour): Mr. Speaker, the statistics revealed by the International Labour Organization are entirely erroneous as far as Canada is concerned. For one thing, the basis of comparison is faulty. The situation is this. They are comparing us with countries that do not count public service strikes, political strikes or even days lost unless the strike has been going on for more than two or three weeks. The fact is that Canada's strike record has improved by 200 per cent over what it was two years ago.

Some hon. Members: Hear, hear!

● (1142)

Mr. Munro (Hamilton East): Probably our record in terms of man days lost to strike is superior to most of the countries with which we traditionally compare ourselves, in particular Japan which had some words of criticism toward Canada in this regard.

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AGRICULTURE

VETERINARY COLLEGE—RECOMMENDATION BY DEAN HOWELL FOR ESTABLISHMENT IN MARITIMES—GOVERNMENT POSITION

Mr. J. P. Nowlan (Annapolis Valley): Mr. Speaker, my question, of which he has had notice, is for the Minister of Agriculture. Since a committee headed by Dean Howell of the Ontario Veterinary College, University of Guelph, was commissioned to determine whether there should be another veterinary college in Canada, which committee recommended that there should be and that it should be set up in one of the maritime provinces, does the minister approve of this recommendation and, if so, when does he anticipate that the government's financial commitment can be defined so that progress can be made on this very important matter?

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, I am sure the hon. member is fully aware, but I gently remind him, that the committee recommended that the veterinary college be in Prince Edward Island. I am sure he is also aware, though I will gently remind him again, that all provinces have to agree, and the good province of Nova Scotia said that they did not want it in Prince Edward Island, they wanted it in Nova Scotia. I have no influence in this matter. This was an independent committee, one to which the educational commission of the Atlantic provinces agreed. It was supposed to be, and I believe it was, an independent report, and I accept that report.

Mr. Nowlan: A supplementary question, Mr. Speaker. I thank the minister for most of that answer and I should like to gently remind him that Dean Howell's report, as the minister well knows, was submitted on August 31, 1975. In view of the conflict of interest mentioned by the minister between the various provinces and serious questions which go to the heart of Dean Howell's report regarding the recommendation that the college be in P.E.I., and in the intent of having this matter ironed out and focussing public attention so that different points of view can be expressed, I would ask the minister if he would use his good offices, either in consultation with the maritime premiers or the House leader, having regard to the serious fundamental nature of veterinary science in Canada, let alone the particular interest of Atlantic Canada in the matter, to have this report referred to, say, the agricultural committee where interested parties, including some of the premiers and people who submitted briefs before Dean Howell, could come before a public body and have this matter at least get off dead centre where it is obviously at the present time due to these provincial conflicts?

Mr. Whelan: Mr. Speaker, the report is not solely a Dean Howell report. It was a report made by many learned people on the commission which was given the responsibility of deciding where the veterinary college should be located. They decided that it should be located in Charlottetown and I have no objection to that. I took it for granted that the report was made public, and I think it was. There is nothing in the report which I would dispute in any manner. If the hon. member has any facts he would like to put on the record or submit to me indicating that he thinks the commission was wrong, I would be pleased to consider them.

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EXTERNAL AFFAIRS

SAFEGUARDS APPLICABLE TO EXPORT OF NUCLEAR REACTORS AND URANIUM—REQUEST FOR RESTATEMENT OF GOVERNMENT POSITION

Mr. Douglas Roche (Edmonton-Strathcona): Mr. Speaker, my question is directed to the Secretary of State for External Affairs. On December 22, 1976 the minister announced in the House the policy of the government with respect to strengthening the safeguards requirements which apply to the export of Canadian reactors and uranium. May I just quote the relevant sentence in what he said, Mr. Speaker. He said: "Shipments to non-nuclear weapon states under future contracts will be restricted to those which satisfy the non-proliferation treaty or otherwise accept international safeguards on their entire nuclear program."

Last night in Brussels the Minister of Industry, Trade and Commerce said that Canada is becoming less and less able to restrict the sales of its nuclear technology, and went on to give as a reason the possible commercial retaliation by West Germany. In view of this shocking departure from government policy by a minister who is reported to have made this statement with a laugh, will the Secretary of State for External Affairs now reaffirm his statement of last December and repudiate the statement of the Minister of Industry, Trade and Commerce?

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, I read the newspaper report, but I have not, of course, discussed this with the Minister of Industry, Trade and Commerce. From what I was able to deduce from it, he was in fact outlining what is a very serious problem, and I think all hon. members are aware of it, namely that it is getting to be extremely difficult to get international agreement on the whole question of nuclear controls. But that having been said, I am very happy to tell the hon. member that there has been no change in terms of the basic policy of the government. We are still of the view that we ought not to deal in nuclear supplies or technology with countries which do not sign the non-proliferation treaty or accept full scope safeguards.

REQUEST FOR LIFTING OF EMBARGO ON URANIUM SHIPMENTS TO EUROPEAN COMMUNITY—GOVERNMENT POSITION

Mr. Douglas Roche (Edmonton-Strathcona): I thank the minister for that statement, which is tantamount to a repudiation of the statement of the Minister of Industry, Trade and Commerce. I hope he will explain to his colleague that it is not his function to be outlining problems in formal gatherings in Europe in a field which is not in his domain.

May I put a supplementary question to the Secretary of State for External Affairs. Did he receive a request this week from Dr. Guido Brunner of the energy commission of the European Economic Community for a relaxation of Canada's embargo on uranium shipments to European countries, and did the minister, in the conference which was held, reaffirm the Canadian policy of safeguard requirements including his statement of last December that "we are prepared to accept the commercial consequences of being clearly ahead of other suppliers. This is the price we are prepared to pay to curb the threat to mankind of nuclear proliferation"?

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, the request from the gentleman in question, Mr. Brunner, came many, many months ago. It is a fact, and I am very happy that it is so, that he is in Canada at the present time. I had a session with him yesterday afternoon

and I will be having another with him immediately following the question period today. It is no secret that the European community wishes we would resume the shipment of uranium to member states of the European Economic Community. It is no secret either that I have said all along that I want to do my very best to accommodate ourselves to what are some very pressing needs of the European community, for a whole range of reasons not the least of which is that they are, of course, partners of ours in a variety of both defence and economic exercises.

But I repeat what I said, Mr. Speaker, a moment ago to the hon. member, that in terms of our relationship on nuclear matters, NPT and full scope safeguards are a *sine qua non*. I would call to the hon. member's attention, if he does not understand it already, that this is not the nature of the problem as it relates to the European Economic Community.

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PENITENTIARIES

MILLHAVEN—REQUEST FOR TABLING AND REFERENCE TO COMMITTEE OF REPORT ON HOSTAGE-TAKING INCIDENT

Mr. John Gilbert (Broadview): Mr. Speaker, my question is for the Solicitor General. In view of the hostage-taking incident at Millhaven penitentiary this week, the necessity to call in two professors to settle the incident and the indication by the professors that conditions were intolerable, has the minister received a report on this incident and, if so, would he table the report and circulate it to the members of the justice and legal affairs committee; and would he also set forth what he is going to do specifically in regard to this particular incident?

Hon. Francis Fox (Solicitor General): Mr. Speaker, I have had meetings with the Ontario regional director and the director of the Millhaven institution following the incident that took place in Millhaven last week in which a group of inmates took another inmate as hostage and proceeded to beat him quite violently. I am expecting a complete report on the incident and expect to have more to say next week when I appear before the parliamentary committee which is studying the estimates of my department, at which point I will be prepared to answer all questions on that incident. In the meantime, I am most interested in seeing to it that in all the special handling units in the country there are indeed decent conditions of incarceration. However, there is no way that the Canadian Penitentiary Service can tolerate the type of hostage-taking and violent beating which took place last week.

Mr. Gilbert: A supplementary question, Mr. Speaker. Would the minister either table the report he is about to receive or circulate it to members of the committee so that they may question him when he appears; and would he also bring the two professors for examination?

Mr. Fox: Mr. Speaker, I would like to have a look at the report before I decide whether or not I will circulate it, but I am having an in-depth look at the matter, and as I indicated previously will have more to say on the matter early next week.

* * *

● (1152)

SPORTS

POSSIBILITY OF ASSISTANCE FOR PROGRAMS FOR MENTALLY RETARDED

Mr. F. A. Philbrook (Halton): Mr. Speaker, my question is for the Minister of State (Fitness and Amateur Sport). In view of the fact that we are at the present time in my town of Oakville, the riding of Halton, organizing a special Olympics for the mentally retarded next year, could the minister tell us whether she and her department have any intention of offering financial or other assistance in respect of sports for the mentally retarded.

Hon. Iona Campagnolo (Minister of State (Fitness and Amateur Sport)): Not at this time, Mr. Speaker. To my knowledge I have received no such application. As you know, jurisdiction in respect of the handicapped does fall within the purview of the provinces.

* * *

GOVERNMENT ADMINISTRATION

DECENTRALIZATION PROGRAM—REQUEST FOR REPORT ON NEGOTIATIONS WITH QUEBEC

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, I have a question to put to the Minister of Finance. Last evening the hon. member for Ottawa West made a statement in the course of a public speech in which he indicated that the policy of the minister and the government in respect of decentralization from the national capital to the province of Quebec was in fact not going to be carried out because of difficulties with the government of Quebec in negotiations dealing with bill 101. This was denied this morning by one of the officials of his department. Would the minister tell us what the situation is in respect of the matter?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, in that regard we are presently negotiating with Quebec on this basis; we have said, and I want to repeat, if there is no agreement to permit English-speaking public servants who will be going into Quebec to send their children to English schools, there will be no move. So far in our discussions with the province of Quebec we have not come to any agreement to that effect. The policy is the same; if there is no agreement there will be no move. If there is an agreement that will permit the bureaucrats, who will be moving into different areas of Quebec because of decentralization, to send their children to English schools they will be moved, but up to now there is no such agreement. In these circumstances some are predicting there will not be such an agreement, but I do not want to make a

final determination about it because negotiations are still going on.

Mr. Baker (Grenville-Carleton): Mr. Speaker, the minister has indicated that negotiations are going on. Because of the great interest in this matter, particularly in the national capital area, would the minister indicate how the negotiations are progressing? Is he optimistic about these negotiations as they stand at the moment, or is the situation otherwise? Will he give us some indication as a result of the discussions he has had whether he is hopeful about these negotiations being concluded satisfactorily?

Mr. Chrétien: I would first like to add to my previous answer, Mr. Speaker. We are having negotiations of the same nature with all provinces before we make the move, and I am generally optimistic in respect of all provinces. Having regard to the situation in Quebec, I have talked with some ministers and there was some confusion on the other side about this; some said it was absolutely impossible and others were telling me there was some possibility. I cannot pass judgment at this moment. It is possible that in order to achieve a proper agreement what will be needed is an amendment to bill 101, which will not be easy to negotiate.

DECENTRALIZATION PROGRAM—POSSIBILITY OF PROCEEDING IN OTHER AREAS BUT NOT IN QUEBEC

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, the minister indicated at one time that there would be no moves anywhere if there could not be a resolution in respect of the problem that exists, and we all know it exists in the province of Quebec. He seems to be indicating by his answer that all decentralization will take place except with regard to the province of Quebec in the event that the difficulty in relation to the province of Quebec is not resolved. Is that the position of the minister, and can he explain why that position has changed?

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, we have not changed our position at all. The same principles apply everywhere. If there is some decentralization in another province which does not provide for education in French for French-speaking people, there will be no decentralization unless—

An hon. Member: In that province.

Mr. Chrétien: —yes, in that province, unless in some cases where personnel for decentralized units could be hired locally, as it sometimes happens. This is what we did in some cases of decentralization which were determined previously. If we cannot reach agreement with the province of Quebec, there will be no decentralization toward that province, just as there will be none toward Saskatchewan, Alberta or some areas of Ontario if French-speaking civil servants, provided they are in sufficient numbers, of course, cannot be assured of receiving their education in French.

[*English*]

DECENTRALIZATION PROGRAM—POSSIBILITY OF CHANGES IN QUEBEC'S BILL 101—POSSIBILITY CHANGES APPLICABLE TO PUBLIC SERVANTS ONLY

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, the minister has just said the government is seeking an amendment to bill 101.

Mr. Lalonde: That's not what he said.

Mr. Clark: Perhaps that is not what he said, but he told us that there would have to be an amendment to bill 101.

An hon. Member: He said "perhaps".

Mr. Lalonde: He didn't say that, again.

Mr. Clark: Now we are getting another version from the Minister of State for Federal-Provincial Relations who is coaching, saying that is not what the minister said. Will the minister tell the House precisely what changes he is seeking to bill 101, if any, and will he tell the House of Commons whether he is now proposing a situation in which the provincial legislation of that province would apply to employees in the private sector but would not apply to federal public servants?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I used the word "perhaps" which in French is "peut-être".

Some hon. Members: Hear, hear!

[*Translation*]

Mr. Chrétien: We are now discussing with the government of the province of Quebec. We want English-speaking federal employees who might be moved to Sherbrooke, Rigaud or Quebec City in the context of the decentralizations we announced recently, who might thus be called upon to go and work in Quebec, to be able to send their children to schools where they could be educated in their mother tongue, namely English. If the government of Quebec cannot give us this assurance, there will be no decentralization for the units I mentioned. Furthermore, I said earlier that in order to give us this assurance Quebec may have to amend bill 101. I did not say that they will have to amend it. Negotiations are presently going on of course; we shall make a progress report to the House.

[*English*]

Mr. Clark: Mr. Speaker, just so we can be clear, what the government of Canada is proposing in its negotiations with the government of Quebec is that there would be a special status; en Français "Statut particulaire", for the employees of the government of Canada that would not apply to the English speaking employees of the private sector in the province of Quebec? Is that what the minister is saying?

Mr. Baker (Grenville-Carleton): That must be what he is saying.

[*Translation*]

Mr. Chrétien: Mr. Speaker, we are negotiating on the decentralization policy I put forward two years ago, a long time before the coming into power of the Parti Québécois and before bill 101 was passed. We are negotiating on behalf of our employees as far as bill 101 is concerned but we do not have any jurisdiction in the private sector. The government of the province took the decision in this area and we are now discussing with the province of Quebec on behalf of the employees who are under the responsibility of the federal government.

[*English*]

Mr. Clark: Mr. Speaker, would the minister tell us whether he had similar negotiations with the Liberal government of Mr. Bourassa in Quebec relative to the application of bill 22?

An hon. Member: What difference does that make?

[*Translation*]

Mr. Chrétien: There was no such problem at that time, Mr. Speaker.

QUESTIONS ON THE ORDER PAPER

[*Translation*]

(Question answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, the following questions will be answered today: Nos. 117, 180, 189, 198, 210, 240, 246 and 403.

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

[*Text*]

DEPARTMENT OF SUPPLY AND SERVICES STORAGE ACTIVITIES

Question No. 117—**Mr. Herbert:**

Does the Department of Supply and Services purchase and store materials for other departments and, if so, are applicable storage costs charged to the ordering departments at time of or after delivery?

Hon. Jean-Pierre Goyer (Minister of Supply and Services): 1. See reply to Question No. 2,646 answered October 17, 1977 in *Hansard,* pages 8245-6.

2. In some cases, DSS purchases and stores material on the account of the customer department. In such cases, storage charges are normally billed monthly in arrears, however some departments are accommodated with less frequent billings at their request.

3. In other cases, DSS, under the Stocked Item Supply Service, purchases, stores and issues material to customer departments upon receipt of a requisition. In such cases, prices charged include all applicable costs including storage and these are billed to the customer after delivery.

NUMBER OF PERSONS UNDER CONTRACT TO BUREAU OF PENSIONS ADVOCATES

Question No. 180—**Mr. McKenzie:**

1. What is the total number of persons under contract to the Bureau of Pensions Advocates and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Hon. Daniel J. MacDonald (Minister of Veterans Affairs): 1. Nil.

2. Not applicable.

NUMBER OF PERSONS UNDER CONTRACT TO CANADIAN JUDICIAL COUNCIL

Question No. 189—**Mr. McKenzie:**

1. What is the total number of persons under contract to the Canadian Judicial Council and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Hon. Ron Basford (Minister of Justice): In so far as the Canadian Judicial Council is concerned: 1. Nil.

2. 1974-75, Nil. 1975-76, Nil.

NUMBER OF PERSONS UNDER CONTRACT TO CANADIAN PENSION COMMISSION

Question No. 198—**Mr. McKenzie:**

1. What is the total number of persons under contract to the Canadian Pension Commission and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Hon. Daniel J. MacDonald (Minister of Veterans Affairs): 1. There are at present eight persons under contract to the Canadian Pension Commission, two of whom are retired public servants.

2. (a) In 1975 two persons were under contract to the CPC, both of whom were retired public servants. The total amount paid to them was $7,625. (b) In 1976 one person was under contract to the CPC. This person was also a retired public servant and the total amount paid to him was $2,650.

NUMBER OF PERSONS UNDER CONTRACT TO CROWN ASSETS DISPOSAL CORPORATION

Question No. 210—**Mr. McKenzie:**

1. What is the total number of persons under contract to the Crown Assets Disposal Corporation and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Hon. Jean-Pierre Goyer (Minister of Supply and Services):
1. Nil.

2. Nil.

NUMBER OF PERSONS UNDER CONTRACT TO ROYAL CANADIAN MINT

Question No. 240—**Mr. McKenzie:**

1. What is the total number of persons under contract to the Royal Canadian Mint and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Hon. Jean-Pierre Goyer (Minister of Supply and Services):
1. Nil.

2. Nil.

NATIVE PERSONS EMPLOYED IN RURAL AND NATIVE HOUSING PROGRAM OF CMHC

Question No. 246—**Mr. Firth:**

In (a) 1976 (b) 1977 to date, how many native persons were employed in any aspect of the construction and rehabilitation programme of the Rural and Native Housing Programme of Central Mortgage and Housing Corporation?

Hon. André Ouellet (Minister of State for Urban Affairs): I am advised as follows by Central Mortgage and Housing Corporation: CMHC hired 27 native persons in 1976 and 30 in 1977, all on contract, under its Rural and Native Housing Program. Of these, 21 in 1976 and 27 in 1977 were engaged under the Cadre training program. Applications for employment do not supply information on ethnic or national origin and information on the ethnic origin of regular staff cannot be provided.

NUMBER OF PERSONS UNDER CONTRACT TO CAPE BRETON DEVELOPMENT CORPORATION

Question No. 403—**Mr. McKenzie:**

1. What is the total number of persons under contract to the Cape Breton Development Corporation and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Mr. Donald Wood (Parliamentary Secretary to Minister of Regional Economic Expansion): The answer for the Cape Breton Development Corporation is as follows: 1. Nil.

2. Not applicable.

GOVERNMENT ORDERS

[*Translation*]

INCOME TAX ACT

MEASURE TO AMEND

The House resumed from Thursday, November 24, consideration in committee of Bill C-11, to amend the statute law relating to income tax and to provide other authority for the raising of funds—Mr. Chrétien—Mr. Laniel in the chair.

The Chairman: Order. When the House adjourned last night, the committee was considering clause 1.

● (1202)

[*English*]

On clause 1.

Mr. Stevens: Mr. Chairman, with regard to clause 1, certain of my colleagues will deal with general matters but I should like to deal with some quite specific aspects of the clause. As the explanatory notes indicate, "This amendment, which substitutes the underlined amount for $1,000, would implement paragraph (1) of the ways and means motion to amend the Income Tax Act", so that the amount an individual may claim against capital gains will be increased from $1,000 to $2,000.

My first question to the Minister of Finance on clause 1 is this. Could he tell us why his department has recommended that this change be made?

Mr. Chrétien: Mr. Chairman, it was to adjust the amount of money which was allocated in order to help the people or to give them more incentive to invest risk money so that they could be somewhat compensated for the losses incurred. There were a lot of representations made on that subject by various groups. Some would like the government to permit a deduction of all the losses, which we do not think is advisable. I think this scheme is a good one. Not only can a person deduct $2,000 from capital gains but he can also deduct it from general income. It is a good incentive for people to take some risk in order to develop the Canadian economy.

Mr. Stevens: Mr. Chairman, the minister has indicated that his departmental officials feel it would not be desirable to allow all of the capital losses to be deducted. Would the minister indicate why that is felt? Why cannot a person deduct all of his capital losses against all of his capital gains?

[*Translation*]

Mr. Chrétien: Mr. Chairman, I think the main reason is that it would be much too expensive for the treasury; moreover, it might result in some inequities in our tax system. For those reasons, I think it would not be advisable at this time.

[*English*]

Mr. Stevens: Mr. Chairman, I should like to explore that a little more. What would be the magnitude of the loss to the federal treasury if all capital losses were chargeable against all

capital gains? I ask this because it has always been represented by the department that this is not really a big money winner. The last time we inquired, capital gains tax was yielding approximately $70 billion or $80 billion of tax revenue. I am somewhat startled to find the minister using the rationale that if capital losses were permitted to be applied against capital gains, it would be just too big a loss as far as the treasury is concerned. Could the minister indicate more specifically what the estimated loss would be?

Mr. Chrétien: Mr. Chairman, that is not exactly what I said. We are not permitting the losses to be deducted only against capital gains, as is the case in the United Kingdom and the United States. We will permit the losses to be deducted against other income. In terms of how costly it will be, I am informed that this deduction of another $1,000, in terms of losses from income, will cost the treasury $45 million. It is difficult to assess exactly, if we permitted all the losses to be deducted from income, the amount of money we would lose, but it could be in the hundreds of millions of dollars. That is why we think that should not be done, and it is not called for either.

Mr. Stevens: Mr. Chairman, perhaps the minister misunderstood my question. I am well aware of what he said earlier. What would be the cost to the treasury if the British or American approach was accepted, thus allowing capital losses to be claimed against capital gains without any limit? What would be the loss then? I am not talking about all capital losses being claimed against income generally. How much would the loss be to the treasury if it was restricted to losses made on capital items being chargeable against any gains?

Mr. Chrétien: Mr. Chairman, I am informed that now they are deductible against capital gains fully, but not against income.

Mr. Stevens: Mr. Chairman, I will put my question another way. Is the minister able to indicate to us what actualy has been the capital gains tax revenue which the treasury has been able to pocket in the last year, or the last time-frame within his knowledge?

Mr. Hnatyshyn: He is thinking.

Mr. Chrétien: Mr. Chairman, I do not think the hon. member for Saskatoon-Biggar should be smart by smiling across the chamber. I do not pretend to have all those figures in my head.

Mr. Hnatyshyn: I was talking to your colleague.

Mr. Chrétien: When I am asked how many hundreds of millions have been gained out of a tax like that, those figures are not in my head. It is $165 million, and $90 million on the corporate tax act.

Mr. Stevens: Mr. Chairman, I should like to have more exact figures. Combined, how much total revenue has been gained, after all losses are accounted for and all deductions have been allowed, by the federal treasury in the last year for which the minister has information available?

Mr. Chrétien: Mr. Chairman, in 1975 the total was $255 million.

Mr. Stevens: Mr. Chairman, if I may, I should like to be able to reconcile those figures with the figures shown in the taxation statistics, 1977 edition. Perhaps after two o'clock I will have an opportunity to compare the $255 million figure that the minister has given us to the figures set out by the Department of National Revenue in that booklet. I should like to explore a more general subject dealing with capital gains. We have had, now, a few years experience with capital gains tax. Many people feel it is a grossly unfair tax, in the sense that there is no allowance made for inflation on items regarded as capital items. I know the government's stock answer is that it only takes 50 per cent of the gain—that is rough justice—and that somehow or other the eventual tax payable is not really confiscation of a person's assets.

Before getting into that, I should like to ask the minister the following: We have had some experience now with respect to indexing of income tax. What is the minister's general observation with regard to indexing? Does he feel it has been a good idea? Is it something that he feels is a step in the right direction?

• (1212)

Mr. Chrétien: In some aspects, yes, and in other aspects, no. Those are my feelings. It is a good concept in the sense that in some ways it will cope, in terms of taxation, with the inflation problems that we face in this counry. That is a positive element. The negative element is that if you compare Canadian taxation with that of other nations, for example, because it is automatic nobody realizes there is a tax cut.

For example, if I combine in my economic statement the tax cut that you have proposed, plus indexation, I am told that it is, relatively speaking, as great a tax cut as that called for by the so-called liberal democrats in the United States at this time. The drawback is that automatic indexing of 7.2 per cent for the next year is not considered by the public to be a tax cut, in terms of the economic definition in other nations. This is a drawback because, in fact, rather than announcing a tax cut of $700 million, as I have, on personal income tax for the year of 1978, I would have one of $1.5 billion or $1.6 billion.

Psychologically, it would have a better impact if I were to do it the way it is done in the United States. I heard many speeches made in that context in the United States a few years ago. Relatively speaking, it is not more than we have done here, but because of the automatic indexing system we do not get the psychological impact we would have if it was announced as a new tax cut.

Mr. Stevens: Mr. Chairman, if I may continue, I take it from the minister's remarks that he has no intention of modifying the indexing as far as income tax is concerned. Could he tell us specifically what the department now feels will be the

increment, if you like, of income tax as opposed to the increase in income itself? What leverage is there in the tax system as far as tax revenue is concerned in relation to the general growth of income in the country? At one time, before indexing, I believe it was estimated that federal government income tax went up somewhere between 1.7 per cent and 1.9 per cent in relation to the general increase in income. With indexing, what do they determine the federal tax increase to be in relation to rising income?

[*Translation*]

Mr. Chrétien: Mr. Chairman, this is a highly technical question, and I am not in a position to answer it right now. I will get the information and forward it to the hon. member later today.

[*English*]

Mr. Stevens: Mr. Chairman, I would prefer the minister to give it to us this afternoon, because many people are interested and I think it should be in the record rather than just forwarded to me.

[*Translation*]

Mr. Chrétien: Mr. Chairman, my intention is to report to this House because I can see in which direction the hon. member is going. I would not want to impute any motives to him but in the speeches we heard on second reading, some members of the opposition mentioned on several occasions that Canada was the most heavily taxed country in the world or at least of the western world.

An hon. Member: That is right.

Mr. Chrétien: By the way, I want to say to the hon. member that he is wrong.

[*English*]

Mr. Stevens: Mr. Chairman, I cannot speak for all members of this House, but I can speak for myself. The Minister of Finance is quite wrong in accusing me of having made the statement that we are the highest taxed.

Mr. Chrétien: Mr. Chairman, I want to say that it was not the hon. member whom I heard make that statement, but I have heard it a number of times from members of the opposition.

Mr. Stevens: Thank you for that clarification, Mr. Chairman. Could we shift, then, from the indexing of income tax to the question of inflation in relation to capital gains? It is a self-evident fact that if you have invested $10,000 in capital investment to keep up with inflation, at present you would need, at the end of 12 months, about $10,880 just to stand still as far as your capital assets are concerned. However, with capital gains tax, if you liquidate you are deemed to have made $880, which is simply an inflationary increment, and you are taxed with respect to 50 per cent of that. My question to the minister is whether the government has been giving any consideration to some type of an indexing formula which would ensure that gains on capital items which are offsetting inflationary gains should not, in fact, be taxed.

Mr. Chrétien: We have received many representations to that effect, and it is apparently an extremely difficult technical problem to resolve. You are talking about the capital gain of a person who is not, in fact, making that much of a capital gain because of inflation. He might have to pay as much as 25 per cent cent, for at least half of his rate. We are considering the problem, but we do not have any intention at this time of changing the present system.

Mr. Stevens: There are two points that I would like to raise, Mr. Chairman. The minister has been told by his officials, as I noticed, that it is very complicated. I ask the same officials to advise him why it is so complicated. You know what your purchase price is, and we have a consumer price index that could report what, in fact, is the CPI on that date. When you choose a date to sell, surely the index will still be as useful to determine what, in fact, has been the rate of inflation. In short, you simply index each property in accordance with when you purchased it and when you decided to sell. Perhaps I will give the minister an opportunity to reply to that question first.

Mr. Chrétien: If everything were to be done on a yearly basis and in a very clear fashion as you report your income tax each year, that would be fine. However, you can buy a piece of land and sell it some weeks later. You can buy a share on January 19 and decide to sell it a few days later and calculate the inflation in between, and so on. It is a difficult problem with many, many transactions, and there are millions of transactions.

If all transactions were made in a fixed period, it would be quite possible, and we can do that in terms of fixed income because the salaries are paid and you calculate your income at the end of the year. But there are a lot of transactions that are done in short periods of time, and it is extremely complicated, according to the experts who look into that. However, I have listened to the representations of the hon. member, and we have received other representations to that effect, but we have come to the conclusion that it would not be appropriate to do that at this time.

Mr. Stevens: Mr. Chairman, again to the minister. I am wondering if the minister would agree that, in the example I gave of a person who has bought capital items amounting to $10,000 a year ago and, sells them for $10,880, he is simply selling them, in constant dollars, at exactly the same price he paid for them initially. Would the minister not agree that any tax on that increment of $880 is confiscation of a man's capital goods? It does not matter if you tax 50 per cent of it, or 10 per cent; the fact is that in real dollars, expressed as 1976 dollars, the man has made no gain, yet the federal treasury is deeming a gain to have been made and is taxing him. Is that not confiscation?

Mr. Chrétien: If one wants to debate the principle of taxation, I have met people who claim that all taxes are confiscation. You can argue that forever. When income tax

was first started, people could have argued that any taxes are confiscation. I feel taxes are a way to operate a modern economy, and all taxes are creating a burden on some people. In fact, rather than a gain, you would have a loss because you would know when you bought the shares that you needed to make enough money to cover the taxes on their sale. He knew, when he bought the shares, that he needed to make enough money because there was a tax to pay, and he had a loss rather than a gain; that is all.

● (1222)

Mr. Stevens: I would think the minister would agree that there is a very clear distinction between the example I am giving and the general feeling that any tax revenue you have to contribute is confiscation. In the example I have given, if we were to take it in a series the man, in fact, would have no money left after simply buying and selling an asset. He tried to keep up with inflation but constantly was taxed.

We could work it out, but certainly if you did for 15 or 20 years what I have indicated, buying $1,000 and selling it at a value just enough to equal your current inflation, and then rebuying but paying the tax in the meantime, you would virtually have no assets left. I think the insidious thing about this type of tax is the fact that it is confiscation of capital at the very time this nation needs huge capital investment in order to create the jobs we need for those who are out of work. In that sense, would the minister agree that there is a clear distinction when we are dealing with the possible confiscation of capital and the growth of capital compared with other taxation?

Mr. Chrétien: We could go into a long debate on the philosophical implications of taxation, and so forth. We decided to tax capital gains some years ago. It was somewhat controversial, but we decided that because it was a capital gain we would tax it at only half the rate because there is an element of risk. The hon. member knows that because of this risk we decided not to consider it normal income. The hon. member will remember the proposition in the Carter report that a buck is a buck whether it is earned by capital or as part of a salary.

However, we decided that because there was an element of risk we would tax at half the rate, and that is part of the gain. We know that in some cases a case can be made, just as the hon. member is making a case now. I explained earlier the complexity of trying to be just in every situation. So far we have not found the formula. There are some aspects of the argument of the hon. member which are valid; I have to concede that. There are some problems with these tax changes.

Every time we try to be nice to everybody, we make it so complicated that taxpayers do not understand how to deal with their tax forms, and in this case a problem which already exists will be further complicated. I recognize that there is a problem, but this matter involves risk. If people get just the equivalent of inflation, there has to be a reconciliation because of the tax system in Canada. In this situation, people did not break even; they suffered losses. That is why we made an allocation for losses in the tax system.

Mr. Stevens: Mr. Chairman—

The Chairman: Order, please. The hon. member has had more than 20 minutes of questions and answers. I must see another hon. member, but I will come back to the hon. member for York-Simcoe later.

Mr. Saltsman: Mr. Chairman, I listened to this exchange with great interest. It is a very important exchange. I very much agreed with the hon. member for York-Simcoe when he talked about the danger of capital losses. Because I am always willing to be very helpful to both sides of this House—the minister has indicated how complex the whole thing is and that he is looking for a simplified and just way, which he has not found—I think there is a just and simple way. It is the way the Carter commission suggested.

The hon. member for York-Simcoe has a good argument about the effect of inflation on capital, and surely it should not be the purpose of a tax system, in our present philosophy, to wipe out the actual capital of a person. The answer should have been obvious. I think it is very simple, and I hope the hon. member for York-Simcoe will agree. Then we could go arm in arm to the Minister of Finance since he seems to be amenable to suggestions and to simplifying things. We might, in fact, get the taxation system changed along this line.

I would like to suggest to the hon. member for York-Simcoe that we agree to a full capital gains tax which is indexed for inflation. That is very, very simple. Capital gains could be taxed at the same rate as ordinary income, with indexation for inflation, which would retain the value of the capital. It seems to me that that would simplify the whole tax system. We could then go on from there.

I really need to hear from the hon. member for York-Simcoe whether he agrees with that kind of proposal. Justice would be done, because if we tax capital gains at their full value we get around this whole business of arguing whether it should be one-quarter, one-half or one-third, and then we assure those who do have capital that there will be no loss of their assets as a result of inflation.

I would be generous even to the point of saying that if it is bought and sold at different times of the year, it should be taken to the nearest year, allowing the benefit of that particular year's indexing, rather than the other way around. That seems to be a very simple proposition to which all of us might perhaps agree. That would restore the element of justice Carter was talking about in his report, that all income should be treated the same. I must say that my suggestion does not seem to be greeted with any wild enthusisasm. I thought it was a very good suggestion. I thought I was trying to be very helpful. Oh, I see I have the support of the hon. member for Winnipeg North Centre.

Mr. Woolliams: First time he has ever agreed with you.

Mr. Saltsman: Not really. He has agreed with me on many occasions, and I value his judgment highly. I am glad to get endorsation from such an august authority.

Mr. Chairman, I do not expect we are going to get agreement on that, but since the question of indexing has been raised, I want to say something about that and leave it to the minister to comment. As the minister says, we can say good things and bad things about indexing. I just proposed one kind of indexing which I think is a very valid kind of indexing because it is a guarantee of indexing on capital. However, other kinds of indexing are equally valid. I certainly support the indexing of family allowances and old age pensions. I think that is important, particularly because we are dealing with people who do not have a way of recouping any losses from inflation in the way that most people who are in the labour market have some ability to do that. Because they are universal things, therefore everybody benefits to the same extent.

The minister has made some arguments for the indexing of income tax. He has also made some arguments against it. I have an argument which is very much against it, in the light of experience. I believe many of my colleagues supported the notion of indexing income tax as a way of ensuring some offset against inflation. I think the assumption was that our income tax system would be getting more and more progressive, and therefore indexing would not have the effect we now see it to have.

One of the consequences of indexing the minister has not dealt with is that it tends to help those in higher income brackets to a greater extent than those in lower income brackets, because of the percentage application that is made, which means that that element of social and economic policy is removed from debate. I think to that extent indexing has resulted in making our whole tax system more regressive than it need be. For that reason, I would be inclined to agree that indexing of the tax system has outlived its usefulness. The idea of visibility is terribly important, to this extent: we live in a society where there is hardly anyone who does not have a grievance. Everybody thinks he is hard done by. All these automatic benefits are built in, and while there is something to be said for them, they are not as visible as they should be.

● (1232)

It seems to me that if we are to understand our system somewhat better than we do now, more and more of the benefits that have been built in and taken for granted should be visible. This has certainly been the argument of my party on the tax system, and it will be the argument we put forward as this debate progresses. I am not putting this to the minister in the form of a question, because he has dealt with it—although, of course, if he cares to comment, he is free to do so. Instead, I intend to go into the clause by clause examination that we are prepared for.

Before doing that, however, I should like to bring to the attention of the minister something that I propose to use in the clause by clause examination. I was fortunate enough to receive a series of critiques of the clauses from Professor Neil Brooks of York University, prepared by his students at Osgoode Hall Law School. The letter states in part:

In particular, I would be very interested in your view on how such comments might be presented to be of more use to you and other MPs. I hope to have the students prepare comments on all future tax bills. Indeed in future semesters, we will be devoting more time to such a project. This semester we are doing as well another major project on tax reform.

It strikes me that this is an excellent idea. While these students may not be as expert as the minister's advisers, they are working in this field in a very serious manner. Because they can concentrate on each clause, they can provide some excellent advice and at least a different point of view. I have not answered the letter yet, but in a way I am answering it publicly. Not only do I feel that this critique will be of great help to me and other members, but I think the practice should continue. If any member would like a copy, it will be available. I do not intend to clutch it to my bosom or to keep it for my colleagues alone. I presume Professor Brooks intended it should be available to any member who chooses to use the information prepared in this way.

Not only will I be answering Professor Brooks by what I am doing, and stating my views on the critique, but the students will be able to see it in perhaps better from in *Hansard*. In that way, they will be able to see the extent to which their work has been used in this House. Personally, I am very grateful for the interest shown by this class at Osgoode Hall, and I intend to read into the record and base questions upon some of the studies conducted by the students. I use that as a preamble, Mr. Chairman, lest someone thinks this esoteric knowledge comes out of my own head and that the great and valuable research was done in my office.

Regarding clause 1, the paper notes as follows:

1. The policy reason for not allowing individuals to offset allowable capital losses against ordinary income is sound. Capital gains are only taxed when realized. Thus, it would be possible for an individual to time his capital gains and losses to minimize tax. For example, he could realize his gains in years of low income and his losses in years of high income. To prevent this timing of gains and losses, capital losses are generally only deductible from capital gains.

2. Two reasons can be suggested for the creation of the "$1,000 rule" which allows a partial offset of capital losses against other income.

(a) It tends to decrease the down-side risk when investing in capital property. The purchaser of stocks, for example, is afforded some relief from a loss because he can deduct it to some extent from other income.

(b) It provides some relief for taxpayers with little capital property; i.e. the person who might suffer a capital loss yet never incur a capital gains against which to offset the loss.

3. Do present conditions justify increasing the capital loss offset figure?

(a) Consonant with the proposed aims outlined in the budget speech (p. 12), the Liberal government is attempting to increase purchases in the equity market by offering the average Canadian investment incentives by way of a larger write-off of capital losses against ordinary income. Tables found in the budget supplementary papers (p. 4) show that $45 million will be lost by the government in the first year of the provision's enactment, with an additional $5 million forfeited in 1978.

While the government has calculated the costs of implementation, it has no idea of the increased investment which the measure is supposed to stimulate or the extent to which it will encourage people to further bunch their losses in order to gain the benefit of the write-off. If this be the justification for increasing the amount of the offset, the government should have determined whether a sufficient increase in equity investment would take place in order to justify a loss of $45 million.

(b) For the last few years, inflation has eaten away at the value of the dollar. Consequently, losses of $1,000 five years ago are losses of a greater amount today. The capital loss offset may have been doubled in order to combat inflation. A prudent and more logical alternative would have been simply to index the present sum by the present rate of inflation.

4. Even though it may appear arbitrary, the figure of $2,000 was not chosen at random. In increasing the amount permitted for capital loss offset, the Liberal government has followed the lead of the United States once more, having previously borrowed the "$1,000 rule" from the *IRS Code*. The Tax Reform Bill of 1976 provides for the increase of the capital loss offset figure to $2,000 in 1977 and $3,000 in 1978 and subsequent years. Based on the government's past method of choosing its figure for capital loss offset and its failure to conduct a cost-benefit analysis as to the merits of the proposal, it is surprising that the proposed changes do not advocate the institution of a "$3,000 rule" in 1978.

The question that arises is a very straightforward one of cost benefit. According to the best figures we have, it will result in a $45 million revenue loss to the government. In order to justify this kind of loss, we need to know if studies have been carried out and alternatives examined. For example, would $45 million be better invested directly in incentives to industry, in regional development, in direct job creation, or in public works, than in what has become a sort of traditional way when the government tries to stimulate employment by spreading money around without knowing the consequences of the spread?

If past experience is any guide, when incentives are offered to industry through the tax system and in other ways, increased investment in jobs will not necessarily result. My specific question to the minister, therefore, is whether studies have been made to determine alternate means of spending that $45 million to see if more jobs could be created or more equity created in some other way.

Mr. Chrétien: Mr. Chairman, I cannot give a specific answer about particular studies, and so on. This is the collective judgment of the administration, and the money is needed in the economy at this time to stimulate risk investment. We must induce Canadians to put more money into risk ventures because we believe jobs cannot all be created by the public sector. The private sector is the one that creates the most jobs.

● (1242)

In giving that added incentive, we are very confident that a number of Canadians will want to channel their money into risk-buying rather than purchasing bonds, having a completely secure investment, which was the thing to do. We are confident of that. We have received many representations to the effect that we should give more incentive to the people so they can make that kind of investment, which is exactly the same proposition which my predecessor, the hon. member for Rosedale, made to the House of Commons.

Mr. Saltsman: A little while ago the minister made a statement outside of the House, saying that Canadians may be saving too much and the consequences of that may not be good for the economy. The minister agreed he made that statement and he is concerned about that matter. This need to grant additional benefits to investors in the stock market is bothersome and arises as a direct result of the government's policy to encourage savings and to provide benefits for those who put their money into bonds and into registered retirement savings plans—in the very sort of safe instruments he is now worried about.

Having now created the Frankenstein of encouraging savings in the safe sector, in the sector that has virtually no risk, he finds that by encouraging people to put money into the safe sector, then you have to find some way of giving them more if they go into the unsafe sector, the risky sector. Rather than recognizing where the problem is at its source, he has over-encouraged savings and money into the safe sector. He simply says we now have to offset it by giving more benefits than we perhaps wanted to give in order to encourage people to begin to take risks again.

I do not disagree with the minister, Mr. Chairman, that we are living in a society which, certainly for the foreseeable future, will be dependent on the private sector for providing jobs. Anything we can do which would be effective—I emphasize the word "effective"—to provide those jobs is something my colleagues would certainly agree to. This is the problem. Why, in the minister's view, is it—and I am not quarrelling with him—that those who take risks should in some way be somewhat encouraged to take risks; because even if we lived another kind of society, risk-taking would still be necessary.

If the private sector does not do it, governments have to do it. Governments have to take risks in the sense of the public works they engage in. There are no guarantees that even the public works are going to be free of risks. The question I would like the minister to answer is this. Instead of building on this silly superstructure which the government has created by encouraging safe savings to a point where savings have become, perhaps, the most serious problem in our society in terms of trying to get economic development which encourages consumption, why would the minister not back off from some of the safe savings proposals that he brought in? In that way he would not have to be faced with this business of giving away $45 million in order to hopefully, encourage people to take additional risks, and there is no evidence that it will in fact happen.

Mr. Chrétien: Would you kindly repeat the question for me, please?

Mr. Saltsman: I just want to make the point that we have demonstrated the utility of parliamentary assistants: they pay more attention to the debate than the minister does. I realize the minister is sitting with a most interesting former minister of finance who has heard my voice before and perhaps can anticipate some of the questions I am raising. My question is this: Rather than increase the benefits and lose the $45 million that is going to be lost in the tax system, through this particular measure in clause 1, to encourage people to take risks, why did he not reduce the incentive to save which, on his own analysis, is one of the problems?

Why did he not reduce those incentives? In that way the differential between the rewards for risk-taking and for those who do not take risks would have continued. Why did he not do it the other way, rather than give away this amount of

money and still continue a system which has demonstrated that it is resulting in too much savings?

Mr. Chrétien: I am learning a little listening to the hon. member, but I am learning much more by listening to the former minister of finance, my good colleague from Eglinton who has been an extremely useful member of this House. I will not apologize, because he was giving me some good advice.

Some hon. Members: Hear, hear!

Mr. Chrétien: To answer your question, we are talking about two different things. It is a question of judgment. We have decided to go along with this system of changing the amount of money that can be deducted from income, from losses, in order to stimulate the economy. That is the direction we have chosen. The incentive for savings is a completely different problem. Some people are saving too much, but that does not mean that we should not save as a nation. We should not be confused there.

As I said the other day, some people should start to spend some of their money because savings have been very high for the last three years. For some people we have special programs of savings; for example, the people who are saving for retirement purposes. I think this is a natural thing to do. We have another scheme, the home ownership desired by the young people. They eventually want to own their own home. That is a form of savings to be kept. This is our judgment. I can see the frustration of the hon. member, because he is from the NDP and he knows that he will never have to make those judgments.

An hon. Member: You never know.

Mr. Woolliams: I heard that once in Saskatchewan.

The Chairman: Order, please. I must interupt the hon. member because he has had more than his allotted 20 minutes. I will return to him after I have recognized another member. The hon. member for Calgary North.

Mr. Woolliams: I am quite prepared to consent, Mr. Chairman.

The Chairman: I have no objection. I saw the hon. member for Calgary North rise a few times and I was ready to recognize him, but nothing prevents me from allowing the hon. member for Waterloo-Cambridge to pursue his questioning if no other member rises in between each question.

Mr. Saltsman: Thank you, Mr. Chairman. I appreciate the generosity of the hon. member. I was going to say that normally I appreciate the comments of the minister, but in this case I did not appreciate them at all. With respect to the comment about the NDP, I would rather be here in the opposition, without the opportunity he has, than be held responsible for the kind of mess that his government has got this country into.

Some hon. Members: Hear, hear!

An hon. Member: It could be worse.

Mr. Saltsman: I do not see how it could be worse. You would have to stay up nights to try to figure out how to wreck an economy the way this government has. It is quite obvious what is happening. The minister talks about different problems. They are not different problems. He talks about it being our judgment. In face of the fact that your judgment has been pretty awful, is it not about time you changed your judgment or changed the people who are advising you? This really should be obvious to the minister, if it is not obvious to anyone else. I certainly think it is obvious to many people.

• (1252)

There are other comments I could make. I appreciate the generosity of the committee in giving me this time. I do not normally like to participate in this kind of personal banter. However, the minister does not have much of a stand from which he can point his finger at other people and be critical of their behaviour.

Mr. Chrétien: Mr. Chairman, I do not want to engage in a political debate, but I cannot let that go. There are too many people who take pleasure in saying how bad things are in Canada. Of course, we have not been perfect as a government. We do not claim that. However, look at the programs which have been introduced in the past 15 years. Since I came to this House, many social programs have been put into effect in Canada, to the point that the hon. member sometimes claims—

Mr. Saltsman: It was the effectiveness of the NDP in the minority government.

Mr. Chrétien: Having served in this House for the past 15 years, I am proud of the progress that has been made in spite of the gloom and doom we have heard from the other side for all those years.

Mr. Woolliams: Mr. Chairman, we are sitting as a committee of the whole House, as was done under the former rules. This is done particularly on tax measures. I want to discuss capital gains, particularly as they affect small business people, smallholders in the cities, the farmers and the oil and gas industry. Before discussing capital gains, there is something else I have to say. The job of the tax collectors in the Department of National Revenue is very difficult. Very often these people are seeking information. They must take certain steps in order to keep their records in shape, and must ensure that taxpayers pay their proper and equitable share of tax.

Through my associations as a lawyer, I have dealt with many people in the Department of National Revenue. I wish to compliment them. They do not have an easy job. The personnel in the city of Calgary are always polite, courteous and helpful. If there is some difficulty or dispute as to the interpretation of the act or the value of a property, they will sit down with the taxpayer and work it out in a proper, compromising way. I want to pay that compliment because too often the personnel in the department are criticized. It is in the every day

working with citizens that the goodwill has built up in my city. I can only speak of my home city.

I also want to discuss capital gains. I say this nicely, even to my good friends in the NDP. I know we take the same position when the government gets into serious economic trouble and there is unemployment. We were the government of this country in the thirties when there was a world depression. We also had difficulty during the years of the right hon. member for Prince Albert. It is not always easy to come to the right decision. When you hear people talk about raising more taxes for grandiose things, you should remember who brought in capital gains. Edgar Benson and Pat Mahoney of Calgary—and he was defeated for this reason—piloted through this House, for the first time, a capital gains tax. I raised my voice against it.

One of the causes of economic destruction and distress in this country is that 50 per cent of capital gains is added to the top of your income, like the icing on the cake. If you are in the 30 per cent or 40 per cent bracket, you are put into another bracket. Capital gains are treated like any other income. We heard in this morning's question period that there is a lot less unemployment in the United States. I have relatives living in that country. In fact, my sister lives in San Francisco. I figured out what my tax would have been last year had I lived in the United States. It would have been 30 per cent to 40 per cent less on capital gains. That is because in Canada it is added on the top of your income.

In the United States you can go to the department to find out what your tax will be. It is a set tax of 25 per cent, with some rules and regulations for different kinds of property. If we had a reasonable and equitable capital gains tax, it would help the businessmen, the factories, the farmers and the oil and gas industry. We would not have such a high rate of unemployment in Newfoundland. It would help the people there.

Mr. Ouellet: It would help the member from Calgary.

Mr. Woolliams: I appreciate your humour, but this is too serious a matter for nonsense. Coming back to capital gains, in addition to helping those people it would create jobs. There would be increased exploration and development in oil and gas. The farmer in Ontario would have more money to purchase machinery. More jobs would be available in the factories of Ontario. People could buy more consumer goods such as cars, refrigerators and farm machinery. By taking it off the top, you crush the capital flow. That is what has brought about economic collapse and chaos in this country. I refer to the bill brought in and piloted by Mr. Benson. The treasury benches today are reaping the sins of the Trudeau government of 1968, 1969 and 1970.

Supposing a person who owns a small plot of land wants to sell that land. He must go back to "V" day, valuation day. The difference between that and what the department determines to be the value on the day of the sale is the amount on which you pay tax. You go to the land titles office to get a certified copy of the transfer, to show the valuation. Along comes the department and says that their appraiser has a different figure. Therefore, you must hire an appraiser. I was told by one tax department official—I will not name the area—that the government spent $16,000 for an appraiser in order to try to collect $3,000 more tax.

The Chairman: Order, please. It being one o'clock, I do now leave the chair until two o'clock.

At one o'clock the committee took recess.

• (1402)

AFTER RECESS

The committee resumed at 2 p.m.

The Chairman: Order. When the committee rose at one o'clock, clause 1 of Bill C-11 was under consideration and the hon. member for Calgary North had the floor.

Mr. Woolliams: Mr. Chairman, just before the lunch hour I was dealing with capital gains. I want to bring to the attention of this committee that when the Income Tax Act was changed in the days of Benson and Pat Mahoney from Calgary South, my home city, who was defeated on the bill, I thought the government had acted with some wisdom in abolishing succession duties and death duties. But the government went on to implement a capital gains tax, and this tax differs from similar taxes in other western nations. Under our law, capital gains are treated in the same way as other income. So whatever one's salary or income is, if a small businessman, say, sells a little piece of property and there is a capital gain, 50 per cent of that gain is taxable at the same rate as his income is taxed.

I was saying before lunch that there is a capital gains tax in the United States, which we must remember is an older industrial nation than ours. At the time the government introduced the capital gains tax, I said it would stop exploration for gas and oil. I also said it would affect the small businessman and the farmer. If you add all that together, Mr. Chairman, the growth of the country itself is affected, and without growth you have unemployment. If you inhibit capital flow—income flow, as it were—how can small businessmen, farmers or manufacturers grow, and how can oil and gas corporations conduct exploration for gas and oil and develop their business? When you stop growth because of overtaxed enterprises on the part of government, you bring about no growth and, as I say, no growth creates unemployment.

On the day that this voluminous bill which changed the income tax structure of this nation received royal assent, growth in this nation, whether growth of industry, farming operations or oil and gas or mining companies, started to decline. With that decline in growth, unemployment increased. This is where I fall out with my good friends, the members of the New Democratic Party. They always say that we must have a high capital gains tax; but once we have a tax structure like the one we have today in Canada, we might as well go all

the way and have the state own everything, because it really amounts to that.

I want to deal with how this tax affects the small businessman. Take the case of the little corner store. A businessman buys such a store, the lot, the stock and equipment, and so on. Then after spending 13 or 14 hours a day in that store for seven or eight years, with his wife assisting him, too, he feels that he should retire because he has worked hard. When he puts his business up for sale, the lot has increased in price and he has to pay tax on 50 per cent of the capital gain that he makes on the lot, in addition to his income tax. In other words, progressive tax is not only progressive with regard to income; it is also progressive with regard to capital gains.

In the United States, the tax is fixed at 25 per cent; it cannot go higher. In this country, you do not have to make much money to get into the 50 per cent to 60 per cent bracket. A 50 per cent to 60 per cent tax on a capital gain, with inflation today, takes away the savings of a small grocer. This is why we must have an increase in pensions. You cannot have it both ways.

● (1412)

Now let me talk about another factor I mentioned before lunch. The owner of a small store says that in January, 1972, his land was worth $10,000. Perhaps if he sells it now it will be worth $15,000. Perhaps he obtains the transfer of a similar property close by. This might happen in any part of the country. The department might very well not accept that valuation and will hire its own appraiser to appraise the property. The department can do this, because money is no obstacle. The department will often spend $16,000 in order to collect $4,000 in taxes. When the taxpayer goes to the tax department, he is told that the department has an appraiser's report which indicates a certain value. The taxpayer might not agree with that value, and is told by the department to hire his own appraiser. If he does, he may be stuck with the cost, perhaps amounting to $1,000 or $1,600. Even if he wins the battle, he has to pay that amount.

Let me now talk about the situation in which farmers on the prairies find themselves. If a farmer sells his land, or rolls it over to his son—and we can thank the hon. member for Halifax for this legislation which was brought in when he was the national leader of this party—the land passes from the father to the son, or even to the grandson, and that tax is deferred. However, it has to be paid some day, by the last survivor, when the land is sold.

However, when we changed the rules the situation became entirely different. Perhaps a farmer would form a small personal company or corporation which included his son and his wife. Following that, he might decide to retire or sell his shares. The situation would not be the same as selling the land to his son, and the rule of rolling over the land from father to son would not apply. The individual had set up a corporation before the tax law came in; but what the governments have done—and I am speaking of them in the plural—is change the rules in midstream, and they then wonder why business is disrupted and there is little growth. They ask why there is unemployment. I suggest this is one good reason for unemployment.

Let me put the point in another way. If the farmer formed a small personal corporation before the change, it would meet the rules, making it much easier to transfer shares in the land, and at a savings on the death of the farmer. That is the situation if the corporation was formed before the tax change. If he should now liquidate his corporation and pass the land on, he must pay the capital gains tax. What manner of nonsense is this? This is the government which brought that law into being. As the member for Calgary North, I spoke for days criticizing the action of this government, but they just laughed it off, said my criticism meant nothing and rammed the legislation through. That is why the hon. member for Edmonton Centre took the tax bill, tore it in half and threw it on the floor, saying, "This is what you have done to Canada". I remember the night when the tax measures were rammed through by closure. I wish the members of this government would cross the country and talk to the people at the grass roots, to find out what they think about our income tax laws and how they are treated as taxpayers.

Let me discuss another industry which is dear to the heart of all Calgarians and Edmontonians, because practically every job in the cities of Calgary and Edmonton is based directly or indirectly on agriculture or on oil and gas. It was not by accident that the government of Alberta discovered oil and gas there. Premier Manning had a fine government: I have always said that. He encouraged capital investment on the part of foreign companies, giving them a chance to make a dollar on their investment.

I think Imperial Oil drilled 90 dry holes in Alberta before striking oil. I wonder how many here know what it cost to drill a well even back in those days. I suggest it cost about $600,000 then and about $1.6 million now. While that was taking place, drilling rigs were pulling out of Saskatchewan from all over because of that province's tax structure. That government believed in socialism, whereas the Alberta government believed in business and enterprise. Therein lies the difference.

We are now facing a very serious situation when dealing with capital gains and business taxes. Let me refer to the judgment handed down recently in the case of Canadian Industrial Gas and Oil Limited v. The Government of Saskatchewan. When the world price of oil went up, the Saskatchewan government said the price had to be maintained at $4.50 per barrel. It demanded that any increase would go entirely to the government no matter what happened to the cost of production. I think this recent judgment of the Supreme Court of Canada is one of the most important to be handed down in recent years. It will affect not only that province but the province of Ontario, where nickel is exported, and any other province which exports products such as oil, gas, wheat, or what have you. Let me read a short extract from this judgment as follows:

It is contended that both the mineral income tax and the royalty surcharge constitute indirect taxation, and are therefore beyond the power of the province

to impose, the provincial legislative powers being limited to direct taxation within the province under subs. 92(2) of the British North America Act.

It is contended that the legislation relates to the regulation of interprovincial and international trade and commerce, a matter over which the federal parliament has exclusive legislative power—

This legislation will have serious ramifications in eastern Canada because of exportation. With this kind of taxation and law, what will happen to growth in this vigorous nation? Because of the serious ramifications of this decision in respect of provincial control of resources, and particularly in view of the thin strings of confederation, I would ask the Minister of Justice and the Prime Minister to bring the provinces together to discuss this matter and find a solution once and for all. Let me say to the people in the east that although they may think this only relates to oil and gas, it relates to all exported products.

Let us consider the nickel industry. This is a commodity that is exported. The tax will be applied in that case. People are wondering why mining companies are closing down and why there are so many lay-offs. They wonder why the companies are struggling to keep the mines open. My friends to the left have been talking about unemployment and lay-offs in the mines, and quite rightly so. I suggest that this situation is the result of the tax structure in this country. Because of this tax structure, these mines cannot make a profit. The government keeps trying to get the last dollar possible from these companies in the form of taxes, forcing the companies to close because they can no longer make a profit. This results in unemployment. It is a vicious circle.

This country's tax laws should be the subject of immediate review. It is almost impossible to think we can have so much unemployment in a country so rich in resources of all kinds. I suggest this is the only country in the world which until the last few years had problems only in relation to surpluses. Let us consider the situation in countries which have shortages. This country has a surplus of resources, many of them still waiting to be tapped and developed. As an hon. member from Newfoundland said today, that is a province with great resources waiting to be tapped, yet business is struggling to stay alive because of government taxes, including capital gains and high, progressive rates. Business just cannot be done in these circumstances and there is bound to be unemployment.

We have a monstrous tax structure in this country that is stifling growth, killing industry, creating unemployment, economic chaos and other problems which Canada faces today. This government should get together a strong committee made up of businessmen, union leaders and others across the nation to study the tax structure. I am sure such a committee would find that overtaxation is responsible for most of the economic ills of the nation. Let such a committee get on with the job of reviewing the tax structure, instead of the government always trying to figure out how to get the last dollar from the people of Canada. If the government continues with that approach, we will never have full growth or full employment. I see that my time has expired. Thank you very much, Mr. Chairman.

[Mr. Woolliams.]

Mr. McGrath: Mr. Chairman, I should like to take a few moments to address myself to the consequences that flow from the tax policies of this government, whether by way of tax incentives, capital gains tax, industrial incentives or any other kind of incentive under the Regional Development Incentives Act. The fact of the matter is that we have to create a climate in this country to develop the vast undeveloped resources of Canada as a first priority toward tackling what has to be the first priority, namely, unemployment.

• (1422)

Today, in the Atlantic provinces, there is an unemployment rate which exceeds that which is faced by industrial states elsewhere in the western world. The figures speak for themselves. For October, 1977, the unemployment rate in Newfoundland was 17.4 per cent, which is a substantial increase from last year. Still referring to October, 1977, the unemployment rate in New Brunswick was 14.6 per cent; in Nova Scotia, 10.7 per cent; and in Prince Edward Island, 11.2 per cent. For the Atlantic region as a whole, the unemployment rate was 13.5 per cent. Those figures do not tell the true story. They are seasonally adjusted, which is the strange, indefinable, incomprehensible methodology of Statistics Canada for measuring unemployment.

To arrive at the real rate of unemployment one must look at the number of recipients who are drawing unemployment insurance. One of the first qualifications for unemployment benefits is that the recipient has to be unemployed and available for work. Using the unemployment insurance program, the welfare rolls and the real method of measurement, one can arrive at the real situation.

I should like to refer to some percentages which are underestimates, for the month of October. In the province of Newfoundland the real unemployment rate was 27.6 per cent, or 60,000 people; in the province of Prince Edward Island, it was 20 per cent, or 11,000 people; in the province of Nova Scotia it was 15.5 per cent, or 55,000 people; and in New Brunswick it was 20.7 per cent, or 61,000 people. The real unemployment total for the four provinces during the month of October was 187,000 people. Considering the loss of productivity to this country, the drain on the unemployment insurance fund and the drain on the already overburdened exchequers of those provinces, in terms of what it costs for unemployment insurance benefits, is enormous.

I am glad the Minister of Employment and Immigration is present in the chamber. According to Statistics Canada, 40 per cent of those looking for work in Atlantic Canada as of October, 1977, had been unemployed for longer than three months. I consider that to be monumental. Winter is coming, and the unemployed will be further aggravated. They will go into the winter only to have their unemployment benefits expire. Thus, unemployed workers drawing benefits at the present time will have no alternative but to go through the humiliation of a means test and apply for welfare through their provincial agencies. The greatest potential for social unrest in this country would be in my region.

In terms of youth unemployment, again there are startling statistics for the month of October, 1977. In the four Atlantic provinces it was 20.6 per cent, as opposed to 16.7 per cent of unemployed youth a year ago. What has happened in the way of job creation? Using StatCan's figures for October once again, there was last year a net increase in employment of 6,000. However, that 6,000 has to be shown in contrast to the growth in the labour force, which was some 20,000 in the same year. Thus, job creation has lagged behind in the Atlantic region, during the past year, by some 14,000 jobs. Let the Minister of Employment and Immigration reconcile his job creation programs to that fact, notwithstanding that these programs help to alleviate some of the hardships which accrue because of this disastrous situation.

The Prime Minister was in Newfoundland yesterday. It has the highest rate of unemployment in the country, and indeed any state in the western hemisphere. What was the Prime Minister's reaction when he was confronted by an orderly and peaceful demonstration of unemployed? It can only be likened to the petulance of Marie Antoinette when she was faced with a mob in Paris saying, "We have no bread", and she said, "Eat cake". That is what the Prime Minister said, "If you do not want the equalization grants, we will take them back". As one man said during that demonstration yesterday, "We do not want welfare; we want work". That is the case.

The province of Newfoundland has the potential to generate enough jobs for its people. Also, it has enough potential in the way of resources to assist the region and the country as a whole. That province has been blessed with an abundance of natural resources. It is the greatest producer of iron ore in Canada and has contributed substantially to Canada's balance of payments program. Also, Newfoundland is the greatest producer of hydropower, with a substantially undeveloped hydroelectric resource at Churchill Falls. It cannot be developed because the province does not have the financial capacity. Approximately 40 per cent of Quebec's power is generated from Newfoundland. There is enough undeveloped power to satisfy not only the needs of the province of Newfoundland in the foreseeable future but to satisfy the needs, to a large extent, of the energy-hungry Atlantic region as a whole.

What about the power going into Quebec? Today it is going in at approximately three mills. The market rate for that power is approximately 20 mills. If Newfoundland was receiving market prices, it would not have to go to the money markets of the world to cover its current account deficit at the present time.

From time to time we have appealed to the government to exercise its constitutional right, which is its authority under the British North America Act, to build transmission lines to make it possible for Newfoundland's power to get to the Ontario grid. What about the national grid we have heard about for years? It has been just talk. It would take approximately $2 billion to develop the lower Churchill, yet this government has not changed its attitude toward participating in that program over the last two or three years, notwithstanding the toll which has been taken by inflation. The offer of the federal government still stands at about $3 hundred million in terms of development capital to get that vast, undeveloped hydro resource on stream to help this energy-hungry country of ours.

● (1432)

What about the vast potential of our fisheries? Well, the Minister of Finance today, in response to my question, talked about one of the initiatives the government has undertaken with regard to the economy of Newfoundland and the Atlantic provinces with the imposition of the 200-mile limit. Sir, they had to be dragged kicking and screaming to sign that unilateral declaration for a 200-mile limit, and it was only after a number of bilateral agreements had been signed with a number of the countries that have had traditional, historic and treaty rights to the great Pacific and Atlantic fishing grounds.

Sir, what have we been doing with that resource since we imposed a 200-mile limit? We have been bartering it away and allowing some of the countries of eastern Europe and the Caribbean, Cuba especially, to exploit quotas in certain species because we do not have the capacity at the present time to exploit all of our quotas within the 200-mile limit under our international agreement. So we barter away the unexploited quotas, and in the process we barter away future job opportunities for Canadians in that part of the country. It is done without reference to the province concerned. It is done unilaterally, as so many things are done by this government, without so much as a "by your leave", without so much as a consultation with the province that is to be affected. Of course, the province most affected in my area involving the fisheries near the Atlantic, obviously, is the province of Newfoundland where we are dependent on the fisheries, which is our first and prime resource.

Sir, I can go on to the timber resources in Newfoundland, second only to the vast timber resources of British Columbia, but which remain largely unexploited in the Labrador portion of the province. The potential is there for vast job creation possibilities, yet these timber resources are standing there rotting or being eaten away by various pests. We are a rich province, heavily endowed with mineral resources, hydroelectric resources, fishery resources, timber resources, resources of our people. In all, there are only 500,000 people in the province of Newfoundland.

I had my eyes opened a few years ago when I had occasion to visit Iceland, the independent republic of Iceland, with half the population of Newfoundland yet with so much in common with us. With half our population, they have an economy largely dependent on the same North Atlantic fishery that is so important to us. What have they been able to achieve with the proper exploitation and protection of that resource? Sir, they have been able to achieve full employment and have, probably, the fourth highest standard of living in the world.

Is it any wonder that our people are beginning to wonder about the approach to the concept of confederation by this government, this "rich man, poor man" approach so arrogantly expressed in St. John's yesterday by the Prime Minister?

We are not content to be looked upon as parasites in confederation. We will not be content to be the recipient of the crumbs off the table of the rich provinces, because we are a rich province. I realize, sir, that we cannot put a price tag on confederation because this country will not survive unless there is a spirit of nationalism within the country.

By the same token, neither will this country survive if any single province within the country is not given the right to develop its full potential, which is one of the essential roles of this government. I worry, Mr. Chairman, about the long-term consequences of unemployment, what it does to all our people, including our young people. The unproductivity represented by the disastrous unemployment figures that are released monthly by Statistics Canada shows no sign of improvement.

We wonder how it is possible for the government of Canada, through its Export Development Corporation, to finance offshore corrugated cardboard plants in the United States, when the Labrador linerboard mill in western Newfoundland is forced to close its doors, putting 2,100 Canadians out of work. And who cares? We wonder about the fluorspar mine in St. Lawrence, Newfoundland, forced to close after 40 years of production during which the Aluminum Company of Canada made vast profits. We do not deny them profits, but they just callously closed their doors and walked way. Why? Because they get the same fluorspar in Mexico, with cheaper labour.

We wonder where our federal government is while this is happening to us. We wonder how a government can boast of a relocation program that sends 50 jobs to Newfoundland, ignores what has happened there in the past two years of industrial lay-offs, and sends 1,500 jobs to Sherbrooke, Quebec. We are not even sure they are going to get there, because of Bill 101. We wonder about these things. That is why I say you cannot put a price tag on confederation. But I can say this, and I say it with certainty: this union will not survive unless each province is given the right to fully develop its own potential within confederation. That, sir, is being denied to us by policies pursued by this government.

I do not resent the billions of dollars that are used to develop the tarsands of Alberta. I could say that in 1932, were it not for the government of Canada, Alberta would have gone under as a bankrupt province. Today, of course, it is hard to concede that rich Alberta was once in a state of bankruptcy and would have gone bankrupt where it not for the Government of Canada—the same situation that happened in my part of the world. Yet they have been allowed the tax incentives, through a world shortage of oil, to develop the potential of fossil fuels which are there and you have the situation in Alberta that you have today.

If we were to have only a small portion of what is going into the development of the Alberta tarsands to develop the vast potential of the lower Churchill River to provide transmission lines in order to get that undeveloped hydroelectric power into energy-hungry Nova Scotia and New Brunswick—and, indeed, part of Ontario, not to mention the potential that exists in the upper New York state—surely that would make just as much sense. Sir, it would make a great deal more sense, because we have a renewable resource in hydroelectric energy as opposed to a definite resource with which we are dealing in the case of Alberta and the tarsands when we are talking about carbon or fossil fuels.

We wonder about these things, and we wonder how we could have arrived at a point in time when we have a government in this country that is conditioned—and, indeed, would condition the people of Canada—to accept as a fact of life an unemployment rate in one of its provinces that exceeds 27 per cent. This is an unprecedented situation in the history of our province. Long-term unemployment is disastrous in terms of its social consequences. It is disastrous in terms of its potential for unrest and, indeed, it is serving as a catalyst for our people to question whether or not we can afford to continue with the Prime Minister's brand of federalism.

Sir, it is not only Quebec that has a grievance with this government and its brand of federalism. We have only been in this union for 28 years. We brought into it these vast resources. Without us, the 200-mile limit off eastern Canada would be nothing, because 70 per cent of it was in the territorial waters of the Dominion of Newfoundland prior to 1949. We brought with us the rights to the offshore mineral resources because we had sovereignty in 1949.

● (1442)

Again that fact is being questioned by this government. It is a fact which ultimately the courts will have to decide. A country cannot continue with that kind of confrontation politics. A country which allows one of its parts which has great potential and great promise to go underdeveloped, without providing for tax incentives and the investment capital that is so essential to realize the maximum yields from this potentially wealthy province, cannot continue. My time is up, Mr. Chairman.

Mr. Knowles (Winnipeg North Centre): Mr. Chairman, it was not my intention to intervene until later in this debate, but I am prompted by the tremendous speech which has just been made by the hon. member for St. John's East to say a few words at this time and to support the plea he has made.

I represent a portion of the city of Winnipeg. I come from western Canada, where Newfoundland is a couple thousand miles away, but I want to devote these few words exclusively to support the plea that all parts of this country—and I think Newfoundland is the place to start—should share equally in the bounty and the possibilities of life in Canada.

In my view, the hon. member who has just resumed his seat has been talking about one of the most important issues which face this country. As he was speaking, I recalled an occasion quite a few years ago when I happened to be with M. J. Coldwell in the presence of Louis St. Laurent, who was commenting on what he had learned from a trip he had just made across Canada from coast to coast. It was in the early years of Mr. St. Laurent's prime ministership, and in those days, of course, trips from coast to coast were made by train.

I remember very well sitting in that small company and hearing the then prime minister say to the rest of us, "We have a great country. It is a wonderful Canada. But we will fail unless we get rid of the terrible regional inequalities." I happen to feel the same way about inequalities among individuals. I have spent most of my time in the years I have been here trying to correct those inequalities by pursuing social security measures, but parallel with that is the absolute necessity of getting over the notion expressed yesterday by the Prime Minister, and again today by the Minister of Finance, that we just have to take it for granted that some parts of the country are better off than others and that some have more natural resources than others.

The Prime Minister says that is what confederation is all about, the rich and the poor somehow getting along together. I think Prime Minister Louis St. Laurent was right when he said 25 years or more ago that we would have to do something about the regional inequalities in this country or Canada would not hold together.

Therefore, I want to give the endorsation of my voice, as that of a westerner, to the plea which has been made for a much better approach to the problems In Newfoundland than was demonstrated there yesterday by the Prime Minister and today by the Minister of Finance.

These issues are serious. National unity is an important issue, but it is not just between the rest of Canada and the province of Quebec. It is not over just language and those issues. It is primarily over economic issues. If we go on accepting, as a matter of course and as a matter of what we have to live with, forever these gross inequalities, the country will not be the one of which we could be so proud.

So I join with the previous speaker in calling for those policies in terms of taxation, employment, regional concerns and distribution of wealth which would give Canadians in all parts of Canada an equal opportunity. I congratulate the hon. member for St. John's East for the speech he has just made.

Some hon. Members: Hear, hear!

Mr. Stevens: Mr. Chairman, I have a few more questions for the minister. I hope he is still with us somewhere. I come back to the line of questioning I was pursuing earlier. In answer to one of my questions, the minister made the point that there is an accrual, prices go up and the tax is on the capital gain portion of whatever the person has first of all bought and then sold.

I want to take the minister up on that comment. I wonder if he can indicate to what extent the imposition of the capital gains tax has, in itself, been inflationary. I am referring to the fact that people are now holding capital items—let us say a piece of real estate—and one of the things which is calculated is what the capital gains tax is gong to be if they sell. They automatically increase the price in anticipation of what they feel is a fair net to themselves, and the net result is that the tax revenue we are referring to as being something the federal government is very appreciative of is really being added to the value of real estate when it is sold, which in turn increases tremendously the inflation factor which we have experienced as far as real estate is concerned. Can the minister indicate to what extent any of his department's work has substantiated what I am saying?

Mr. Chrétien: I do not agree at all with the hon. member, because in a market economy the market decides. If a person values his land higher because he anticipates some capital gains tax, the market will not bear that just for the sake of that. If we were to accept the argument of the hon. member, we would not have any capital gains tax at all—

Mr. Baker (Grenville-Carleton): I don't think he said that.

Mr. Chrétien: —because if the capital gains tax causes inflation, we would not have any capital gains tax. We have decided to have a capital gains tax. I heard the hon. member for Calgary North arguing against it a few minutes ago. It is strange that we have not always had a capital gains tax in Canada, because if we want to have a fair tax system we must tax all kinds of gains and not exempt some aspects. I do not share the view of the hon. member that the capital gains tax is a cause of inflation. It is a contribution from citizens who make gains to the service programs we have at this time.

The hon. member could make the same argument about any tax. He could argue that because any tax is a tax, it is inflationary. I think taxation is a system of redistribution of income, and taxes have to come from capital gains just as taxes come from personal gains.

Mr. Stevens: Mr. Chairman, may I just follow on what the minister is saying? Frankly, I am rather disturbed to hear his emphasis about revenue because, as I think we are going to bring out fairly clearly later, in terms of the nearly $50 billion of spending the minister is probably going to ask us to accept for fiscal 1979, the total amount of revenue the government gets from the capital gains tax is comparatively small.

However, the main point I want to readdress to the minister is that while the marketplace operates, there have to be buyers and sellers, and sellers today take as one of their considerations the fact that they have to pay a capital gains tax, before they fix prices for their properties. The net result, based on the figure the minister gave us of about $255 million in capital gains tax revenue both at the federal and provincial level, is that that probably means the price of property has been moved up $500 million to $600 million by sellers in anticipation of paying a tax.

● (1452)

I hope it is not lost on the minister that in many instances it is not, in truth, a gain that has been realized. In constant dollars, the so-called gain in the eyes of the federal tax man is simply inflation. I gave the example of someone making a $10,000 investment which is sold for $10,880 after 12 months. In constant dollars, nothing has been gained, yet the investor will be taxed on $440 at whatever his going rate is. This has contributed to inflation in real estate in that prior to selling, people adjust for the tax and ask a higher price. The govern-

ment has put them in the position where if they hold on to the property, in effect they have a tax shelter. The tax is not levied until the property is disposed of, so it can be allowed to accrue.

Whereas an owner at one time would have been quite ready to sell, now he will not be as willing to sell quickly because of the federal or provincial capital gains tax he is liable for—and that, in effect, is confiscation of his property. Does the minister not realize what I have said?

Mr. Chrétien: Mr. Chairman, as I explained this morning, the capital gains tax is half the rate of normal taxes. The NDP said that the logical thing would have been to impose a 100 per cent tax, but we went for a 50 per cent tax. Now I understand the Tories advocate a policy of no capital gains tax at all. The hon. member said that next year the federal government will need perhaps $50 billion, and that capital gains is inflationary, at the same time arguing it is a very small amount of money, only $250 million. How can he claim that $250 million, out of a budget of $50 billion, puts great pressure on inflation?

There is no capital gains tax on homes. Does the hon. member argue that there has not been inflation in house property because the capital gains tax did not apply to home ownership? I do not understand his argument. When he says that a capital gain is not directly indexed, I should like to reply that it is taxed at half the rate of the income tax, and exemptions apply, so in fact there is a kind of indexation for capital gains because it is added to the revenue and taxed at half level after the deductions, which are increased every year according to inflation. We should not have double indexation for that income.

Mr. Stevens: Mr. Chairman, I have been attempting to have a meaningful dialogue with the minister about something that is of great concern to many Canadians, and that is the impact of capital gains tax. This is one of the first opportunities we have had to review the actual figures and to review the rhetoric advanced at the time the capital gains tax was introduced into this House. I wish the minister were less partisan when he feels he is under pressure. I am simply trying to get his view about some of the aspects of capital gains that Canadians are concerned about.

I have never suggested that there should be a capital gains tax on a personal home. I am saying that where there is a capital gains tax, it has had an adverse effect and that people who are considering selling their homes decide to either hold them because of the tax shelter or they bounce the price to a level that will cover the tax which the federal and provincial treasuries will collect. I take it the minister does not have a great deal of concern for that inflationary impact, be it small or large. I simply say that as we reassess the capital gains tax, surely we should at least consider that type of thing.

Mr. Chrétien: Mr. Chairman, I do not want to have too long a dialogue on that. I should like to point out to the House, however, that if you compare the inflation rates in Canada and in the United States, in the long run, generally speaking, it is the same. The United States has had a capital gains tax since 1913, however, and it does not seem to have impaired their development over the last 64 years. One can argue there is an element of that which could cause a little bit of inflation, and that argument could be made for every tax.

Of course, if there were not to be any tax anywhere, there would perhaps be less inflation. If there is to be no tax at all, of course, then the consequence would be that we would go back to "les cavernes", and I am not ready to go that far back.

Mr. Stevens: Mr. Chairman, I find it interesting, the way the minister likes to use figures from the United States when it suits his purpose. He is not so quick to use the inflation figures of the United States in the question period when we point out to him that the current inflation rate there, on an annual basis, was 3.8 per cent in the last three months, compared to 8.8 per cent in this country.

The minister made reference to the point made by the hon. member for Waterloo-Cambridge which I think he took rather out of context. As I understand what our colleague was saying, it was to the effect that there may be more equity instead of this so-called rough justice plan of saying only half the gain will be taken for tax purposes. As I understood the hon. member, he was saying it might be a more equitable approach to say that capital gains would be fully indexed; that the entire capital gain would be taken after indexing. In that sense, the confiscation I spoke of could be avoided where there may be a gain in current dollars, but in constant dollars it is no gain at all. Did the minister fully understand the contrast made by the hon. member for Waterloo-Cambridge?

Mr. Chrétien: Mr. Chairman, I will take note of that, but the implications are quite serious. If we carry the hon. member's logic to its conclusion, it means we should have 100 per cent capital gains and indexing just as we do with other incomes. In order to achieve that, we would have to raise the taxes on capital gains to 100 per cent and consider the gain just as ordinary income. From there, the system of indexing would apply. I hope the business community in Toronto will react to the suggestion of the hon. member for York-Simcoe.

Mr. Stevens: Mr. Chairman, I will let the record speak for itself, but clearly I was not saying what the minister is trying to put into my mouth. It may be of some help to the minister to say that I hope there is no doubt in his mind, or that of any other member, that this party believes capital gains should be indexed before they are taxed. That is our firm policy and we do not have any hesitation in advancing it. We wish the government would accept that type of proposal without fudging the issue.

● (1502)

If I could go back to my questioning before lunch at which time I was interested in the tax revenue received in 1975 with respect to capital gains, both at the federal and the provincial level, perhaps the minister could give us some breakdown as to the over-all capital gain which has been experienced, also the capital losses—in short, a fairly clear picture of what in fact was the experience with regard to capital gains in 1975.

Mr. Chrétien: Mr. Chairman, I would like to clarify the matter of government revenue arising from capital gains tax. In 1975 the total federal and provincial capital gains tax was $255 million; the total federal and provincial gains value was $1370 million; the total federal and provincial taxable capital gain, was $680 million. The ratio of total capital gains tax to total taxable capital gains was 37.5 per cent. The total taxable capital gains of individuals was $405 million; the total taxable capital gains of corporations was $275 million. The federal government share of the total capital gains tax revenue was $190 million, and that of the provinces was $65 million.

Mr. Stevens: Thank you. Mr. Chairman, I was wondering if we could get one or two further breakdowns. You have mentioned that $190 million was the total tax as far as federal coffers were concerned. Could you indicate how much of that came from the individual capital gains taxpayers and how much from the corporate taxpayers?

Mr. Chrétien: It is the federal section?

Mr. Stevens: Yes.

Mr. Chrétien: The federal share is $100 million for individuals and $90 million for corporations.

Mr. Baker (Grenville-Carleton): You are right on.

Mr. Stevens: Previously I gave the minister's officials the relevant table 18 from taxation's statistics 1977 edition for the taxation year 1975. If I may ask the minister a few questions concerning those tables, which I believe his officials have been able to reconcile with their own figures, and the figures which we were just given, one of the things I would draw the minister's attention to as far as individual capital gains tax payers are concerned—he will note that the total amount of the gain is shown as $1,065 million, and the total amount of the loss is shown as $409 million. That is before we consider the taxable gains or the taxable losses. I am in the second last column. My question is this: if you net those two, it is clear there was roughly something over $600 million of total gains in all categories that are reviewed in the chart.

When we shift to the taxable amount, I find it rather odd that while the taxable gain stays at $476 million, which is a little under the 50 per cent of the billion figure I gave earlier, the loss figure falls off very dramatically to $71 million. The net result is that we find that the taxable capital gain loss position is extremely low compared to the gross loss that is shown, whereas the total capital gains position is relatively what you would expect.

Could the minister indicate what it is that is working within the tax system which allows people so little loss write-off as appears to be reflected in the statistics I have just given?

Mr. Chrétien: Mr. Chairman, I do not think I am in a position to give that kind of an elaborate technical answer which the hon. member would like to receive from me. These are based on statistics tabled by the Department of National Revenue. I am not in a position, even with my officials here, to give that sort of an answer. If the hon. member will look into that, we will make sure the information will be given to him.

The Chairman: I am sorry to interrupt the hon. member for York-Simcoe but his time has expired. The hon. member for Scarborough East.

Mr. O'Connell: Mr. Chairman, was I hearing properly during the debate, as carried on by the hon. member for York-Simcoe, and in the context of a speech made by the member for St. John's East to which I paid a great deal of attention, and to which I give a great deal of sympathy? I am astonished at what I am hearing from the member for York-Simcoe. Did he not say with respect to minimum wages, not that they should be indexed, but they should be frozen? They are too high! Did he not compare them with the United States' minimum wages and yet then charge the minister of using data comparable with the United States data when it suited his purposes?

With respect to the non-indexation of minimum wages, we are talking of poor people who need some help. He comes and says, if I am correct, with respect to those who have assets, which are making gains and are taxed at only half normal taxation, that this burden should be further eased by indexing their gains. I do not know if that is Tory doctrine; I suspect it is. It is good Tory doctrine to press down the poor even further and then to increase the wealth of the wealthy.

Some hon. Members: Shame, shame!

Mr. Stevens: On a point of order—

The Chairman: The hon. member for York-Simcoe.

Mr. Stevens: Mr. Chairman, on a point of order, and just before I direct a few more questions to the hon. minister, I want to assure all members who have been sitting in this committee of the whole session, I do not know where the hon. member has been hearing what he has referred to. We are discussing capital gains tax and the fact is—

The Chairman: Order!

Mr. Stevens: If I may finish.

Mr. O'Connell: I did not address my question to you, I addressed my question to the minister.

The Chairman: Order, please. The hon. member for York-Simcoe got up on a point of order. I believe I told him his time had expired.

Mr. Stevens: I am referring to my point of order. We are discussing clause 1 of Bill C-11. I have been addressing my remarks to the question of capital gains, the possible indexing of capital gains. Never in this discussion today have I referred to minimum wages or indexing minimum wages.

The Chairman: Order, please. I believe the same rules apply to committee as to the House. It is not a point of order. The hon. member posed a question. The hon. Minister of Finance.

[*Translation*]

Mr. Chrétien: Mr. Chairman, I have no comment to make. I think that the hon. member for Scarborough East (Mr. O'Connell) is raising a matter of ideology on which he deeply disagrees with the hon. member for York-Simcoe (Mr. Stevens). Of course, I have always been inclined to side with the Liberals rather than with the Progressive Conservatives.

• (1512)

[*English*]

Mr. Stevens: Mr. Chairman, if we can come back to clause 1 of Bill C-11, it deals with this question of capital gains. Up until now persons could only claim $1,000 from capital gains loss against their income. Maybe, in the future, if clause 1 goes through, they will be able to claim $2,000 against their income. It is to that I would like to address my further comments, if I may.

We were dealing specifically with the question of what has been the impact of capital gains as far as tax revenue is concerned and, second, to what extent losses have been net-table against taxable gains. My question to the minister, you will recall, Mr. Chairman, was very simple. When we have the over-all gross figures, we find that the capital losses were $409 million against capital gains of $1,065 million. However, when we find the taxable losses, the losses, while not insignificant, are quite small in the sense that they fall from $409 million in the gross figure to only $71 million, whereas the capital gains that are taxable remain relatively high.

I will accept the minister's word that this is fairly technical to describe why there should be a relatively small loss which is chargeable against your taxable gains. However, I ask the minister if he agrees that this is further evidence of a certain inequity that presently exists in our capital gains process. It is one thing to tax the man who has the gain, but surely it should work that the losses that people are incurring are also to be quite readily chargeable against those gains.

On reflection, I wonder if the minister has any further suggestion as to why there seems to be this sharp fall off from the gross figures compared to the taxable figures with regard to tax losses.

Mr. Chrétien: Mr. Chairman, I think we can argue over this for a long time. Perhaps I can give the committee an explanation. We have, of course, received a number of representations on this. These representations have suggested that there should be no limit on the deductibility of capital losses. This will not only be costly in terms of revenue, but will permit the reduction of taxes by many taxpayers with a significant investment portfolio, those we call the rich.

Taxpayers could arrange to dispose of those securities on which losses are accrued in order to realize the losses and hold on to those securities which have increased in value. In these circumstances taxable income should be reduced by losses even if the accrued gain exceeds the loss. Therefore if there were no limit on this allowance for capital losses, only those losses in excess of accrued gains should be deducted. It is a question of tax.

[*Translation*]

It is necessary, Mr. Chairman, in a system such as ours to tax at a given time the income of all people, even their capital gains. It is a logical thing; otherwise, part of the population would actually be fully exempted from their social obligations as taxpayers, while their taxes allow us, to set up programs designed to effect equalization payments to the poorer provinces, payments which substantially help Newfoundland, for example, or Quebec or New Brunswick, and go to pay old age pensions and so on.

Should we exempt richer people from taxation because they claim that their losses in a specific year are greater than they would wish? Such is the market system and the capitalist system. One must either win or lose. If we were to allow tax deductions every year for losses incurred, I am sure that a great many rich people in this country would use this system to hide a lot of revenues and avoid paying taxes as ordinary people like us pay year in and year out. Therefore rich and poor Canadian alike must put part of their revenues at the service of their fellow citizens through a taxation system. This $2,000 exemption is providing an incentive to take risks but if somebody has taken such risks incurring great losses, it is because he took too many risks and he must therefore pay the consequences. That is why other revenues should not be tax exempt.

Mr. Clermont: Mr. Chairman—

The Assistant Deputy Chairman: The hon. member for York-Simcoe (Mr. Stevens).

Mr. Clermont: Mr. Chairman, with all due respect—

[*English*]

Mr. Stevens: Mr. Chairman, I have not finished.

[*Translation*]

The Assistant Deputy Chairman: The hon. member for York-Simcoe (Mr. Stevens) has the floor.

Mr. Clermont: With all due respect, Mr. Chairman, the hon. member for York-Simcoe (Mr. Stevens) has had a good part of the time—

The Assistant Deputy Chairman: Order.

Mr. Clermont: Mr. Chairman, the hon. member for York-Simcoe has had the floor a good part of the morning. Does another member not have the same rights?

The Assistant Deputy Chairman: Order. The hon. member for Gatineau (Mr. Clermont) has his rights. He will have the floor when the opportunity arises. He has not been able to seize the opportunity after the hon. member for Scarborough East (Mr. O'Connell) closed his remarks. As nobody was rising, I gave the floor to the hon. member for York-Simcoe who is entitled to his twenty minutes.

Mr. Clermont: With all due respect, Mr. Chairman, I rose. But a clerk was catching your attention.

The Assistant Deputy Chairman: I admit the hon. member rose, but he did so when the hon. member for York-Simcoe had the floor already. I will recognize the hon. member for Gatineau immediately after.

[*English*]

Mr. Stevens: Mr. Chairman, the minister has led me exactly into the next line of questioning that I want to put to him. He left the impression that somehow this is a tax of the wealthy. That is clearly a misunderstanding on the government side. It is perhaps why the hon. member for York-Scarborough was so anxious in the sense that his point was that he felt it was a tax on the poor. In that sense perhaps he has a much greater point than I had realized.

I direct the minister's attention to the final column of the tax statistics to which I have referred. He will notice that approximately 40 per cent of the capital gains is earned by those with earnings of less than $20,000. Quite a large portion of the gain we are considering here, and out of which they make their revenue, is not from the so-called fat cats but from the average hard working Canadians who are earning something below $20,000.

If you go into the next category, $20,000 to $25,000, you find another 10 per cent. If you go to the $25,000 income level, approximately 50 per cent of the total gain on people who are paying capital gains tax is paid by people who are earning less than $25,000 a year. Forty per cent is paid by those earning under $20,000.

I would like to put this further question to the minister. Is he aware of this? Does he agree that this is a tax that quite significantly falls on relatively low income people in this country?

Mr. Chrétien: Mr. Chairman, that is exactly the point we are making by increasing this to $2,000. I am told that, generally speaking, those earning less than $20,000 do not derive a great part of their income from investment. We are doubling the exemption for the losses so that these people can benefit from this tax measure that we are proposing. Either we have or do not have an equitable tax system in this country. In order to have an equitable tax system, we decided that we had to do what the United States did in 1913, namely, to have a capital gains tax in Canada.

I remind the committee that, when we introduced the capital gains tax, we got rid of the old system of succession duties at the federal level. We did this because we wanted to permit people at time of death to pass on to their descendants in some easier fashion what they had accumulated in terms of wealth.

● (1522)

Mr. Stevens: Mr. Chairman, may I come back to my basic point. With indexing there would really be less of an inequity, bearing in mind that indexing would benefit, to the extent of 50 per cent of those who make a gain, people who earn $25,000 a year or less. The minister says this is why he is raising, to $2,000 instead of $1,000, the privilege to write off a loss against other income.

With all due respect, surely the minister is missing the point. This allows a person who has sustained a loss to write it off against other income, but there are very few people earning less than $20,000 a year who would welcome the prospect of writing off a $2,000 loss. My point is, what about the man who has not made a loss but a gain of the kind to which I have referred? While in terms of current dollars it appears to be a gain, because there is no indexing it is in fact a confiscation of his capital in the sense that he is being taxed on something which in constant dollars is in truth not a gain. It is not a question of allowing him to write off a loss. I am concerned about a person who has made a gain. Fifty per cent of the total gains that were made were made by people earning less than $25,000. What about that person?

Mr. Chrétien: Mr. Chairman, I should like to repeat what I have said many, many times, namely, that capital gains are taxed at half the rate of a person's normal income.

Mr. Stevens: It is still confiscation.

Mr. Chrétien: All of an individual's exemptions are indexed. If the hon. member is arguing the we should go back to the time of the dinosaurs, that is one thing. I know he is against capital gains, and so is the hon. member for Calgary North. Generally speaking, members of the NDP want us to tax them at 100 per cent. Like any other income, a buck is a buck. But typically we Liberals find a good compromise between these two extremes which, although it satisfies neither of the two extremes, satisfies the great majority of the Canadian people because they keep voting for us from year to year.

Mr. Stevens: Mr. Chairman, the minister makes reference to going back to the age of the dinosaurs. Let me assure hon. members that if this government is allowed to stay in power much longer we could well go back to the age of the dinosaurs. Let me explore this question a little more fully. According to statistics before me, one of the big group of capital gains taxpayers is farmers, also fishermen. Let us bear in mind that when this legislation was first introduced it was represented to be a great device for getting at those who are making gains in shareholdings.

I had a question for the minister but I see he has left. Is he coming back?

Mr. Lumley: Yes, he is.

Mr. Stevens: I am very anxious to hear what the hon. member for Gatineau will have to say, but perhaps I can put my question to the parliamentary secretary, who might like to comment on it. What does the minister say in regard to who was wrong when it was initially represented to this House that the main group which would be paying the capital gains tax was those who made gains from shares? We now find, for example, that in that category the amount of gains in 1975 was $38 million, whereas the gains of farmers and fishermen

amount to $113 million. And I have other categories I can give. For example, employees are listed at $144 million.

I should like somebody from the department to indicate whether there was in fact a miscalculation here. Did they over-estimate the gains they were going to tax arising from shares, or was there some other rationalization for what seems to be such a small gain under the head of shares compared to gains, for example, from real estate?

I can break the figures down not only for farmers and fishermen but for gains on the sale of shares net, which is $38 million. The net gain on real estate is $661 million. Let there be no confusion from this point on. This is essentially a capital gains tax which has fallen mainly on those who made a gain from real estate which, as I have suggested, has perhaps aggravated inflation in that particular market.

Mr. Lumley: First of all, Mr. Chairman, the hon. member must realize that the figures he has referred to vary from year to year. He talks about real estate. Real estate prices have increased far more dramatically than shares. As the minister said in one of his earlier replies, there is no capital gains tax on an individual's residence, so in answer to his point about inflation caused by the capital gains tax, there is no evidence that the tax has influenced residential homes or land prices.

The share in capital gains of those earning less than $20,000 is 36 per cent. However, their share in total assessed income is 77 per cent, thus relative to their income they receive very little in capital gains. Their share in capital gains tax is 25 per cent, compared to their share in total tax of 61 per cent. Therefore I have a little difficulty trying to understand the relevance of what the hon. member is saying.

Mr. Stevens: Mr. Chairman, talk about trying to confuse the issue! I have been very, very specific. This is the first time I have been able to get the actual capital gains tax figures. I was very specific. I said there has been a total net gains tax of $38 million from shares and $661 million from real estate. It has nothing to do with total income or anything else; these are the capital gains tax figures for those two categories. I thought my question was very simple.

It was represented to this House that the capital gain which was going to be taxed was the gain from shares. How is it that it has now shifted to real estate? Sometimes, Mr. Chairman, I despair at the lack of knowledge in the Department of Finance. The parliamentary secretary stands up and says that somehow or other home prices are not being affected. Is he totally ignorant of the fact that much of the gain the government is taxing is subdivision land, land on which eventually homes will be built? Is the government totally ignorant of the fact that this has been one of the most significant reasons for driving up Canadian home prices at least one third above the prices that we find in the United States?

Let me come back to my very specific point. Has the government any particular explanation why this tax is falling not only on people of relatively low income—which it was never represented would happen—but on the real estate market, not the share market which initially it was said would be the chief source of the capital gains tax?

Mr. Lumley: Mr. Chairman, I answered that in my original reply to the hon. member. He is looking at the figures for one particular year, and the picture varies from year to year. In the figures the hon. member is alluding to, they are referring to capital gains on shares and real estate for that particular year. This is not constant from year to year.

● (1532)

Mr. Stevens: Mr. Chairman, I should like—

The Chairman: Order, please. I regret to interrupt the hon. member for York-Simcoe but his allotted time in the second round has expired.

[*Translation*]

Mr. Clermont: Mr. Chairman, we have been discussing for quite a while about revenues that the tax on capital gains can generate for the treasury but I suggest that when this tax authorized by the House of Commons in December 1971, it was also a matter of justice and equity because the salaried—

[*English*]

Mr. Stevens: There is no justice from that government.

Mr. Clermont: Neither from you.

[*Translation*]

Mr. Chairman, the salaried worker always reports his full income on his return. I recognize that the amount deductible as expenses has been raised from $150 to $250 in the budget tabled by the former finance minister. In my opinion—I have said so to the former finance minister and I repeat it again—this is not enough.

When the hon. member for York-Simcoe (Mr. Stevens) referred to the increased cost of land, he forgot to say that a large percentage of these higher costs are due to speculation, something which had been anticipated when the tax on the capital gains was voted. During the first years, the Treasury Board did not expect any noticeable increase in revenues but the opposition contended at times that that would be the case and we all remember that the then Minister of Finance, Mr. Benson, had to table a letter before the Standing Committee on Finance, Trade and Economic Affairs in which he promised that if revenues from capital gains were to increase unduly, taxes in other areas would be lowered. I remember it quite well, Mr. Chairman, because I was then chairman of the Standing Committee on Finance, Trade and Economic Affairs, and so does the hon. member for York-Simcoe because he appeared many times before this very committee.

Mr. Chrétien: I would like to thank the hon. member for his remarks.

[*English*]

The hon. member for York-Simcoe made a comment because I was not in the Chamber for a few minutes. We have been in this House every day for the last three weeks, and in

some instances for extended hours. I have responsibilities as Minister of Finance.

I left the Chamber for five minutes to go where every human being has to go once in a while.

Mr. Munro (Esquimalt-Saanich): Your responsibility is here.

Mr. Chrétien: I have been more than patient. Since the beginning of the afternoon, the hon. member for York-Simcoe has been on cloud nine. There are many people listening in the audience, and I am glad they will hear what I have to say. As yet we have not adopted the title of a bill with 160 clauses because we have had to listen to speeches like that of the hon. member, day in and day out, for the last three weeks.

Some hon. Members: Right on!

Mr. Chrétien: Mr. Chairman, I think I should be entitled to go to "la toilette", as we say "en français". I am back now.

[*Translation*]

In answer to the hon. member, I would simply like to say that of course we shall never be able to agree with the hon. member for York-Simcoe (Mr. Stevens) on this point. What can we do? The taxpayers, the workers have their taxes deducted from their pay cheque. They have no other choice. After many years we discovered that by speculating on the stock market some people could avoid contributing to the social needs of this country. We then decided to tax capital gains. The hon. member does not agree. As I was associated with the income tax reform, I remember very well that this was recommended. This is ironical since it was recommended by the Carter report, among others, and the Carter report was published by the Carter Commission. This commission was established by the Progressive Conservative government in 1961-62. The Conservatives are therefore refusing to recognize their offspring, but we are more human than that; we find it fair to tax capital gains. The most capitalistic of all countries, the United States, was taxing capital gains in 1913. I was not even born then. As a matter of fact, this was a long time before my birth.

Mr. Chairman, I would like to say to the hon. member for Gatineau (Mr. Clermont) that it is very difficult in a society as complex as ours to give in to requests from all those who would like tax exemptions for something or other. There is only one clear problem, and I am not a Social Crediter like my friend from Roberval (Mr. Gauthier). I know that the money we spend is taken from the pockets of the taxpayers, and we try to be as fair as possible about it. And we, as well as everyone who has reflected for a moment on this matter, including the commission created by a Progressive Conservative government, the Carter Commission, have discovered that there should be a capital gains tax. Obviously I shall never be able to settle the issue of principle from which stem the diverging views of my friend from York-Simcoe and myself, but, Mr. Chairman, we are still on clause 1, which increases the loss exemption from $1,000 to $2,000 for capital gains.

There are 160 clauses to be studied in this committee. Since we have started the study of this clause at noontime, it has not progressed by an inch. It might be necessary to wait until Monday or Tuesday or even Wednesday before clause 1 which contains only three lines gets its approval. It is quite clear and it does not take a genius to understand that we are raising from $1,000 to $2,000 the tax exemption for people who claim capital losses. It is obvious that once again the opposition is trying to prolong the debate simply to delay the work of this House rather than passing this bill as soon as possible. There are thousands of decisions in the business community which cannot be taken at the present time. Given the attitude taken by the Progressive Conservatives, it may be that we will never succeed in passing this bill. However, we have been able to impose a time allocation on second reading, so I guess they want us to do the same thing at the committee stage. I have no objection to that. We might spend three or four days studying clause 1, then the other clauses will be studied much more rapidly.

[*English*]

Mr. Watson: Mr. Chairman, I should like to direct a question to the Minister of Finance which relates to the statement made by the hon. member for York-Simcoe when he blamed the prices of housing in Ontario, and in Toronto in particular, on capital gains tax.

Would the hon. minister not agree the principal reason for the cost of housing in Toronto being higher than most parts of the country is because, even though the Government of Canada has had a law on its books since 1953 which allowed for federal funding of land acquisition and land banking, it was never used to any extent by the government of Ontario? Also, would he not agree that the government of Ontario land development policies have consistently favoured land speculation in the Toronto and Ottawa areas, the result of which has been that people have taken advantage of these federal grants that were, and are available, except for the last two or three years? This is the main reason for the cost of housing in Toronto being $20,000 more than other parts of the country. It has nothing to do with capital gains tax.

Mr. Chrétien: Mr. Chairman, capital gains tax on private residences does not exist because they are exempt. There has been a lot of land speculation. The hon. member for Laprairie blames it on the Ontario administration, but I do not want to comment too much about the provincial situation. Not long ago a very learned gentleman from Ontario, Walter Gordon, indicated in a speech that approximately 100 approvals are required to develop land in Ontario. Also he indicated that it requires many inquiries in order to do that. I do not know. I am not a resident of Ontario, so I cannot judge that. It is not due to capital gains at all.

Land speculation is not under federal jurisdiction. The permits for construction, the development of the land, and so on, are within provincial and municipal areas. To attempt to shift the burden on to capital gains is either stretching the argument a bit far, or the hon. member is simply stretching his

speech in an attempt to use up the remaining time until four o'clock, and thus clause 1 will not be passed.

● (1542)

Mr. Saltsman: Mr. Chairman, I have a brief question I want to put to the minister, and it is mostly for the record. Until recently an argument has been put forward against the capital gains tax that it was really a tax for equity purposes, and that in fact it was not much of a revenue producer, and even from the viewpoint of equity there were objections to it. The figures that the minister has produced for us today indicate that it is more than just an equity measure—we are talking about relatively big money which is now coming in from capital gains. Does the minister have some figures to indicate whether the take from the capital gains is increasing or holding its own? My own personal recollection is that, when it first came in, the income from capital gains was a relatively small amount of around $40 million. That seems to be increasing substantially as the years go by.

Mr. Chrétien: The income from the tax is now $255 million. That is a good sum of money. Of course as the hon. member knows very well, capital gains before 1972 were not taxable, only the gains since 1974. Of course the amount is increasing every year. I do not know exactly by how much it is increasing. I have the figures for 1975 but not for 1976. The essential increase was from 1974 to 1975. I do not have the actual figures with me but I will provide them for the hon. member.

[*Translation*]

Mr. Clermont: Mr. Chairman, I noticed this afternoon that in his answer to a question he was asked, the minister said that at a given time people were saving too much. I would like him to give us something precise as to what he meant because we are all well aware of the campaigns made by several financial institutions to incite people to save more. So I would like the minister to be more precise on what he meant by his remarks that people are saving too much.

Mr. Chrétien: Mr. Chairman, at the present time there is an insufficient demand in our economy. During the past three years, the level of savings has been rather constant and maintained at a very high level. I believe that Canadians are setting aside about 10 per cent of their income for savings.

This is excellent if it lasts for a year, but when it goes on for three years in a row problems begin to arise. I am urging people who have been putting money away for the last two or three years to spend part of it on consumer goods, particularly Canadian goods, to revitalize our economy and create jobs. Because it is very difficult to ask industry to expand when capacity utilization is only 80 per cent.

Of course there are programs to promote savings. We will always need savings, but within limits. I urge those who have enough savings to realize how worthwhile it would be to spend at this point. This does not mean by any stretch of the imagination that nobody must save. But those who have too much should spend at this point, to help revitalize our Canadian economy. This is what I meant, because during the last three years I understand the level of savings has been at least 100 per cent higher than during the three preceeding years. In the current economic context where consumer expenditures are lagging, it would help if people with a lot of savings started doing some spending, particularly if they toured Canada rather than going further down south. I for one will be doing so at Christmas time. I said so and I was embarrassed myself because I had planned to go down south, but I realized it is better for me as a citizen to remain here at Christmas time and go skiing instead of sunbathing. So, in view of our $2 billion deficit for this year on the tourist trade account alone, I hope this will be done and also that we buy Canadian goods as much as possible so that our Canadian production capacity utilization is increased.

[*English*]

Mr. Stevens: You should have told the Prime Minister to do that.

Before I get into some more questioning on clause 1 I must respond, at least in part, to some of the comments made by the minister in his impassioned plea after he returned. I wish to assure the minister that no one in this Chamber took any exception to his leaving.

Mr. Chrétien: You did.

Mr. Stevens: No. In fact we thought we were quite co-operative. I said that rather than having a delay I would put my questions to the parliamentary secretary, questions to which subsequently the parliamentary secretary, I thought, responded very effectively.

Mr. Chrétien: I am sorry, and I take the hon. members' word. Someone had told me the hon. member had given me hell because I was out of the Chamber. If he did not, then I withdraw what I said, but I cannot withdraw my need to get out.

Mr. Stevens: Mr. Chairman, let me assure the minister that we realize he does have certain human sides.

There are other points on which perhaps I should comment. The minister has left the unfortunate impression that there has been an undue delay with regard to discussion of clause 1, and he referred to the fact that we had not even passed the title to the bill. As the minister knows, the title is one of the last things we pass, not one of the first. I would point out to the minister, who surely keeps the score, that there have been more people questioning him on clause 1 on the government side of the House then there have been members questioning him from this side. If he wants to put the usual governmental gag on his own followers, he had better talk to them.

Mr. Chrétien: Mr. Chairman, may I say that the hon. member, who had the floor for the third time now and used up 20 minutes, should recognize that members on my side are not as confused as hon. members opposite, so that they can put just one question and obtain satisfaction.

While I have the floor I would like to answer the question put by the hon. member for Waterloo-Cambridge who asked me about the capital gains tax. There has been an increase since we introduced the capital gains tax. Taxable capital gains went up from $239 million in 1972 to $431 million in 1973, to $507 million in 1974, and $680 million in 1975. These are the capital gains reported; the tax on them is less because people pay only half the normal rate on them.

Mr. Stevens: I must assure the minister that if he keeps interrupting me, naturally time will keep running. I have a few questions I want to put to him, and surely the more he becomes impassioned and makes these various comments, the more he makes it impossible for me to do anything but correct the record.

What I was saying on clause 1 was that I feel it is pertinent to know that more questions have been directed to him from his own followers than there have been from this side. As the minister knows, clause 1 is generally the clause on which people make general comments on the bill. Comments on this clause are not solely restricted to a specific item.

Let us not forget that the minister left the impression that once the capital gains tax was written in stone into the law of the land there should be no question on it thereafter. Such are not the facts. What I have tried to make clear is that when we introduced the capital gains tax certain recommendations were made, and this is virtually the first opportunity we have had in the House to review the impact of the capital gains tax and to ask the Minister of Finance whether he feels that certain aspects of what has transpired are in truth equitable. One of those is our suggestion that there should be indexing of the capital gains tax rather than the so-called rough justice formula whereby we only take in half of the gain.

I do not think members of the House should be too impatient, because we must bear in mind that it was on this side of the House that the suggestion was first advocated for the indexing of the income tax. It took the government many years finally to catch on to what we were talking about and to realize that there was an inequity. Perhaps in the faint hope that it might win some votes the government said, "Fine, we are going to bring in indexing," because it realized that was an equitable thing and possibly even popular. Is there anything wrong with our at least exploring the possibility that indexing would also be a relevant thing for capital gains?

● (1552)

There was another reference made by one of the minister's colleagues to the fact that I referred to land prices going up in value, and that perhaps one of the things which had contributed to those prices going up was the fact that many speculators who are in the land development business have been using the system in a way they felt would at least compensate them for the tax they have had to pay with regard to capital gains. Somehow my simple pointing out that home prices in Canada are about one third higher than they are in the United States got twisted by the minister's colleague into some representation about Toronto prices.

I never referred to Toronto prices. The hon. member somehow wanted to twist it so that somehow it was the fault of the Ontario government after all. I am talking about prices from Nova Scotia right through to Victoria.

Mr. McGrath: Newfoundland.

Mr. Stevens: All right, St. John's. I hope the record is clear on that.

Let me put a different question now to the minister concerning capital gains. We have explored the impact, the revenue, who is actually paying and the fact that indexing is apparently not under any serious consideration as far as the department is concerned.

There is a second injustice with regard to capital gains. A person has the option either to liquidate every year and pay the tax payable at whatever his tax rate is for that year or, as many people are doing, bunching or holding their capital realization until a later time rather than paying the tax. Where the inequity comes in is when the person finally does sell his property.

Let us take my example of $10,000. Let us say that a person says he does not want to liquidate at possibly $10,800 because he just does not want to have to pay that tax. Let us say he holds it ten years. At the rate of inflation under this government it will probably be that he will have to sell that property for $20,000 in order to get the same buying power he could get last year with his $10,000. Under the present set-up—and I hope the minister will correct me if I am wrong—the only thing this person can then do in 1986 would be to take his $20,000 and put it into some type of annuity for up to 15 years if he wants to dollar average the gain. In short, there is no provision allowing him to have a charge-back, say, for the previous ten years of $1,000 per year and to come into the lower tax bracket. The fact is he will have to pay whatever his tax rate is in the year 1986 on the whole $10,000 falling into his income that year and, as I have said, a high portion of that or, in my example all of it, will simply be an inflationary gain.

Is the minister aware of that bunching inequity which is occurring, and is there any consideration being given to relieving that situation?

Mr. Chrétien: Mr. Chairman, we are aware of that problem as well as of many other problems, including indexing in relation to capital gain. The provisions are not written in stone, as the hon. member said. We are constantly reviewing the tax system in every budget. We have a bill containing 160 clauses before the House at this time. We review the tax system every year, or every six months depending upon whether we are having two budgets in a year. The arguments of the hon. member will be looked into by the experts of my department, and we will see if we have to bring about some changes in the next budget.

Mr. Stevens: Realizing that there are rather technical and somewhat complicated aspects to the whole capital gains tax situation I wonder if the minister would indicate if he would be

willing to make a special reference of this subject to the Standing Committee on Finance, Trade and Economic Affairs so that there can be an in depth appraisal carried out as to the success or failure of the capital gains tax system, so that indexing can be reviewed and so that we could perhaps call witnesses and receive briefs on what people now feel about it. Frankly, I feel that the minister is sincere, and I have no reason to doubt that.

The whole tax system is an ongoing and very volatile thing. It would be quite constructive between now and the time he brings in a budget to have the benefit of a committee review of the whole question of the capital gains tax in this country. My next question will come later.

Mr. Chrétien: Mr. Chairman, I am considering referring problems to the committee, but I have not decided to go along with this as yet. I will take into consideration the request of the hon. member, but I did not have such a thing in mind.

Mr. Stevens: My next question comes from a suggestion which was made as long ago as perhaps 1971 by the hon. member for Edmonton West. I felt he suggested a rather innovative approach, that as far as Canadians are concerned—and the hon. member restricted it to the question of investing in the resource industry; I perhaps might want to expand on that to include any Canadian investment, be it resource or manufacturing—there should be a formula worked out with regard to capital gains which would make them non-taxable depending on the number of years an investment is held. For example, I think the hon. member's thinking was that if an investment were held for five years, there would be no taxable gain on the basis that that is obviously a relatively long-term investment and should not be taxed as current income. However, for every year short of that, the suggestion was that a person should lose 20 per cent of his total 100 per cent non-taxable position, and if he bought and sold something within a year it would be fully taxable. Has any thought been given to the suggestion made by the hon. member for Edmonton West?

Mr. Chrétien: We are aware of that suggestion. It has been looked into, but it has not been recommended to the minister.

The Assistant Deputy Chairman: Order, please. It being four o'clock, it is my duty to rise, report progress, and request leave to consider the bill again at the next sitting of the House. Is that agreed?

Some hon. Members: Agreed.

Progress reported.

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

PRIVATE MEMBERS' PUBLIC BILLS

[*English*]

The Acting Speaker (Mr. Ethier): Shall order No. 2, standing in the name of the hon. member for Matane (Mr. De Bané), stand at the request of the government?

Mr. Paproski: Mr. Speaker, I rise on a point of order. I believe there has been agreement to allow orders Nos. 2, 4, 8, 9 and 10 to stand at the request of the government, and to go ahead with order No. 11, standing in the name of the hon. member for Lanark-Renfrew-Carleton (Mr. Dick).

The Acting Speaker (Mr. Ethier): Hon. members have heard the suggestion of the hon. member for Edmonton Centre (Mr. Paproski). Shall orders Nos. 2, 4, 8, 9 and 10 stand at the request of the government?

Some hon. Members: Agreed.

The Acting Speaker (Mr. Ethier): Stand at the request of the government.

* * *

● (1602)

HOUSE OF COMMONS ACT AND CANADA ELECTIONS ACT

AMENDMENTS TO SHORTEN PERIOD WITHIN WHICH BY-ELECTIONS MUST BE CALLED

Mr. Paul Dick (Lanark-Renfrew-Carleton) moved that Bill C-211, to amend the House of Commons Act and the Canada Elections Act (by-elections), be read the second time and referred to the Standing Committee on Privileges and Elections.

He said: Mr. Speaker, I hope, rather than talking this bill out today, that the subject matter will be allowed to go to the Standing Committee on Privileges and Elections so that this House can deal with the very important principle involved. At the committee any necessary amendments to lengthen or shorten the time period proposed in the bill could be made.

I should like to open the debate by saying the importance of the bill is underscored by the fact that there are now five seats in this House vacant, thus effectively denying representation to over 680,000 Canadians. Under our present laws which govern the holding of by-elections this is a situation which is unlikely to be soon corrected. It is not a new issue, however. Every government in the history of the country, whether Progressive Conservative of Liberal, has abused the present laws on by-elections to ensure they are held only at what is considered the most politically expedient moment. It is a record of which none of those governments or we as Canadians can be proud.

Quite apart from the intolerable situation where Canadians are denied a voice in government through their elected representatives, the issues surrounding any delay in the holding of a

by-election reflect some very old and very basic concepts essential to our system of democratic government.

Any such delay openly flouts our belief in the importance of the participation of all Canadians in our political process. In the past ten years we have heard much of participatory democracy. It seems to me that the representation of all Canadians in this House should be the cornerstone of participatory democracy. It should also be restated here that a central issue to the development of our parliamentary institutions and traditions was the idea of "no taxation without representation". Over a period of hundreds of years thousands of people have gone to war, fought, died, in order to gain the right of elected representation. This is a principle which has been fought for long and hard.

Today we have in Canada "taxation without representation". Those people in the five constituencies of Burnaby-Richmond-Delta in British Columbia, Hamilton-Wentworth in Ontario, York-Scarborough in Ontario, Fundy-Royal in New Brunswick, and Lotbinière in Quebec, still pay taxes, yet have no elected representation. This bill also reflects a debate that has been going on in Canada for the past ten years—the role and importance of this House and of individual members in our political process.

I would suggest that a situation which allows unnecessary delays in filling a seat vacated through the death or resignation of a member is an insult to each and every member in this House, for it suggests that it is not important that some Canadians are not represented for unduly extended periods of time. It suggests that it is not important that all Canadians have a voice in this House of Commons. It suggests that an elected representative is not essential either to the people of a constituency or to the governing of this country. Worst of all it is a situation that suggests that political expediency take precedence over all other principles.

In Canada, under our present law, upon the death or resignation of a member, a writ for a by-election does not have to be issued until six months—approximately 180 days—after the Speaker is informed of the vacancy. At the end of that six months there is presently no provision that states a by-election must be called within a specific time frame. After the six months the writ could then be issued, setting the by-election date one month away, one year away, or even two or three years away.

I put forward this bill because quite simply the present situation is wrong. The present situation flouts the basic democratic principle of entitlement to elected representation. This bill would redress the situation by reducing the six months' period for the issuing of the writ to 60 days, and would require a by-election date to be set within 60 days after the writ is issued. This bill allows for a maximum total lapse of time, from when the Speaker is notified of a vacancy and the polling date, of 120 days.

I said before that our present law suggests that political expediency takes precedence. To verify that look at page 11,619 in *Hansard* of March 9, 1976. We have seen, quite recently, expediency at work. When the Hon. Gérard Pelletier resigned his seat to become Canada's ambassador to France, the government was able to bring about a by-election within 41 days. At the same time as Mr. Pelletier resigned, Walter Carter, the member for St. John's West, also resigned. The by-election in St. John's West took place 13 months—that is, one year and one month or over 390 days—after Mr. Carter's resignation. The situation in St. John's West was the longest vacancy in the 110-year history of our parliament. That was, incidentally, also at a time when the Chief Electoral Officer of Canada was appearing before the Standing Committee on Privileges and Elections, making recommendations to shorten substantially the time of national election campaigns.

Let us consider other countries. How do we compare? I am afraid not very favourably.

The problem of filling vacated seats is not unique to Canada, but is common to all western democracies, and I would like now to outline how other democracies deal with it. In western European countries members are often not elected on a constituency basis, but on the basis of their position on lists of candidates provided by their political parties and the apportioning of seats according to the percentage of the popular vote their party receives in a general election. This is commonly referred to as proportional representation. As such, these countries do not have by-elections, but they do recognize the importance of filling every seat after a vacancy occurs, and have instituted mechanisms to achieve this.

In the Netherlands, for example, the political party concerned simply fills the seat with the first name appearing on the party list remaining from the previous election, effective immediately. There is no time delay here in filling a vacancy. In other countries, such as Sweden, every member has an alternate who immediately takes the seat should it be vacated.

● (1612)

In the United States, on the death or resignation of a senator or congressman, the governor of the affected state is empowered to appoint a replacement immediately. The U.S. system clearly recognizes, even though members of the House of Representatives face an election every two years, that full representation in the Congress is needed at all times.

In the United Kingdom, under the provisions of the Representation of the Peoples Act, 1948 and 1969, upon notice of a vacancy the Speaker issues a warrant to the Clerk of the Crown, who forthwith issues a writ for a by-election. Nomination papers must then be delivered no earlier than the fourth day, and no later than the ninth day after the writ is issued in the case of a county constituency; in the case of a borough or urban constituency no earlier than the third day, and no later than the seventh day after the writ is issued. The returning officer of the constituency then fixes a polling day no earlier than the seventh day, nor later than the ninth day after the last day for delivery of nomination papers. The minimum time before the holding of a by-election in the United Kingdom is, therefore, ten days after the Speaker has been notified; the absolute maximum is 18 days after issuance of the writ. There are no politically expedient delays in England. In the United

Kingdom they recognize the democratic principle of filling a vacated seat with an elected representative quickly.

In Australia, under the Commonwealth Electoral Act of 1918 and 1973, section 33 of the act compels the Speaker to issue a writ for a by-election upon receiving notice of a vacancy. Nomination papers must then be filed no later than 21 days and no earlier than 7 days after the writ is issued according to section 62(10). Under section 63, a polling date is set no less than seven days and no more than 30 days after the last date for nomination. In Australia, therefore, the minimum time between the notification of a Speaker, the issuance of the writ and the holding of a by-election is 14 days. The absolute maximum is 51 days.

In New Zealand, under the New Zealand Electoral Act of 1956, and under Section 72(2) of that act, the Speaker as soon as he knows of the vacancy must immediately publish a notice in the *Gazette* and direct a warrant to the clerk of writs to issue a writ to fill the vacancy. Under section 74 the clerk then issues a writ no later than 21 days after receipt of the warrant or, in exceptional cases and only if an Order-in-Council requests postponement, the clerk issues a writ no later than 42 days after receipt of the warrant. Under section 76 of the New Zealand legislation, a by-election must be held within 50 days after issuance of the writ. In New Zealand the absolute maximum time between the Speaker being notified of a vacancy, the issuance of his warrant and the holding of a by-election is 92 days. The usual practice in New Zealand is only 71 days.

The countries of western Europe, where proportional representation is common, fill their vacancies automatically—in a matter of days after the vacancy has been created.

In comparison then to the three Commonwealth countries—Britain, Australia, and New Zealand, the maximum time lapse between when the Speaker is notified of a vacant seat and the holding of a by-election, is 92 days. Compare this to the appalling 13 months, or, if you like, one year and one month and in the case of the St. John's West by-election here in Canda it was over 390 days. However, legally in Canada it could be two or three years after the vacancy before a by-election is held. We should be ashamed of ourselves in this country.

Under this bill, which I propose today, Mr. Speaker, a maximum time lapse between notice of a vancancy and the holding of a by-election is 120 days, more than any other western democratic country. And yet this would surely give us more than enough time.

As I said before, Mr. Speaker, there are presently five vacant seats in this House from four provinces, with a combined population of over 680,000 people. One of these seats, York-Scarborough, is by population the second largest constituency in Canada with over 248,000 constituents. On March 8th, 1976, as reported at page 11,572 of *Hansard* I asked our Prime Minister (Mr. Trudeau) the reason for the delay in calling a by-election in St. John's West. At that time he reaffirmed that he and the government believed that one of the fundamental rights in our democratic society is the right of a properly accredited electorate in any constituency in Canada to representation by elected officials in the House of Commons. Mr. Speaker, I believe that all members on all sides of this House share that belief. I would ask them, then, to reaffirm that belief by allowing this bill to go to committee, by assisting in the passage of this bill for the sake of the over 680,000 Canadians who are presently not represented in this House, and for the sake of the high principles upon which our democratic system is based. We have a duty to make sure that we retain full representation in this House of Commons as much as possible. We must correct that which is wrong.

Miss Aideen Nicholson (Parliamentary Secretary to Minister of Supply and Services): Mr. Speaker, I should like to begin by commending the hon. member for Lanark-Renfrew-Carleton on the obvious concern he shows toward adequate representation, and for the constituents who, as a result of resignation or death of a member, find themselves without one. The fact that this bill is before us today is perhaps an indication of how strongly members feel about the administration of the Elections Act in general. Bill C-5, which is now before the Standing Committee on Privileges and Elections, was the product of a great deal of consultation, but it has not included the amendment which the hon. member for Lanark-Renfrew-Carleton (Mr. Dick) would like to see, and it does not include a number of amendments which I would like to see. This too is maybe an indication of the difficulty in reaching agreement as to the best way in which to achieve the end we all feel so strongly about.

Bill C-5, that cluster of amendments to the Canada Elections Act which is now before the Standing Committee on Privileges and Elections, has three groups of amendments.

● (1622)

The first group came out of a working group which originally met on election expenses but as a result of their work brought forward some concerns about other parts of the act. That working group had representation on it from the four registered political parties in the House of Commons. There were three members from each party which made up the group that worked with the Chief Electoral Officer for about three years. Even at the end of all that extensive study they have not brought in amendments that meet the views of all of us.

The particular amendment before us in Bill C-211 would present some difficulties. I am not suggesting these difficulties are insuperable, but I suggest they need to be addressed, whether in committee or elsewhere. Section 6(1) and Section 10 of the House of Commons Act require the Speaker to address his warrant concerning a vacancy to the Chief Electoral Officer "forthwith". Subsection 13(1) of the House of Commons Act requires that a writ shall be issued within six months after the receipt by the Chief Electoral Officer of the warrant.

Section 22(1) of the Canada Elections Act requires that the governor in council shall fix the day upon which the poll shall be held at an election. The effect of this is that while the writ of election at a by-election must be issued within six months of the vacancy occurring in the House, the governor in council

can set polling day in the writ for any day subsequent to the six months. There is, in effect, no fixed time within which a by-election must be called except with regard to the dissolution of parliament or the expiration of the maximum five year term of parliament.

The bill before us would stipulate a maximum period of 120 days from the occurrence of the vacancy until polling day. The hon. member who presented the bill has certainly amassed a very impressive array of precedents as used in other countries. As I listened to him, however, I thought of our particular geography and our climatic conditions.

Mr. Dick: How about Sweden, Norway or Australia?

Miss Nicholson: For example, if a vacancy occurred in October, what would be the effect of a winter election with polling day about Christmas or New Year's Day, particularly in a constituency such as the Yukon? Alternatively, if campaigning and polling day occurred in the summer months, it would certainly not be well received in our urban centres. Hon. members will recall the complaints we received recently when people were at their cottages on enumeration day.

Mr. Dick: Surely flexibility of four months would cover two months of summer.

Miss Nicholson: In a case where a general election is being considered a few months after the vacancy arises, if we were locked into a rigid time frame as the bill proposes with no flexibility whatever, one could then have a situation where a successful candidate might only hold office for a month or two prior to dissolution for a general election.

Mr. Dick: Mackenzie King had somebody sit for two hours.

Miss Nicholson: Mr. Speaker, perhaps I could complete my remarks and then accept questions at the end. The by-election writs are only superseded and withdrawn where parliament is dissolved after the issuance of the new by-election writ. There are obvious complications one could see resulting from that. I am sorry the hon. member becomes so angry at having his ideas questioned because I am not opposed to the principle of the bill, and I was hoping that some of these matters could be addressed in committee or on a further occasion. Also, I said at the beginning that while I see these difficulties, I am not suggesting they are insuperable.

The cost of by-elections is something that has to be taken into consideration because they are extremely expensive. If the bill before us were accepted and we were locked into a fixed time with no flexibility or options, and if we had a by-election followed almost immediately by a general election, one would have to consider very carefully the effect of this.

The cost of a by-election will vary from constituency to constituency. However, according to the figures given by the Chief Electoral Officer in committee last week, the recent general election cost $29½ million, of which $10½ million went into enumeration. About $4½ million went into printing the lists. Obviously that was a general election where there may well have been some economies of scale. I expect a by-election figure would be proportionately more expensive.

The recent amendments to the Election Expenses Act added payment of some of the candidates' expenses. This is an additional expense factor which needs to be taken into consideration. The hon. member's point about the need for constituencies to be consistently represented is very valid. However, the total lack of flexibility in this bill concerns me.

The other question that I have is the idea of referring to the Standing Committee on Privileges and Elections amendments to the Canada Elections Act on a piecemeal basis. Bill C-5 which is now before the standing committee is based in part on the recommendations which came from the all-party working committee that worked for three years, primarily on election expenses, as well as other aspects of the act. Also included in the present Bill C-5 are some of the recommendations which the Chief Electoral Officer made and which were studied by the Standing Committee on Privileges and Elections last year. There is also the subject matter of three private members' bills.

Even with this amount of co-ordination, we still have a bill which does not meet everybody's requirements. I am not sure that the way to solve this problem is by adding yet another bill to deal with one specific aspect. I suggest there is more work to be done in committee by amending Bill C-5 and by enlarging it before we can proceed to further amendments to the Canada Elections Act.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I should like to indicate very strong support of the bill that has been introduced by the hon. member for Lanark-Renfrew-Carleton (Mr. Dick). I hope that the portions of the speech just made by my friend, the hon. member for Trinity (Miss Nicholson), which indicated support will be the portions that will be implemented rather than her concern about certain difficulties.

It is interesting the number of myths and practices that have grown up around this business of the holding of by-elections. I recall not many weeks ago, when His Honour the Speaker announced the issuing of certain writs, my friend, the hon. member for Témiscamingue (Mr. Caouette), asking me why it was that the writ had not yet been issued for the constituency formerly represented by the late André Fortin. I explained to him that although we had spent time on the floor of the House expressing regret at the loss of our colleague, and although Mr. Speaker had sent our expressions of sympathy to the widow and the family, Mr. Speaker still had not been officially notified, so nothing had been done. Therefore my hon. friends had to give the official notice so that that writ could be issued.

● (1632)

A number of other events have occurred in my memory. Reference has been made to the fact that although the government must set the date and must do the setting within six months after the notice has been given by the Speaker, the actual date can be put off indefinitely. I remember in particu-

lar, in the parliament of 1940 to 1945, that as we got close to the end of that parliament there was at least one vacancy, the seat of Kenora-Rainy River, and in fact there may have been two. The setting of the date for that election or for the two of them was put off until finally, when the six months had expired, Mr. King announced that the date had been set; but of course the date was in August or September of 1945, and everybody knew that because of the lapse of five years there would have to be a general election not later than June. So there has been a lot of fun playing around with this question.

I was also interested, if I may be pardoned for a personal reference, in the remarks just made by the Parliamentary Secretary to the Minister of Supply and Services (Miss Nicholson) to the effect that a four month limit such as suggested by my hon. friend could throw a by-election into the middle of winter. In my own case my predecessor, the late J. S. Woodsworth, died on March 21, 1942. The by-election could easily have been held that summer or fall, but it was delayed until November 30, which in Winnipeg is in the middle of winter. So as I say, Mr. Speaker, there has been a lot of manoeuvring with respect to this matter.

I believe the hon. member for Lanark-Renfrew-Carleton is right in asking that we lay down some specific rules such as are suggested in his bill. As he has just pointed out, there could be a change; the period could be lengthened or shortened, or we could provide that the rule not apply if a parliament had been in existence, say, for four and a half years. But in general I think that this idea should be adopted. The right of a government to be able to play around with this kind of thing and hold by-elections off to suit its convenience is totally inconsistent, I think with the democratic process.

The Parliamentary Secretary to the Minister of Supply and Services expressed a view that we often hear from that side, that she does not like things like this being dealt with on a piecemeal basis. Well, Mr. Speaker, there are two sides to that argument. If you go one way, you get one side; if you go the other way, you get the other. If a private member brings in a bill with three or four proposals in it, the answer is, "There is too much there; if there were only one point we could deal with it". But if you bring in only one proposition, it is said it is piecemeal. It seems to me that the crucial and important point here is the right of our people to be represented in the parliament of the day, and so I think that the principle of this bill deserves support.

If it is not possible for the bill as such to be given second reading and sent to standing committee, I hope that at five o'clock there will at least be agreement to send its subject matter, for it is one that is very important.

Mrs. Jean E. Pigott (Ottawa-Carleton): Mr. Speaker, I am delighted to speak on this bill because I have rather recent experience on this subject. I reserve the right to call myself the last elected Conservative on this side. I am the youngest—

Some hon. Members: Hear, hear!

[Mr. Knowles (Winnipeg North Centre).]

Mrs. Pigott: —but please do not look at the colour of my hair. But since the hon. member for St. John's West (Mr. Crosbie) was elected in Newfoundland time, he is half an hour older than I am.

Mr. Knowles (Winnipeg North Centre): An hour and a half.

Mrs. Pigott: That makes him very ancient then.

One of the things which I think we forget is how deeply the people feel about not being represented. As I walked from door to door in the constituency of Ottawa-Carleton that wonderful summer, the capital punishment bill had only recently gone through the House and there were so many persons who spoke to me about the fact that they did not have someone in the House representing them at that point so the House could hear what they felt about the bill, whether they were for or against it. There was a deep anger in people's hearts at the fact they had not had someone here to whom they could talk, to whom they could write or telephone. I see the hon. member from Sarnia has left. I know he tried to pinch-hit and take care of Sarnia, his ministry, and Ottawa-Carleton, but the people did not feel that he really belonged there, that it was just a draftee arrangement.

I think the people are intelligent. They are wise and they really want to participate. With the advent of TV in the House I find—I do not know whether other members are experiencing this—that I cannot move out of this Chamber without meeting people on the street, at meetings and events, who are saying, "We are delighted to have TV in the House; we feel more a part of the action and you are going to hear from us on certain aspects". I think TV is bringing this Chamber closer to the average person. You simply cannot go on with this poor show of putting over by-elections for longer periods of time. I think the people will rise up in anger. I just happen to think, Mr. Speaker, that my election and some of the majority I got was because the people were angry that they had been left one year without adequate representation.

I should like to move, Mr. Speaker:

That the bill be not now read a second time but that it be discharged and the subject matter thereof be referred to the Standing Committee on Privileges and Elections.

Some hon. Members: Question.

The Acting Speaker (Mr. Ethier): There has been a formal amendment moved by the hon. member for Ottawa-Carleton, which is as follows:

That the bill be not now read a second time but that it be discharged and the subject matter thereof be referred to the Standing Committee on Privileges and Elections.

Some hon. Members: Question.

Mr. D. M. Collenette (York East): Mr. Speaker, I can hear the great chorus over on the other side, but as Chairman of—

The Acting Speaker (Mr. Ethier): Order, please. For the record I must have a seconder of the amendment.

Mr. Dinsdale: I second it with pleasure, Mr. Speaker.

Some hon. Members: Question.

Mr. Collenette: Mr. Speaker, I feel like a jack-in-the-box, bobbing up and down, but as Chairman of the Standing Committee on Privileges and Elections I am quite prepared to have the subject matter referred to the standing committee.

I welcome, first of all, the opportunity to speak to the amendment moved by the hon. member for Ottawa-Carleton (Mrs. Pigott), as well as to the bill of the hon. member for Lanark-Renfrew-Carleton (Mr. Dick). When the bill does get to committee I will not have the advantage of speaking to it, so I hope hon. members on the other side will allow me to agree with the sentiments expressed by my colleague, the hon. member for Trinity (Miss Nicholson).

Mr. Dick: Don't talk it out.

Mr. Collenette: That is not my intention, though the best way to have a member talk a bill out is to interrupt him continually so that he has to extend his remarks. I think the hon. member should be commended, though I do have some reservations. I have reservations along the line of those expressed by the hon. member for Trinity. But notwithstanding those reservations, I am prepared to see the subject matter referred to the Standing Committee on Privileges and Elections.

● (1642)

There is an inflexibility in the period proposed by the hon. member for Lanark-Renfrew-Carleton in Bill C-211. It provides for a period of 120 days for the calling of a by-election. Notwithstanding his arguments concerning other countries such as Australia, Canada has some particular weather conditions and physical features which make it difficult to hold by-elections within set periods of time.

The hon. member for Churchill (Mr. Smith), who has one of the larger ridings, will agree with me that time is needed, especially in large constituencies, not only to organize the mechanics of the election but for the parties to select the proper candidates. In far flung ridings and those without principal centres, perhaps it would be difficult for parties to arrive at selecting an appropriate candidate within a period of four months.

I am not sure whether this particular comment is in order, but I would prefer to see the setting of elections to coincide with the summer. I am not sure how this would fit into our traditional British parliamentary system where there are minority governments. When I was elected, the election was as a result of the defeat of the government in the House. It occurred in May, but it could have occurred at any time during the year. Of course the New Democratic Party wanted to support the government at the time and prevented an election in the winter months.

When I was campaign manager for the hon. member for Spadina (Mr. Stollery) there was the fall election of 1972. I received lots of complaints during that election campaign indicating that October was an inappropriate time to conduct an election. This was in a constituency in metropolitan Toronto where people are close together and communications are good. In the fall many activities start, such as meetings of social groups, community affairs organizations and so on. The nights draw in, and the weather gets colder. Of course the weather does not get as cold in metropolitan Toronto as it does in Churchill; but older people are less likely to go out and vote on cold, dark, sombre days. I am sure the hon. member for Winnipeg North Centre (Mr. Knowles) would agree with this.

The timing of an election could deny the benefits of a democratic election to all elements in society. One advantage of the present system, which allows the government to call by-elections in a group, is that it affords the government and the opposition parties an opportunity to sound out public opinion in a number of constituencies. The by-elections this year were helpful to the government, because we happened to win five out of six by-elections. I am sure it was helpful to the official opposition to know their candidates were severely rejected in those by-elections, because that party had not felt the pulse of public opinion. As a result of those by-elections, I am sure the official opposition has taken into account the feeling of the electors as expressed in those results. Perhaps that caused the Conservatives to amend some of their party policies. It is not a bad idea to allow clusters of by-elections or mini-campaigns. There is a lot to be said for this kind of campaigning.

The hon. member for Lanark-Renfrew-Carleton and the hon. member for Ottawa-Carleton referred to the problems constituents have in not being served. This was a legitimate argument. It is unacceptable that ridings go for long periods of time without representatives. I think the hon. member for Winnipeg North Centre mentioned a lenghty spell in the parliament of 1940 to 1945. If it continues for more than a year, as was the case with St. John's West, it is unacceptable; although there were good reasons for that particular aberration in the case of St. John's West.

One of the largest ridings in Canada, that of the former hon. member for York-Scarborough, is in the position of having no representative at the present time. Mr. Stanbury had control over his resignation. Perhaps he expected a fall election and that there would be no vacancy. But of course there was no election. He had an opportunity in private life, which he felt he must take, and therefore he left. Likely there is to be an election in 1978. To call an election for York-Scarborough, a riding which will disappear after redistribution, because it is being divided up into five or six other ridings, would be a waste of taxpayers' money.

Before Mr. Stanbury resigned he made arrangements with the surrounding Liberal members—the hon. member for Scarborough East (Mr. O'Connell), the hon. member for Scarborough West (Mr. Martin), myself, and the Minister of National Defence (Mr. Danson)—to help in any emergency. Of course we cannot provide the same quality of representation he provided, because we have our own large ridings, but any person in the present York-Scarborough riding can call up one of these other members. This was mentioned by Mr. Stanbury

in his final newsletter to his constituents. In fact tomorrow morning in my constituency office I will deal with two cases that have been referred to me from that riding. Perhaps that is possible in large metropolitan areas where there are numbers of constituencies, but in the rural areas that is not the case. Therefore I would accept the arguments made by the hon. member for Lanark-Renfrew-Carleton.

Another question concerns cost. The hon. member for Trinity mentioned that it is expensive to conduct by-election campaigns continually, especially in the case of York-Scarborough.

This bill was introduced a year ago, but it never got to committee. This is the first time it has been read. It is unfortunate the Chief Electoral Officer did not bring in amendments, or perhaps attempt to talk about the subject matter of some of the amendments before committee at the moment in Bill C-5.

I am not sure whether I should be talking about the costs of running an election. The hon. member for Trinity mentioned that it is quite expensive to run elections in Canada. I should like to remind hon. members that it is very expensive for parties to conduct elections, whether they be by-elections or general elections. The expenditure allotment is inadequate. I hope the hon. member for Lanark-Renfrew-Carleton will address himself to that particular issue when debating the bill now before committee.

● (1652)

I believe that with the increase in postal rates in the last two or three years—I think it will be 6 cents by April 14—it is quite obvious that while the reimbursement from the government will be increased, the expenditure limit will be held. I am not sure how members of the Conservative party feel. I know the hon. member for Regina-Lake Centre (Mr. Benjamin) feels quite strongly, as do other members of his party, that there should be some increase in the expenditure limit for elections. I just wanted to mention a point by way of concluding my remarks on this bill, that there will be some agreement in the Standing Committee on Privileges and Elections that there be some increase in the expenditure limit, although perhaps not that expressed by the government in Bill C-5.

I would like to say in conclusion, because I do not wish to be the one who holds this bill up—I would send the bill to committee—that I support the principle, the thrust, the sentiments behind the bill, but the provision about the 120 days concerns me and I do not think all the questions have been answered. Nevertheless, the committee is probably the proper place for discussing all those reservations.

Mr. C. Douglas (Parliamentary Secretary to Minister of Communications): Mr. Speaker, I wish to congratulate the hon. member on bringing this bill forward. I wish, however, that the bill had been put forward later in this session when debate on Bill C-5, which is now in committee, had either come to a conclusion or reached some form of decision because I feel, in the words of some lawyers, that there is some duplicity here in that we have been asked today to send to the committee a reference having regard to the Elections Act at a time when amendments to the act are before the committee. I hope that the hon. member will bring his concern and grievances to that committee and perhaps suggest amendments, and make an application to have the matter included in the discussion that is already under way in the committee on Bill C-5. He may have done this.

[Mr. Collenette.]

Mr. Dick: Mr. Speaker, I rise on a point of order. Each of the members on the government side who wish to talk this bill out have referred to Bill C-5 which is in the committee. They are not talking about this bill. If the hon. member who has the floor is serious about what he wants, he will allow the subject matter of this bill to be referred to the committee where it will join Bill C-5. He will then have what he wants, and we will have the subject matter referred. Please do not talk out the bill.

The Acting Speaker (Mr. Ethier): Order, please. This is not a point of order, it is a point of debate.

Mr. Douglas (Bruce-Grey): The hon. member has put forth his views, and I think I have the right to put my views forward so far as this bill is concerned. He referred in his summation to the motion put forward by the hon. member for Ottawa-Carleton (Mrs. Pigott), for whom I have the greatest respect since her election. She has provided those services to the people of her constituency which all of us feel should be provided to the people whom we represent. What this bill does is to change the length of time—

Mr. Gillies: I rise on a point of order, Mr. Speaker. I am sorry to interrupt my friend but I wonder if he realizes that the chairman of the committee has already said that, from his point of view, he would like to see the subject matter of this bill referred to the committee. I am very concerned that he will talk the bill out by mistake.

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

Some hon. Members: Question.

Mr. Douglas (Bruce-Grey): Perhaps the hon. member for Don Valley (Mr. Gillies) wishes to accuse me of something, but I have every right to make a few points about the bill before us.

One point that has certainly not been made is that the bill refers to 120 days. It is stated in the bill:

> In the event of a vacancy occuring, a writ shall be issued within 60 days after the receipt by the Chief Electoral Officer of the warrant for the issue of a new writ for the election of a member of the House of Commons.

Then it states:

> At a by-election, the day upon which the poll is held shall be not later than 60 days—

Mr. Knowles (Winnipeg North Centre): What is wrong with that?

Mr. Douglas (Bruce-Grey): I am not saying anything is wrong with it, but it ties it down pretty well to 120 days from

the time Mr. Speaker announces that a vacancy has occurred. I will give you an example right now of what would happen if the bill were in effect. As you may or may not be aware, if a vacancy had been announced by Mr. Speaker today, November 25, the election would have to take place 120 days from today, which falls on Sunday, March 26. Is the hon. member saying we should have elections on Sundays, on civic holidays, or on Christmas Day?

Mr. Knowles (Winnipeg North Centre): It says "within 60 days".

Mr. Douglas (Bruce-Grey): It also says 120 days. The Elections Act states a date, but this amends the Elections Act.

Mr. Knowles (Winnipeg North Centre): The Elections Act states it must be held on a Monday.

Mr. Douglas (Bruce-Grey): Yes, but the bill states 120 days, 60 days after the receipt by the Chief Electoral Officer of the warrant for a new writ, and also for a by-election, 60 days after the day on which the writ is issued. I object to such a specific date. I believe that if the bill were forwarded to the committee, then we might be confronted with the possibility of an election being held on a Sunday or a civic holiday, and we would have no way of getting around that. We have spoken about political expediency. I admit that at least three opposition members have arrived in the House as a result of by-elections—

The Acting Speaker (Mr. Ethier): Order, please. It being five o'clock—

Mr. Dick: Mr. Speaker, on a point of order, may I say, since you have called it five o'clock, that it is regrettable that the Liberal party wants to talk this bill out and play down the role of free, democratic elections.

The Acting Speaker (Mr. Ethier): Order, please. It being five o'clock, this House stands adjourned until Monday next, at 2 o'clock p.m., pursuant to Standing Order 2(1).

At 5 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Monday, November 28, 1977

The House met at 2 p.m.

• (1407)

ROUTINE PROCEEDINGS

[*English*]

AIR TRANSPORT

REQUEST FOR INQUIRY INTO SAFETY OF OPERATIONS IN NORTHERN ONTARIO—MOTION UNDER S.O. 43

Mr. Jack Murta (Lisgar): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In light of this morning's report on the study compiled by MOT into the violations of aviation rules in Canada, and in particular northwestern Ontario; and in light of the statements made by the minister that after conducting an internal inquiry into flying procedures in northern Ontario he would launch a public inquiry, if warranted, I move, seconded by the hon. member for Vegreville (Mr. Mazankowski):

That this House urge the Minister of Transport to honour his commitment and immediately call a public inquiry into the conditions under which aircraft operate in Canada in general and in northwestern Ontario in particular.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

ROYAL CANADIAN MOUNTED POLICE

SUGGESTION SOLICITOR GENERAL BE RESPONSIBLE FOR OPERATING POLICY OF SECURITY SERVICE—MOTION UNDER S.O. 43

Mr. Bill Jarvis (Perth-Wilmot): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. Last week the Solicitor General announced a number of administrative changes within the upper echelons of the security service force to ensure greater control over security activities. This new administrative structure is seriously deficient, however, in that it makes no specific provision for the Solicitor General to provide policy direction or input into the operational policy committee. Therefore, I move, seconded by the hon. member for Northumberland-Durham (Mr. Lawrence):

That this House requests that the Solicitor General consider revising or enlarging the structure of the operational policy committee to provide direct consultation between the committee and the Solicitor General; and that this House further directs that this committee hold frequent and meaningful meetings so that the Solicitor General is made both responsible and accountable for the operating policy of the security service.

Mr. Speaker: Presentation of such a motion pursuant to Standing Order 43 can be done only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

AIR TRANSPORT

PROPOSAL THAT SAFETY REGULATIONS BE MORE STRICTLY ENFORCED—MOTION UNDER S.O. 43

Mr. Arnold Peters (Timiskaming): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. Given the allegations made by two investigators for the Department of Transport that aviation safety across Canada, and particularly in northwestern Ontario, is being jeopardized by the department's failure to adequately enforce air regulations and take action against companies and individuals routinely engaged in illegal and dangerous air practice, I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That this House urges the Minister of Transport to immediately stop the situation in which senior officials of his department are effectively stopping attempts of regional safety officers from applying disciplinary action in order to enforce safety regulations; and furthermore, urges the minister to stop the current practice in which aviation firms and individuals in the north break the law and endanger the lives of employees and passengers.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

INCOME TAX

REASON FOR FAILURE TO COLLECT TAXES OWED BY JOHN DOYLE—MOTION UNDER S.O. 43

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I rise on a matter of urgent and pressing necessity pursuant to the

provisions of Standing Order 43. In light of the fact that one John Christopher Doyle, a fugitive from justice in the United States of America and in Canada, who lately became a citizen of Panama, was reassessed for large amounts of income tax relating to the 1950 and 1954 taxation years, owing the government as at December 31, 1976, $3,483,412; and in view of the fact that he was not obliged by the government to pay the tax and interest before launching appeals to the Income Tax Appeal Board, the federal court of Canada and the Supreme Court of Canada, or even required to provide bank guarantees, bonds or proper security to cover the amounts claimed, while ordinary honest Canadians must pay up before they can even enter appeals, I move, seconded by the hon. member for Selkirk (Mr. Whiteway):

That the Minister of National Revenue make a statement on motions detailing the reasons for the tender tax treatment and lax Liberal treatment given John Christopher Doyle from 1950 to the present date, as compared to the hard treatment given the ordinary honest Canadian taxpayer, and explain the reason for failure to act against John Christopher Doyle while he was a resident of Canada from 1950 to 1974.

Some hon. Members: Hear, hear!

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

● (1412)

TRANSPORT

REQUEST THAT ICEBREAKER BE BERTHED IN NEWFOUNDLAND—MOTION UNDER S.O. 43

Mr. Jack Marshall (Humber-St. George's-St. Barbe): Mr. Speaker, I, too, have a motion under the provisions of Standing Order 43. The persistent perennial ice conditions will again face Newfoundland fishermen and shipping to northern Newfoundland in the months from December to March, and past experience shows clearly that icebreaker vessels in Halifax are too distant to provide the service required, causing hindrance and loss of income to fishermen. I therefore move, seconded by the hon. member for South Shore (Mr. Crouse):

That the government give immediate consideration to the deployment of icebreaking vessels to Newfoundland during the months indicated, and further, that any new vessels in work be designated for that province.

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

Some hon. Members: Agreed.

Some hon. Members: No.

[Mr. Speaker.]

[*Translation*]

SPORTS

CONGRATULATIONS TO TWO GREY CUP TEAMS—MOTION UNDER S.O. 43

Mr. Irénée Pelletier (Sherbrooke): Mr. Speaker, under the provisions of Standing Order 43, I ask the unanimous consent of the House to move a motion dealing with an important question of pressing necessity. I move, seconded by the hon. member for Vaudreuil (Mr. Herbert):

That this House congratulate the two Grey Cup finalists for the exceptional entertainment they provided yesterday at the Olympic Stadium, especially the Montreal Alouettes who have shown without the shadow of a doubt that the Canadian metropolis has the best football team in the country.

* * *

[*English*]

CANADIAN NATIONAL RAILWAYS

SUGGESTED PROHIBITION OF PROPOSED ELIMINATION OF EXPRESS SERVICE—MOTION UNDER S.O. 43

Mr. David Orlikow (Winnipeg North): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. Whereas it is the intention of the CNR to gradually eliminate its express service as demonstrated by the lay-off of 360 employees in that department in the next few weeks, and the probable lay-off of hundreds more in the next couple of years, and whereas this decision will mean not only unemployment but that the goods which until now had been moved by the fuel efficient railways, will in the future be moved by air or truck which will use substantially more of our scarce oil and gas I therefore move:

That this House urges the CNR to stop its planned elimination of its express department.

Mr. Speaker: Standing Order 43 requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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URBAN AFFAIRS

REQUEST FOR STATEMENT ON DIRECTORATE-GENERAL OF SPECIAL URBAN PROJECTS—MOTION UNDER S.O. 43

Mr. Dean Whiteway (Selkirk): Mr. Speaker, I wish to move a motion under Standing Order 43 on a matter of urgent and pressing necessity. In view of recent changes which have occurred within the Ministry of State for Urban Affairs, changes carried out without any reference to parliament, and in light of uncertainties which still exist after questioning of the minister on November 25, I move, seconded by the hon. member for Parry Sound-Muskoka (Mr. Darling):

That the Minister of State for Urban Affairs make an immediate statement on motions to confirm whether there is a branch called the directorate-general of

Special Urban Projects, and whether that specific directorate has a budget of $29 million, and what the specific responsibilities of that directorate are.

Mr. Speaker: Standing Order 43 requires unanimous consent for the presentation of such a motion. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

ROYAL CANADIAN MOUNTED POLICE

POSSIBILITY OF GOVERNMENT OBJECTING TO FORMER OFFICERS BRUNET AND McCLEARY GIVING EVIDENCE TO KEABLE COMMISSION

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I do not suppose it was the game yesterday that prevented the Solicitor General from being here today, but in his absence I would like to direct a question to the Acting Solicitor General, namely, the Minister of Consumer and Corporate Affairs, and ask him a question concerning the judgment handed down a couple of days ago by the Associate Chief Justice of the province of Quebec which indicates that truth cannot be kept in cold storage for long. Among other things, it states:

In a democratic society, public interest demands that the citizen be informed of activities and functions of his government. Only serious reasons can justify an exception to this rule; the security of the state can be one but the law must be respected.

Then it goes on to say:

Some hon. Members: Order.

Mr. Diefenbaker: Mr. Speaker, I realize that these gentlemen have not read the judgment, or they may have read it and are afraid of what is coming. It goes on to say:

... I am not disposed to paralyze, even temporarily, the functioning of a commission of inquiry whose object is to enlighten the public.

Mr. Speaker: Order, please. I think there is a limit to how much of the judgment the right hon. member can read. I would suggest he put his question.

Mr. Diefenbaker: Mr. Speaker, do you feel it has been identified sufficiently for hon. members opposite. Now that the court has decided that security is not in issue, and in view of the fact that two officers who allegedly committed offences, namely McCleary and Brunet, are about to give evidence today before the commission, as acting minister will the minister raise any objection to the giving of evidence, however embarrassing it might be to the government?

● (1417)

Hon. Ron Basford (Minister of Justice): Mr. Speaker, it is up to the commission to determine who it calls as witnesses. It is not up to the government to determine that. If called, these officers will answer questions, subject to their own inclinations as to oaths or any applications or actions the Solicitor General may take before the commission or before the courts.

POSSIBILITY OF OBJECTION TO FORMER SOLICITOR GENERAL GIVING EVIDENCE TO KEABLE COMMISSION

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, the Minister of Justice was one of the two applicants, along with the Solicitor General, who did everything he could to prevent the Keable Commission from hearing witnesses for a period of ten days. Under all the circumstances, and he being the custodian of the Queen's conscience, if the Solicitor General, the former Solicitor General who is now the Minister of Consumer and Corporate Affairs and the further penultimate one, the Minister of Supply and Services, are called to give evidence before that commission, will they give evidence, or will they endeavour to hide the truth by not saying anything?

Hon Ron Basford (Minister of Justice): Mr. Speaker, neither of them has been called as witnesses as far as I know, so that is a hypothetical question. As to the latter part of the question, of course that is not the intention of the government or any of the ministers in it.

Mr. Diefenbaker: Mr. Speaker, as the government seems to regard truth in this connection as unfit for human consumption, I am just wondering whether the government or the Minister of Justice is going to take a decision, or has, that these witnesses shall not give evidence. Further, I would like to ask the minister whether in launching these proceedings before the Associate Chief Justice of the province of Quebec it was done because of the fact that these two witnesses whose names I have already mentioned would be giving evidence today or tomorrow. Was it to keep their mouths shut that the motion in question was made?

Mr. Basford: No, Mr. Speaker. The writ of revocation makes it clear that it relates to a number of subpoenas that were issued by the commission relating to a number of documents which in our view do not relate to criminal activities in the province of Quebec but to the operation of a federal institution within the province and sometimes without the provinces.

Mr. Diefenbaker: So the witnesses will give evidence.

KEABLE COMMISSION—POSSIBILITY OF FURTHER ACTION TO PREVENT HEARINGS

Mr. Bill Jarvis (Perth-Wilmot): Mr. Speaker, my supplementary question is to the acting minister who, according to

the *Journals* branch, is the Minister of Consumer and Corporate Affairs. However, I suppose *pro tem* it is the Minister of Justice. Is it the intention of the government to appeal the decision of Mr. Justice Hugessen, or in the alternative is the government contemplating any further action, be it legal or political, in an attempt to inhibit the operation of the Keable Inquiry and, if so, what is the nature of that contemplated action?

Hon. Ron Basford (Minister of Justice): Mr. Speaker, I am unable to answer that at the moment because we are consulting with counsel.

OPERATIONAL POLICY COMMITTEE—REASON FOR LACK OF DIRECTION BY MINISTER

Mr. Bill Jarvis (Perth-Wilmot): Mr. Speaker, I will move on to something with which perhaps the minister is more familiar. In a statement last week the Solicitor General indicated what he considered to be some very important operational changes within the security service, one of which was called, I believe, a policy advisory committee to be chaired by the commissioner and to be composed of the commissioner, deputy commissioners and the director general of the security service. Can the acting minister explain why in creating this new policy structure there appears to be no input whatsoever from the Solicitor General? Is it the position of the Solicitor General that that committee should operate in a vacuum without direct input from his office?

● (1422)

Hon. Ron Basford (Minister of Justice): No, Mr. Speaker. It has been made clear by the statement of the Solicitor General, and in the evidence placed before the Standing Committee on Justice and Legal Affairs, that such a committee is to assist the commissioner in exercising his functions under the Royal Canadian Mounted Police Act. Obviously, as has also been made clear by the Solicitor General and the Prime Minister, from time to time policy directions and mandates are issued by the government to the commissioner of the RCMP but the changes announced by the Solicitor General last week relate to administrative changes within the RCMP to assist the commissioner in carrying out his functions.

* * *

Mr. Hnatyshyn: Mr. Speaker, a point of order with respect to question period.

Mr. Speaker: Order, please. I will hear the hon. member at three o'clock.

Mr. Hnatyshyn: Mr. Speaker—

Mr. Speaker: Order, please. Is the hon. member rising on a question that he feels I must deal with now?

Mr. Hnatyshyn: Yes, Mr. Speaker, and I will not take up too much of the time of the House. I raise it now because the government has designated acting ministers to answer on behalf of ministers who are not present in the House. The names have been tabled with the *Journals* branch of the House of Commons, they have been approved by Cabinet and designated as such. The designated acting minister, in the absence of the Solicitor General, is the Minister of Consumer and Corporate Affairs. From what has happened today we may take it that anyone in the Cabinet can answer questions and the Minister of Consumer and Corporate Affairs can avoid his responsibility to answer questions with respect to matters within the purview of the Solicitor General. I will be glad to present this matter to Your Honour for consideration. The fact is, however, that the Minister of Consumer and Corporate Affairs who is acting Solicitor General sits mute and refuses to answer questions that we want to put to him as Acting Solicitor General.

I think this is a valid point of order. If the minister has something to hide I should like to know what it is.

Mr. Speaker: Order, please. I can perhaps give this matter consideration at another time. I am not aware of a rigid requirement that a list be published designating acting ministers.

An hon. Member: It has been, for years.

Mr. Speaker: In the first place the practice involved in designating an acting minister is one that might change from day to day and is probably one which may in any event be beyond the purview of pure procedure and be one of Cabinet.

In any case, the hon. member for Saskatoon-Biggar has raised the point and I shall extend the question period by the two or three minutes he took then I can deal—

Some hon. Members: Oh, oh!

Mr. Speaker: Order, please. I think that if the hon. member for Saskatoon-Biggar had a serious point of order to argue it was proper that he raise it before questions were put to the minister involved. I do not think there is aything untoward in the hon. member raising the point at this time. If it has any validity it should be dealt with before further questions are put. On the face of it, however, I do not think the matter has sufficient validity for me to rule on it at the present time. I shall be glad to look at the list, examine the practices, and see if there are any guidelines I can set down for future practice.

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AIR TRANSPORT

PROPOSED INQUIRY INTO SAFETY OF OPERATIONS IN NORTHERN ONTARIO

Mr. Arnold Peters (Timiskaming): Mr. Speaker, my question is for the Minister of Transport. The study of aircraft safety in northwestern Ontario as reported in today's *Globe and Mail* appears to warrant a royal commission to study aviation safety in all areas outside the metropolitan area, and in particular northwestern Ontario. In light of the fact that of

33 per cent of commercial aircraft accidents in Ontario, 20 per cent of the total occur in northwestern Ontario which contains less than 10 per cent of the aircraft in the province and only 3 per cent of the population, is it the minister's intention to establish a royal commission without delay?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, I intend to look at the report very carefully to see which areas require further action. Some action has already been taken regarding the enforcement of regulations but it may well be that broader questions arise which should be pursued and I will be trying to reach a decision on that as soon as possible.

● (1427)

REQUEST FOR TABLING OF REPORT ON SAFETY OF OPERATION AND CRASH OF DC-3 AT PICKEL CROW

Mr. Arnold Peters (Timiskaming): As a result of the report by William Slaughter and Andrew Carswell indicating that the policing of air regulations was so inadequate that numerous illegal and dangerous practices are common enough to be accepted as normal by pilots and company managers, is the minister now prepared to release the findings of a departmental inquiry into the death last May of a pilot whose DC-3 crashed on takeoff at Pickel Crow and precipitated this general investigation of air safety in northwestern Ontario?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, those are two quite separate questions. It had already been apparent to us that additional inspection officers are indeed required in this area and in other parts of the country. We will be taking steps to acquire those officers, in that way meeting some of the allegations in the most recent report that we are unable at the present time to enforce adequately. We will clearly want to respond to that in the most effective way, that is by obtaining additional staff and enforcing the regulations.

INQUIRY WHETHER MINISTER CURTAILED INVESTIGATION INTO SAFETY OF OPERATIONS

Mr. Arnold Peters (Timiskaming): Was it at the minister's direction that H. R. Finlay, the Acting Deputy Director General of Civil Aviation, instructed the two investigators to maintain an open and visible profile and to curtail the investigation by 30 days, an investigation brought about by James Snow, the Ontario minister of transport, who believed that air safety was being totally neglected by the departmental officials in that area?

Hon. Otto E. Lang (Minister of Transport): No, Mr. Speaker. It was not my instruction. I should make clear to the hon. member that the request for an inquiry came from many quarters in the north, including members of parliament on this side of the House from that area. I responded to them by asking for this investigation which has obviously brought a lot of facts forward.

REASON FOR FAILURE TO HOLD PUBLIC INQUIRY INTO SAFETY OF OPERATIONS

Mr. Jack Murta (Lisgar): Mr. Speaker, I wish to direct my question to the Minister of Transport. On July 20, page 7825 of *Hansard,* in response to a question about the investigation we are talking about, the minister replied:

I am willing to say that if that investigation reveals the need for a more formal inquiry, I will be happy to see that that is undertaken as well.

We on this side would like to see a public inquiry into this matter. What are the reasons the minister is giving for not holding an inquiry?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, I am not giving any reasons for not holding the inquiry. I said to the hon. member for Timiskaming that the obvious course for me to follow is to read the report, which I have not done, and then form a judgment on the matters that may require further inquiry.

REQUEST FOR TABLING OF REPORT ON SAFETY OF OPERATIONS

Mr. Jack Murta (Lisgar): Given the event that there may be a public inquiry, and hopefully there will be, will the minister after reading the investigator's report table it in the House of Commons so that all parties may be privy to the information?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, I will certainly see how I can make as much information as possible available to hon. members. I am sure hon. members appreciate that there may be certain allegations in the report referring to individuals which may not be adequately based in a way which protects the rights of those individuals, but that will indeed be my main consideration in determining what should be made public.

* * *

[*Translation*]

GRAIN

MEASURES TO PROTECT QUEBEC PRODUCERS FROM EFFECTS OF REMOVAL OF FEED GRAIN SUBSIDY

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, I should like to address my question to the Minister of Agriculture. Subsequent to the removal of the grain transport subsidy in Quebec, the federal government will be saving a total of $30 million. Could the minister tell the House whether any other measures favourable to farm producers will be taken so that they will not be penalized by the removal of that transport subsidy?

[*English*]

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, we are studying ways and means of making the payments direct to the producers and users of feed grains who are concerned.

[*Translation*]

Mr. Lambert (Bellechasse): A supplementary question, Mr. Speaker. Could the minister tell the House whether he has been in touch with his Quebec counterpart to see if it would be possible to adopt replacement measures following a federal-provincial agreement? In the affirmative, did Quebec refuse any agreement or did the federal government find the proposal unsuitable?

● (1432)

[*English*]

Mr. Whelan: We made a similar proposal to the one we made to the Province of Ontario which has been in effect for several months. The administration is mostly looked after by the province of Ontario. We submit the cheques to the farmers who are participating in the program. We have made practically the same proposition to Quebec but they have refused to accept it.

[*Translation*]

Mr. Lambert (Bellechasse): Mr. Speaker, in view of the importance of this matter, could the minister say exactly to whom these proposals have been made in Quebec? Did he receive an answer? Will eastern Quebec producers receive in the near future at least the equivalent of transportation subsidies they used to get?

[*English*]

Mr. Whelan: The earlier discussions were held between the minister of agriculture from Quebec and myself at the provincial minister's meetings which took place in Victoria in July. Since that time proposals have been made at the deputy ministers level in Ottawa and in Quebec. For the life of me, I cannot understand why they will not accept a program which is practically the same as the one accepted by Ontario which is working very well. If our efforts continue to meet with no success, we intend to proceed with this program, as I said, by dealing directly with the farmers in some way.

* * *

UNEMPLOYMENT INSURANCE

REASON FOR ELIMINATING FRAUD SQUAD—POSSIBILITY OF REINSTATEMENT

Mr. Dan McKenzie (Winnipeg South Centre): Mr. Speaker, my question is for the Minister of Employment and Immigration. It concerns the closing down of the special unemployment insurance commission fraud squad, an organization which under a personal mandate from the Prime Minister had by 1975 achieved an excellent record of discovering UIC rip-offs resulting from a wide range of criminal behaviour. Will the minister tell us exactly why his predecessor, now President of the Treasury Board, closed down this program, particularly in the light of the strong support it had from the Solicitor General of the day and from the RCMP?

[Mr. Whelan.]

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, I am not familiar with this area of the operation. I will look into the matter and get an answer for the hon. member. I would say we have been very effective in this particular area. Perhaps it was a question of administering this operation from a central point with the idea of doing a more effective job than we have been doing. I might add that the amount of fraud in connection with that fund is negligible.

Mr. McKenzie: Would the minister care to refute charges made to me by officials that the program was shut down because it was becoming a political embarrassment to the government and, in particular, to the minister responsible? Would he also tell the House whether he plans to reinstate the program, especially having regard to evidence by the Auditor General that $158 million of the $4 billion the taxpayer spends on UIC is being chiselled by those who have no right to the money?

Mr. Cullen: First of all, as to that being the reason, it is absolute claptrap and there is no truth in it at all. As to the second part of the question, I think the hon. member does a disservice to those collecting unemployment insurance. In point of fact, the Auditor General did not say what the hon. member has attributed to him. He indicated that the figure was somewhere around $95 million—he thought it was possible that such a figure might be involved. We have worked very closely with the Auditor General. He has done an absolutely first class job; he intends to monitor the improvements we have made in developing an even more effective administrative force, and to see that not only do we get the funds out to those who are entitled to them but that we check off those who are receiving money when they should not be. Again, I believe the hon. member does a disservice to those who are receiving unemployment insurance by suggesting there is a massive rip-off when there is not.

Mr. McKenzie: Inasmuch as the fraud squad did an excellent job by exposing the UIC gouging and criminal activity, which the Auditor General noted nearly two years after the squad had been disbanded, will the minister, if he wants to be of real service, now reinstate the special investigation division immediately?

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THE CANADIAN ECONOMY

CONSTRUCTION INDUSTRY—REQUEST FOR MEASURES TO AID

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, my question is directed to the Minister of Finance. It follows the line of questioning we were putting to him last Friday concerning the unfortunate level of unemployment we have been experiencing lately, certainly in particular regions of Canada. My question today has to do with unemployment in the construction industry which, nationally, is 18 per cent at the present time, ranging as high as 30 per cent in provinces such as New Brunswick and Newfoundland. Is the minister aware

of the plight of the construction industry and does he have in mind any specific measures to help the construction industry out of the difficulties in which it finds itself?

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I am aware of the situation which is rather difficult not only in that area but also in other realms of the Canadian economy. Of course, one month ago we made in the House of Commons an economic statement establishing economic policies for Canada, and we have no change to bring to this policy at the present time.

[*English*]

MINISTER'S VIEW OF PROGRESS NEXT YEAR

Mr. Sinclair Stevens (York-Simcoe): The minister has referred to his economic statement of October 20. At that time he indicated he was counting on a real growth in the value of exports and a real business investment growth in order to give us better results in 1978. As current figures released today show, there has been a decline in each of these fields, that there is less economic growth in both exports and business investment than in the first quarter of 1976, would the minister tell us whether now, a month later, he is still confident about economic progress next year?

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, there are positive factors in the economy. For example, this year we shall have a considerable trade surplus of $2.5 billion in our balance of payments, which is an improvement over the level of $1 billion we had last year. In the third quarter of this year we had an increase in the gross national income, which we did not see in the second quarter. I think we are on the way to an economic recovery which will come later, and that of course is the lot of several world economies at this time.

[*English*]

Mr. Stevens: Mr. Speaker, only the present Minister of Finance could take any comfort out of a figure of 2.5 per cent real growth on an annual basis. Is the minister aware of the survey done this fall by the Department of Industry, Trade and Commerce which indicates there will be less business investment next year than this year and, if so, why does his department continue its optimistic tone?

Mr. Chrétien: I think the increase in investment would be greater if we could pass Bill C-11 which would give incentives to the private sector of the economy and which is stalled by the opposition.

Some hon. Members: Hear, hear!

Oral Questions

LABOUR CONDITIONS

PROPOSAL FOR MORE CONSULTATION PRIOR TO MASSIVE LAY-OFFS BY INDUSTRY

Mr. Maurice Foster (Algoma East): Mr. Speaker, may I direct a question to the Minister of Labour? In view of the announcement this fall by INCO and other large companies of massive lay-offs without prior consultation with the unions or the governments concerned, does the hon. gentleman plan to require companies to furnish more adequate notification and carry out consultation with the unions and governments involved before decisions on mass lay-offs are taken?

Hon. John C. Munro (Minister of Labour): Yes, Mr. Speaker. Under the Labour Code there are ways in which we can examine with business and labour what is needed in the way of information and we are looking into this to see whether this type of situation could be alleviated and could be prevented from recurring to the extent it did in connection with INCO.

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SOCIAL SECURITY

SUGGESTED PROVISION OF PENSIONS FOR PERSONS IN NEED BETWEEN AGES 60 AND 65

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, my question is for the Minister of National Health and Welfare. I have delayed asking this question for a few weeks in order that the minister could get used to administering her department. I hope she is now ready. In view of the growing number of persons between 60 and 65 years of age, most of them spinsters and widows, who express utter disbelief that there is an allowance for spouses but nothing for persons of single status, will the minister take the necessary steps to see that an equivalent allowance is made available to all persons between the ages of 60 and 65 who need it, regardless of their marital status?

● (1442)

[*Translation*]

Hon. Monique Bégin (Minister of National Health and Welfare): In view of the current state of our economy and the restraints the government wants to place on public spending, Mr. Speaker, I do not feel it would be fair on my part to lead people to hope for the introduction in the near future of a universal benefit program for persons between 60 and 65 years of age. As other hon. members, however, I feel that some guaranteed income arrangement should be implemented on a selective basis to take care of this group of people, but, I repeat, it would be only on a selective basis.

[*English*]

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I would point out to the minister that I did not ask for universal benefits between ages 60 and 65, but simply for those who need it regardless of their marital status. In view of the fact

that she is talking about a guaranteed income arrangement for persons between ages 50 and 65, and in view of the fact it will take some time before she gets around to implementing that, could she not now make a beginning by providing such benefits for persons between 60 and 65, as I say, regardless of marital status?

[*Translation*]

Miss Bégin: I beg the hon. member to forgive my error of interpretation, and I thank him for his clarification. In the studies which we have already made public, we have identified three groups which are particularly vulnerable to economic conditions, and one of them is the age group of people between ages 55 and 64. We have not yet completed the studies concerning the priorities which exist amongst those people, such as the people between ages 60 and 65 mentioned by the hon. member who are not entitled to the allowance for a spouse which Parliament has adopted, as well as, for instance, single parent families or workers who draw the minimum income.

[*English*]

Mr. Knowles (Winnipeg North Centre): Please do something soon.

DENIAL OF PENSIONS TO WIDOWS UNDER AGE 65—GOVERNMENT ACTION

Mr. Jack Marshall (Humber-St. George's-St. Barbe): Mr. Speaker, in view of the fact that spouses of old age pensioners between ages 60 and 65 are being discriminated against when the husband dies at over age 65, is it the minister's intention now to overcome that inequity which exists, and what action is she going to take to overcome this situation?

[*Translation*]

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, when I was first appointed to the department, I was briefed on that question of a retired person's spouse, aged between 60 and 64, which originates from an improvement which the whole House, after lengthy debates, passed in favour of a retired person's spouse who has reached retirement age when the spouse is between the ages of 60 and 64. No doubt an injustice is being done to single persons or persons living alone or those who are widowers or widows between ages 60 to 64. But we have set priorities on the various social expenses throughout the country. I am working on this question of this at least practical problem which exists when a person having received pension benefits for at least one or two years loses his or her companion. We are considering the first results which have come out after two or three years of application of that legislation. I cannot answer the question for the time being.

[Mr. Knowles (Winnipeg North Centre).]

[*English*]

CANADA PENSION PLAN

SUGGESTED REMOVAL OF PROVISION DISCRIMINATING AGAINST HOUSEWIVES

Mr. James A. McGrath (St. John's East): Mr. Speaker, given the commendable objectives of the minister, is she now prepared to take this discriminatory provision out of the Canada Pension Plan; that is the discrimination against housewives and those who stay at home to look after families? Is she now prepared to give them equal rights under the Canada Pension Plan.

Miss Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, the hon. member must have been absent from this House a few months ago when this parliament passed the Canada Pension Plan provisions eliminating discrimination of housewives while raising children.

* * *

FEDERAL PROVINCIAL RELATIONS

DATE ON WHICH ECONOMIC CONFERENCE WILL BE CONVENED

Miss Flora MacDonald (Kingston and the Islands): Mr. Speaker, I would like to direct my question to either the acting Prime Minister or the Minister of State for Federal-Provincial Relations. Given the worsening economic situation in the country which is highlighted by cruel unemployment figures, and given the fact that this government on its own has done little to alleviate the situation, how quickly does the government intend to convene a federal-provincial economic summit to which the Prime Minister referred on Friday? Will it take place before the end of this current calendar year or in the first few weeks of 1978?

[*Translation*]

Hon. Marc Lalonde (Minister of State for Federal-Provincial Relations): Mr. Speaker, the right hon. Prime Minister has already indicated that such a conference was being considered. I would like to point out to the hon. member that she must have been absent from the House on many occasions in recent months because she would know that we have proposed a number of economic measures to assist the unemployed and stimulate our economy.

As to the meeting, it will not likely be held before Christmas because the Prime Minister must complete his consultations with his provincial counterparts early in December, but it will probably take place during the first months of 1978.

[*English*]

Miss MacDonald: Mr. Speaker, perhaps the minister could be a little more specific as to dates, because surely the government must know at this point whether such a conference is to take place within the next two months, or is it really the government's intention to postpone any such action until late spring or early summer when the brutal unemployment picture of the present winter is fully upon us?

Mr. Lalonde: Mr. Speaker, I do not know why the hon. member is so concerned about the late spring or early summer.

Miss MacDonald: Because we have a winter to go through.

Mr. Lalonde: I would like to tell her that consultations are taking place at the present time between the Prime Minister and the premiers of the various provinces. In addition, there likely will be additional consultations required among other ministers, such as the ministers of finance, before such meetings can take place.

Miss MacDonald: It sounds like next summer.

Mr. Lalonde: We are planning these meetings in a very serious way, and if they are to be productive, we want them to take place in a productive atmosphere. In this way we hope to make sure they produce results and not just play up to the gallery, as the hon. member would like to do.

Some hon. Members: Oh, oh!

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MULTICULTURALISM

POSSIBLE PHASING OUT OF PROGRAM—GOVERNMENT POSITION

Mr. Gus Mitges (Grey-Simcoe): Mr. Speaker, my question is for the Minister of State (Multiculturalism). In view of the fact there have been drastic cuts in grants and contributions to multicultural groups, from a sum of $8.02 million in 1975-76 to $3.94 million in 1976-77, with an anticipated further reduction for this fiscal year, can the minister tell the House whether his government is really sincere in carrying on a program of multiculturalism, or has the government somehow bowed to pressure to curtail and finally phase out the multiculturalism program?

Hon. Norman A. Cafik (Minister of State (Multiculturalism)): Mr. Speaker, there is no doubt at all as to the government's firm commitment to the policy of multiculturalism in Canada. Secondly, the figures the hon. member uses in terms of alleged decline in funding, in my view, do not reflect the facts. In addition, there is a great deal more to be done for multicultural communities in this country than simply the spending of money. We have a need for a tremendous impact right across this nation of an over-all government policy, and that is equally important as funding, per se.

Mr. Mitges: Mr. Speaker, in view of the minister's reply, that the government is supposedly still sincere about a multicultural policy and its importance, could he explain why the minister is not devoting his full time to the portfolio instead of serving as well as deputy house leader?

AGRICULTURE

POTATOES—REPRESENTATIONS FROM PRODUCERS CONCERNING PRICE

Mr. Eymard Corbin (Madawaska-Victoria): Mr. Speaker, will the Minister of Agriculture inform this House whether he has received representations from either the provinces of New Brunswick and Prince Edward Island or the potato producers in respect of federal support for that industry in view of the very low price producers are now receiving for their potatoes?

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, I am not sure whether I have or have not received such representation. I can inform the hon. member that the stabilization board has been keeping an accurate account of the prices received by the potato producers in the Maritimes as well as in the rest of Canada. We are very much concerned that they receive at least the cost of production, and we know that in some instances they are not. It appears that the stabilization board will have to adopt some formula for government assistance to meet this obligation to the producers.

* * *

● (1452)

FINANCE

PROPOSAL TO ALLOW COMPANIES TO WRITE OFF CAPITAL AND CURRENT EXPENDITURES—GOVERNMENT POSITION

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, my question is directed to the Minister of Finance. This country has now become the world's largest per capita importer of manufactured products, the ones that produce jobs. It is obvious there must be a great deal more industrial research in this country if we are to make our products more competitive in price, quality and design, and if we are to be capable of selling in larger quantities and producing the needed jobs. I should like to ask the minister if he will give serious consideration to allowing companies to write off 200 per cent of all current and capital expenditures made in excess of those of the previous year, as a means of inducing the additional industrial research which this country so badly needs?

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I take notice of the hon. member's representation. Of course, the budget which has been brought before the House, that is Bill C-11, contains incentives for research and development which it would be useful to adopt without delay.

Oral Questions

UNEMPLOYMENT INSURANCE

ALLEGED DELAY IN PAYMENT OF BENEFITS—MINISTER'S POSITION

Mr. Gilles Caouette (Témiscamingue): Mr. Speaker, I would like to direct a question to the Minister of Employment and Immigration.

Considering that for some months now unemployed people have been satisfactorily completing their cards, specially in northeastern Quebec where the unemployment rate is as high as 14.5 per cent, and since those cards are directed towards the Montreal data center which rejects satisfactorily completed cards, thus causing a two or three month delay before payment, is the minister aware of that and is he contemplating taking a corrective measure, and when?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, I want to thank the hon. member for his suggestion. We have to examine the situation and if it is necessary to improve the situation, we will act accordingly.

Mr. Caouette (Témiscamingue): Mr. Speaker, could the minister tell us when he will be ready to consider this problem and try to solve it? As I mentioned earlier, some people have been waiting for two or three months; the officials of the Unemployment Insurance Commission tell them that their forms were indeed filled in properly, yet nothing happens. Will the minister also take two or three months to look into and rectify the situation or is he willing to do so this week?

Mr. Cullen: Yes, Mr. Speaker.

* * *

[*English*]

ADMINISTRATION OF JUSTICE

SUGGESTED CONFERENCE WITH PROVINCIAL ATTORNEYS GENERAL ON EFFECTS OF CIGOL JUDGMENT

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, I should like to ask a question of the Minister of Justice to whom I gave notice. It concerns the Canadian Industrial Gas and Oil Company and the government of Saskatchewan, a case which is in the Supreme Court of Canada. In view of the fact that it has great ramifications affecting interprovincial trade and the golden thread of unity in the country, I wonder if the Minister of Justice would be prepared to bring together the attorneys general of the various provinces, particularly when the case held "it is contended that both the mineral income tax and the royalty surcharge constitute indirect tax," and therefore falls within the jurisdiction of the federal government and not the provinces? I ask this question in light of the anxiety in provinces like Alberta with its oil and gas; the British Columbia mines; Ontario and its nickel; and whatever province one wants to mention. It is a great concern in reference to provincial relations.

Hon. Ron Basford (Minister of Justice): Mr. Speaker, perhaps it is somewhat premature for me to initiate such meetings at the present time. The government of Saskatchewan obviously is considering this case and the ramifications of it very carefully, and I take it from press reports, it will make a decision very shortly.

The Prime Minister will meet with the premier of Saskatchewan next week, and undoubtedly this will be a matter of discussion. Some time ago I met with the attorney general of Saskatchewan relative to this case; but at that point there was no decision and, therefore, we were unable to resolve what should be done.

As I said, it would be premature at this time, until the government of Saskatchewan has determined its position. However, I want to emphasize, while the case and the decision is a very important one, it deals essentially with the question and difference between direct and indirect taxation. In my view it does not affect the provincial ownership or management of resources. Those parts of the decision upholding conservation measures which Saskatchewan implemented clearly indicate that.

Mr. Woolliams: Mr. Speaker, this decision affects legislation relating to regulations in interprovincial trade. The minister said that any discussion may be premature at this time, but trade is still going on between the provinces. Therefore, I put this question very seriously to the Minister of Justice. This is one of the problems in reference to holding this country together. In light of the anxiety in provinces like British Columbia, Alberta, Ontario and Quebec, will he now bring together the attorneys general of the various provinces and discuss this case in light of its ramifications affecting confederation?

Mr. Basford: Mr. Speaker, again I think that would be premature, until the government of Saskatchewan has first had an opportunity to consider the judgment and to consider its position in determining what action it is going to take.

The hon. member referred to anxiety in other provinces. In the last week I have not heard from one provincial attorney general on this decision. Currently, the Prime Minister is meeting with provincial premiers and will meet with the premier of Saskatchewan, as I have indicated, next week and the discussions will include this subject.

POSSIBILITY OF APPEALING DECISION IN CASE OF PATRICK HAUSER AND TERRY STEINKE

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, I have a question for the Minister of Justice which concerns the legal and constitutional conflicts in the administration of justice. Can he indicate whether his department has decided to appeal the case of Patrick Hauser and Terry Steinke that was dealt with by the Alberta court of appeal last month, which had as its main ratio that the Attorney General of Canada cannot embark on prosecutions or preferred indictments in a province without the written consent of the provincial attorney general? I wonder if his department will appeal this very important judgment?

Hon. Ron Basford (Minister of Justice): Mr. Speaker, yes, we are. It is an important judgment. However, it appears to us that it varies with similar judgments such as Regina and Pelletier in the Ontario court of appeal. Therefore, we will be appealing it. In the meantime, we have made interim arrangements with the attorney general of Alberta to initiate prosecutions under the Narcotics Control Act.

Mr. MacKay: Mr. Speaker, I wonder if the minister would indicate whether he sees any jurisdictional problems with regard to this precedent, assuming the appeal is upheld? With regard to the Official Secrets Act, does he see any jurisdictional problems based upon this precedent?

Mr. Basford: Mr. Speaker, not at the moment.

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GRAIN

WHEAT—POSSIBILITY OF FINAL PAYMENT IN JANUARY—EFFECT OF DEPRECIATION OF DOLLAR ON PAYMENTS

Mr. Gordon Ritchie (Dauphin): Mr. Speaker, I have a question for the minister in charge of the Wheat Board. In view of the statement of Mr. Demers of the Wheat Board, as reported in the press, that all the wheat Canada has available has been sold at approximately $2.20 a bushel, a price that was below the cost of production, can the minister indicate if there is any possibility of a final payment this January? More importantly, will there be anything available in January of 1979 for this present crop year?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, it is too early to talk about a final payment for a crop year a year away. That quoted statement has no real bearing in relation to the facts. On the other hand, in regard to this crop year, while we expect to announce the actual figures within the next few weeks, there will be definitely a final payment for CW spring wheats as well as for Durum wheat.

Mr. Ritchie: Mr. Speaker, in view of the depreciation of the Canadian dollar against foreign currencies such as the yen at 33 per cent and the mark at something the same, will producers benefit for wheat already contracted for in this present crop year; or will they not receive the benefit of this depreciation?

Mr. Lang: Mr. Speaker, many of our sales are made in terms of United States dollars. The depreciation of the American dollar compared to our dollar obviously increases the number of Canadian dollars being received for that wheat. Each case depends upon the contractual situation. However, in the course of the last five or six months the price of wheat has risen from its low point at $2.86 to the present level of around $3.70.

● (1502)

WHEAT—DATE OF DECISION ON INCREASE IN DOMESTIC PRICE

Mr. Don Mazankowski (Vegreville): Mr. Speaker, my question is for the same minister. It arises out of the government position with respect to a decision it is taking with respect to the increase in the level of prices under the provisions of the two-price wheat act. Having regard to the fact that on July 14 the minister, in response to a question which I posed to him in the House, indicated that extensive discussions had been taking place with the Canadian Federation of Agriculture and other producer groups about the proposals to increase the price of wheat for domestic consumption, and in light of the fact that input costs have risen between 30 per cent and 35 per cent, which is provided for under the two-price legislation, can the minister tell the House when the government intends to make a decision with respect to an increase in the two-price wheat system and, if so, how great will that increase be?

Hon. Otto E. Lang (Minister of Transport): Following discussions with producer organizations, the matter has been before the government for a considerable length of time. I am now hoping we can bring our analysis to a conclusion and then make an announcement which would include details as to amount.

Mr. Mazankowski: Can the minister indicate whether that decision will be taken before the end of this year?

Mr. Lang: Yes, Mr. Speaker, that should happen.

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PRIVILEGE

MINISTERIAL RESPONSIBILITY IN ANSWERING QUESTIONS

Mr. Speaker: The hon. member for Saskatoon-Biggar wishes to raise a point of order, and I have notice of a question of privilege from the hon. member for Grenville-Carleton on the same subject.

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, I simply want to reiterate the point I made during the question period. I think it is a matter of some importance and urgency on which a decision should be made. The fact is that we have a situation where the Solicitor General is not present in the chamber today. He is in Ottawa. I telephoned his office and spoke to his executive assistant three times to tell him that we had questions to put to the Solicitor General which were of substantial importance. I also said that since the minister was in Ottawa, it seemed to me he could well take a few minutes of his time to come to the House. After all, this is one of his primary responsibilities during the course of the parliamentary session. I was met with a negative response, and as a result I checked with the *Journals* branch and found, to my surprise, that the acting minister designated by order in council is the Minister of Consumer and Corporate Affairs.

It seems to me that when questioners on our side of the House want to put questions within the ambit of departmental responsibility, clearly, by your ruling, we must direct our questions to the minister in charge of the department. But certainly when that minister is absent for whatever reason he deems appropriate, we have the right to expect and demand that the acting minister as shown in the order in council be in his place to answer questions with respect to departmental responsibility. The reason this becomes even more of a pressing issue in this case is that the acting minister designated by order in council has been going around, outside the House of Commons, making statements which have the effect of smearing the RCMP and every officer and constable in that force.

Some hon. Members: Oh, oh!

Mr. Hnatyshyn: He is not merely a member of the cabinet; he is the Acting Solicitor General who makes such statements, and when the opportunity arises for us to ask him questions with respect to his statements outside the House which create damage to the force and to which we take particular exception, he refuses to answer. And now he is walking out of the House when we are raising this matter.

An hon. Member: Arrogance.

Some hon. Members: Shame.

Mr. Speaker: I have heard the hon. member for Saskatoon-Biggar, and I will now hear the hon. member for Grenville-Carleton on whether there is any obligation attached to the arrangement respecting acting ministers. That is the point at issue. In any event, we may as well disabuse ourselves of one argument. If the acting minister today, or on any day, had been a former minister in the same department, that would not alter the requirement that questions should be confined to the minister's present capacity, which in that instance would be his acting capacity only. But that is not the argument at issue.

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, particularly with respect to that last point, I would ask you to reflect on it.

Some hon. Members: Oh, oh!

Mr. Baker (Grenville-Carleton): The reason I ask you to reflect on it is that I do not believe it was intended as a ruling, and if it was—I say this with respect—then it was a regrettable ruling.

Some hon. Members: Oh, oh!

Mr. Baker (Grenville-Carleton): But I do not think it was a ruling. On November 18 you determined, again, that we cannot ask ministers questions on matters which are not within their present responsibilities. In the same decision you indicated, in answer to the specific point I had raised, that not only were we bound by the first statement that I have repeated, but we could not even ask a minister whether or not he would be prepared to answer questions with respect to a certain matter unless it was within his present responsibilities.

Now, sir, the questions today were put to the Acting Solicitor General within his existing responsibilities as Acting Solicitor General—not to any other member on the front bench designated by any whim or last-minute decision, but in accordance with order in council No. 1977-2865 passed on October 6, 1977. Just so you will understand the situation, Mr. Speaker—I do not know whether you have had a chance to see it—let me say that under the section dealing with the Solicitor General we see that the minister is shown as being Francis Fox, and the acting minister is shown as being Warren Allmand. The second acting minister, I presume to act in the absence of the first acting minister, is shown as being Stanley Ronald Basford.

What happened in the House of Commons today was that questions were put by two members of the House, the right hon. member for Prince Albert and the hon. member for Perth-Wilmot, to the Acting Solicitor General. In his present capacity, under the order in council of Acting Solicitor General, the Minister of Consumer and Corporate Affairs—without looking up—made a gesture, pointing to the Minister of Justice. I do not care what he does with his finger, Mr. Speaker, but it is quite important what happens in terms of the responsibility of ministers of the Crown to answer questions. The fact is that the designation of the minister on any day is not whimsical; there has been a studied effort by the government to designate acting ministers to be accountable, to use your words, Mr. Speaker, for their present capacity.

By that order in council, the present capacity of the Minister of Consumer and Corporate Affairs is with respect to the work of his particular department and also with respect to the functions of the Solicitor General in the absence of the Solicitor General. So we put questions to the Acting Solicitor General in his capacity as Acting Solicitor General. Quite frankly, I think that if the question period is to mean anything, we cannot be prevented from asking the Acting Solicitor General questions relating to his capacity as Acting Solicitor General—and if we are, this would be the third line drawn on our privileges. That point seems to be important.

• (1512)

Mr. Speaker: The hon. member is misstating what I said. The hon. member for Saskatoon-Biggar indicated that had the questions been answered today, or had the Minister of Consumer and Corporate Affairs answered questions in his capacity as Acting Solicitor General today, he could have been asked questions about his capacity as a former solicitor general. That is the distinction I make.

When he rises to answer in his capacity as Acting Solicitor General he is responsible, equally with the present Solicitor General, for actions in that department for all time, and questions which would have been proper to ask the present Solicitor General about events under previous solicitors general would have been quite proper, but they would have been faced with precisely the same conditions and limitations. None

differ. Any minister in an acting minister's capacity represents that minister as fully as he possibly can in the circumstances. There is no distinction there. But the hon. member for Saskatoon-Biggar was attempting, it seems to me, to indicate that he might have been able to ask questions which were otherwise prohibited, and I think that would not be the case.

Mr. Baker (Grenville-Carleton): Mr. Speaker, I gather the situation is that, even though a minister of the Crown who just happened to be solicitor general at one point and who is now filling in for the Solicitor General could answer all kinds of questions about a prior solicitor general, the person who is the Acting Solicitor General today is limited with respect to his powers and the responsibility he has in an acting capacity, and therefore is not bound to answer. Just so that we understand completely what Your Honour is saying, by juggling acting ministers the ministry has effectively limited the right of the opposition to ask questions about the capacity of a minister who was a full minister in a former capacity and who is now only an acting minister in that capacity.

Mr. Speaker: Let me put it in a positive way so that the record will be clear. Questions which are proper to be put to a minister are the same questions which are proper to be put under all the same conditions to a minister who is acting in that person's stead. It is as simple as that. There is no problem with that. The hon. member for Saskatoon-Biggar put forward a proposition that questions which would have been improper on a previous occasion might have been proper. In any case, whether that was his argument or not, he raised questions about that matter.

To clarify that aspect, questions which would be proper to the present Solicitor General would be proper to another minister acting in his stead. What I am not persuaded of is the basis of the point of order and the question of privilege, which is that there is some binding validity, in a procedural sense, on the Chair with respect to the designation of acting ministers. It is a new point: I have never heard it argued before, and I am prepared to examine the precedents and hear arguments from both sides on it. But that is the basis of the point of order and the question of privilege as I understand it.

Hon. Allan J. MacEachen (Deputy Prime Minister): Mr. Speaker, I have a very brief comment to make on the very narrow point of order which has been raised. Hon. members are acting under the assumption that the Minister of Justice answered those questions in the capacity of Acting Solicitor General. It is my view that the minister answered those questions pertaining to a lawsuit to which he is a party, in his capacity as Minister of Justice, and he is fully entitled to do so. Therefore, the point of order at this point is without foundation.

Some hon. Members: Hear, hear!

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, I am still a little confused on one point. If I had put the question to the present Solicitor General, "Will you get the consent of the two former solicitors general to come before the Standing Committee on Justice and Legal Affairs?", surely that would have been a proper question. If I had put a question to the Acting Solicitor General, he would have been in a dual capacity but he would have been acting as the Solicitor General. It is true he would have had knowledge of the past, but as I could ask questions about the past of the Solicitor General, I do not think we should be denied the right to ask the Acting Solicitor General. That is the point I am making. Surely, if the Solicitor General was asked a simple question—

Mr. Speaker: Order, please. The hon. member for Calgary North is pursuing an argument which has been raised by two other members previously. I also participated. However, let us bear in mind that I have attempted to put it as clearly as I possibly can. The conditions under which questions can be put to ministers are precisely the same conditions under which questions can be put to their acting ministers. I do not think I can make it any clearer than that.

Besides that, any argument about what questions could or could not be put to an acting minister are academic to the point raised, because they were never put. The point raised today is whether there is a requirement upon the ministry to put forward the acting minister who is designated by some order as the person to answer questions if a question is directed to the Acting Solicitor General, as was the case today. That is the point at issue. That is the point on which there has been argument from the government side, that questions were not answered in that capacity. More central to the argument, it seems to me, is that if there is no obligation on a minister to answer a question at any time, how can there be an obligation on an acting minister? It seems to me that that is the point I have to sort out: that is the point which is basic.

The other argument is one in which we were involved. Perhaps the hon. member for Saskatoon-Biggar and I were talking at cross-purposes, but it remains an academic problem because it did not take place.

Mr. Woolliams: Mr. Speaker, I wonder if I could make one other point. When the Deputy Prime Minister said that the questions were asked of the Minister of Justice in his capacity as Minister of Justice, it is true he was involved in that lawsuit; it is true he was involved in the motion. But the questions were put by distinguished and honourable members to the Acting Solicitor General. That was the minister we wanted to ask, that is the minister we wanted to answer, and the argument put forward by the Deputy Prime Minister was another red herring to hide the truth.

Mr. Speaker: I say, again, that the point has two fundamental aspects. First, is there, by virtue of an order designating acting ministers, an obligation which binds us, in the sense of our procedures, to carry that through the question period in the sense which was argued today? Second, if there cannot be an obligation upon a minister to answer a question during the question period, can I find one on an acting minister? I do not know. I have to examine those aspects to see whether I can give any validity to the arguments put forward.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I say a word further on the narrow point of order as you have so described it? I do so to express the hope that Your Honour will come back with a ruling. If a minister is in the House, none of us would be permitted to ask the acting minister a question; we would be told that the minister is here. I think that, by the same token, if the first acting minister is here and the minister is not, it should not be possible to jump down to the second acting minister. The *ex post facto* explanation the President of the Privy Council has given us is a very interesting one which is worth studying, but I think on the main point raised there should be a ruling that if a minister is present, he is asked the questions—

Mr. Lalonde: What about his parliamentary secretary?

Mr. Knowles (Winnipeg North Centre): —but if the first acting minister is here, he should be asked the questions, not the second acting minister.

Mr. MacEachen: Mr. Speaker, if I may, occasionally through inadvertence members misdirect questions and the minister who exercises responsibility for the subject matter rises even though the questions are addressed to another minister. That happens occasionally.

Mr. Baker (Grenville-Carleton): That is not the case here.

Mr. MacEachen: However, in this case it seems to me that the onus is on the other side. Perhaps hon. members opposite think they ought to decide who should answer for the government in every particular case, regardless of responsibility; but the fact of the matter is that in reply to the question put by the right hon. gentleman, the Minister of Justice answered, in my view, within his capacity as Minister of Justice—

Mr. Knowles (Winnipeg North Centre): Why didn't you say so at the time?

Mr. MacEachen: —because both ministers are parties to the lawsuit. And who is to say—unless it be by some fiat from the hon. member for Grenville-Carleton—that it must be the Solicitor General? Or does he argue that there ought to be a duet and both ought to answer simultaneously? Unless he argues that, either minister is free to answer. I argue that the point of order is really quite theological and more appropriate for theologians than politicians.

● (1522)

Mr. Speaker: Order, please. I always knew that the hon. Deputy Prime Minister brought great dignity to our proceedings, but dignity beyond ours is new. I will recognize the hon. member for Saskatoon-Biggar as I allowed the Deputy Prime Minister a second intervention.

Mr. Hnatyshyn: Mr. Speaker, I want to address myself briefly to two points. The Deputy Prime Minister entered this debate and indicated that the questions were directed to the government and could be answered by the Minister of Justice. I think Your Honour should bear in mind that there is a real problem to face here. The questions put by the hon. member for Perth-Wilmot dealt with the structure of the overview committee on security services, and I would be very surprised if the Minister of Justice could weasle his way into that answer. It was, clearly, a question specifically about the structure announced by the Solicitor General and had nothing to do with the Minister of Justice, even in the broadest theological debate that I could think of.

After dismissing that specious argument on the part of the Deputy Minister, I want to make it abundantly clear—and we may have been at cross-purposes here—that it was not my intention to suggest that a question that otherwise might have been improper could have been asked of an acting minister. I am sorry if I was not as clear as I should have been. The point I was making was that when we have an acting minister, he is the person from whom we ought to hear on questions dealing with departmental responsibility, particularly when they deal with events which happened in that department while he was minister.

When he subsequently appears outside the House and smears the RCMP by suggesting that they have been misleading him, or were coming forward with false information or withholding information, then it becomes particularly important for us to deal with the acting minister, because he not only has the responsibility by order in council but has particular and peculiar knowledge which would enlighten the people of Canada on his reasons for taking the rather unfortunate step of smearing the RCMP.

Hon. Marc Lalonde (Minister of State for Federal-Provincial Relations): Mr. Speaker, on this point of order, the people of this country know who has been smearing the RCMP over the last few weeks. It has been members on the other side of this House.

Mr. Speaker: Order, please. The right hon. member for Prince Albert.

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, the frivolous observation of the hon. gentleman who just sat down was made without regard to the facts and is quite in keeping with his usual course of inventing situations and then pretending they are facts. With respect to the argument of the Deputy Prime Minister, I have been here a long while and that is the first time I ever heard a Deputy Prime Minister enunciating theological things,

The devil sick: The devil a saint would be. The devil well: The devil a saint was he.

* * *

Mr. McGrath: Mr. Speaker, I rise on a point of order. I am sorry the Minister of National Health and Welfare is not in the House. She, either deliberately or unwittingly—and I suspect the latter—misled the House today in reply to a supplementary question which I directed to her. During the course of my question I commended what I call, and I support, the commendable objectives of the minister in broadening the scope of a floor income for Canadians by having a limited

sector of those who are drawing certain benefits rationalized into some form of guaranteed annual income.

In the course of the question I asked the minister if she was now prepared to eliminate the discriminatory provisions of the Canada Pension Plan which discriminate against housewives or those who stay at home to look after families. They do not enjoy equal rights under the Canada Pension Plan, which does not recognize the occupation of homemaker for contributions or benefits. In her reply, the minister tried to convey to the House the view that this matter had been dealt with by legislation during the latter part of the last session. It is a fact that some amendments to the Canada Pension Plan were brought in during the latter part of the last session, but this was not one of them. They did not deal with this discriminatory provision of the Canada Pension Plan, and I believe the minister should correct that misleading statement at the first opportunity.

Mr. Lalonde: Mr. Speaker, as Acting Minister of National Health and Welfare, may I point out to the hon. member that there is no discrimination in those provisions. What the law provides for at the present time is that every citizen is in the same situation before the Canada Pension Plan—exactly the same.

An hon. Member: That is not true.

Mr. Lalonde: You have to earn a salary, wages or income in order to be eligible to pay contributions to the Canada Pension Plan. As a matter of fact, it is not an option; you are obliged to contribute. Whether it is a housewife who stays at home, or someone who is not earning wages or a salary, such people are not recipients of Canada Pension Plan benefits. Regarding my hon. colleague's answer to the hon. member, she pointed out that some amendments were made least year to provide for the splitting of credit between spouses at the time of divorce or marriage breakdown. I am sure that is what she meant when she referred to this particular situation.

Mr. Speaker: Order, please. I am sure the hon. minister did not intentionally mislead the House. There seems to be a variety of interpretations of what she said or intended to say, and I am sure the minister will take the first opportunity to clarify what she said.

Mr. MacEachen: Mr. Speaker, on the same point of order—or perhaps it is a question of privilege—I should like to draw to your attention that as I heard the comments of the hon. member for St. John's East, he stated that the minister had either deliberately misled the House or unwittingly misled the House. I do not believe it is possible for any of us to suggest of another hon. member, even as an alternative, that we deliberately mislead the House. I just want to draw that to the hon. member's attention, because I know that was not his purpose.

Miss MacDonald: On the same point of order, Mr. Speaker. While the Minister of National Health and Welfare may be able to set the record straight on her own part, the Minister of State for Federal-Provincial Relations has compounded the situation by stating that the terms of the Canada Pension Plan are not discriminatory; but to many people across this country who contribute to the gross national product—namely, those who work in the home—they are indeed discriminatory—because these people do not have the opportunity to pay into the plan.

Mr. Speaker: Order, please. I am sure no hon. member wants to precipitate an argument on the merits of the Canada Pension Plan. On the point of order now raised, I am sure the minister will take the first opportunity to clarify the confusion that may have arisen from her reply.

● (1532)

ROUTINE PROCEEDINGS

[*English*]

ANTI-INFLATION ACT

TABLING OF REPORTS SENT TO ADMINISTRATOR OF ANTI-INFLATION BOARD

Mr. Ed. Lumley (Parliamentary Secretary to Minister of Finance): Mr. Speaker, pursuant to subsection 17(2) of the Anti-Inflation Act, I wish to table, in both official languages, copies of reports sent to the administrator of the Anti-Inflation Board.

* * *

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, the following questions will be be answered today: Nos. 138, 227, 262, 265, 348, 364 and 556.

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

[*Text*]

LRPA—PROGRESS PAYMENT

Question No. 138—**Mr. McKinnon:**

1. Was Lockheed Aircraft Corporation paid the progress payment on the LRPA contract of (a) $5,154,000 due on April 30, 1977 (b) $5,585,000 due on May 31, 1977 (c) $5,841,000 due on June 30, 1977 (d) $4,047,000 due on July 31, 1977 (e) $3,907,000 due on August 31, 1977 (f) $7,258,000 due on September 30, 1977?

2. Was Lockheed paid under the contract the (a) third Accomplishment Milestone Payment of $1,487,000 (b) fourth Accomplishment Milestone Payment of $1,274,000?

3. Were any adjustments made to the LRPA contract price at the end of the first, second or third quarters of 1977 in accordance with the formula and conditions set out in Articles 8.1, 8.2, 8.3 and 8.4 of the contract and, if so, what were they?

Order Paper Questions

4. Have the specifications and capabilities of the Comox Data Interpretation and Analysis Centre set out in Article 1.1(1) of the contract been defined and, if so, what is its estimated cost (a) in dollars (b) as a percentage of the cost of the DIAC at Greenwood?

5. Have any modifications been made to the contract, including Progress and Accomplishment Milestone Payments schedules, to accommodate the purchase of the Comox DIAC and, if so, in what manner?

6. Is the purchase of the DIAC being handled separately and, if so, in what manner?

7. Did the contracting authority make changes in the work and specifications, or in the place or time of delivery, of the LRPA System under Article 37 of the contract and, if so, what are they?

8. Did the contractor submit engineering change proposals in accordance with Article 37.2 and, if so, were adjustments made to the contract price in accordance with Article 37.3 and, if so, what were they?

9. Did the Minister arrange with the U.S. Government to make a payment to the U.S. Government for the recovery of non-recurring costs on the P-3C or S-3A and, if so, in what amount?

10. What will be the increase in Canadian dollars required to fulfill Canada's obligations under the terms of the contract at the present Canadian dollar rate of 90 cents US?

Hon. Jean-Pierre Goyer (Minister of Supply and Services): 1. (a) Yes; (b) yes; (c) yes; (d) yes; (e) $4,247,000 paid on August 31, 1977; (f) $7,730,000 paid on September 30, 1977 the payments for August and September reflect increases for changes in the time of delivery of certain work.

2. (a) Yes; (b) yes.

3. Economic price adjustments as follows: (a) third quarter 1976, $70,075 U.S. reduction; (b) fourth quarter 1976, $273,985 U.S. reduction; (c) first quarter 1977, $323,719 U.S. reduction; (d) second quarter 1977, $422,666 U.S. reduction; labour and material indices are not yet available to determine adjustment applicable for third quarter 1977.

4. Yes. (a) To be determined; (b) to be determined.

5. No.

6. To be determined.

7. Yes. Pursuant to Article 37.1 the time of delivery of certain work has been advanced, the Government Supplied Material list has been updated, the Data and Interpretation and Analysis Centre for Greenwood has been re-configured.

8. Yes. Pursuant to Article 37.2 the Contractor has submitted 46 engineering change proposals of which five have been rejected and 33 authorized by the Contracting Authority. Thirty-two of the changes were minor modifications to the specifications causing no increase or decrease in the cost of the work or the time required for its performance. The one remaining authorized change requires an adjustment to the contract price to be determined in accordance with Article 37.3.

9. Yes. $400,000 U.S. per aircraft.

10. Estimated at $71 million.

[Mr. McKinnon.]

NUMBER OF PERSONNEL UNDER CONTRACT TO METRIC COMMISSION

Question No. 227—**Mr. McKenzie:**

1. What is the total number of persons under contract to the Metric Commission and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Hon. A. C. Abbott (Minister of State (Small Business)): 1. Two persons under contract, no retired public servants under contract.

2. (a) 1975 total amount paid $13,200. (b) 1976 total amount paid $28,781. Nothing paid to retired public servants.

CANADIAN ARSENALS LTD.—PERSONNEL OBTAINED FROM PRIVATE EMPLOYMENT AGENCIES

Question No. 262—**Mr. McKenzie:**

1. Has Canadian Arsenals Ltd. obtained (a) part-time (b) full-time employees from private employment agencies in (i) British Columbia (ii) Alberta (iii) Saskatchewan (iv) Manitoba (v) Ontario (vi) Quebec (vii) New Brunswick (viii) Nova Scotia (ix) Prince Edward Island (x) Newfoundland and, if so, in each case, how many?

2. Are such employees paid from supplementary estimates and, if not, from what estimates are they paid?

3. By province, what was the (a) average hourly rate paid to employment agencies (b) average hourly rate paid to employees (c) total amount paid by Canadian Arsenals Ltd. in (i) 1975 (ii) 1976?

Hon. Jean-Pierre Goyer (Minister of Supply and Services): 1. (a) No. (b) Yes, (vi) Quebec: one.

2. Main estimates.

3. (i) Not applicable. (ii) (a) $6.40 an hour. (b) Not available. (c) $2,219.19.

ANTI-DUMPING TRIBUNAL—PERSONNEL OBTAINED FROM PRIVATE EMPLOYMENT AGENCIES

Question No. 265—**Mr. McKenzie:**

1. Has the Anti-Dumping Tribunal obtained (a) part-time (b) full-time employees from private employment agencies in (i) British Columbia (ii) Alberta (iii) Saskatchewan (iv) Manitoba (v) Ontario (vi) Quebec (vii) New Brunswick (viii) Nova Scotia (ix) Prince Edward Island (x) Newfoundland and, if so, in each case, how many?

2. Are such employees paid from supplementary estimates and, if not, from what estimates are they paid?

3. By province, what was the (a) average hourly rate paid to employment agencies (b) average hourly rate paid to employees (c) total amount paid by the Anti-Dumping Tribunal in (i) 1975 (ii) 1976?

Mr. Ed Lumley (Parliamentary Secretary to Minister of Finance): In so far as the Department of Finance is concerned: 1. (a) (i) nil; (ii) nil; (iii) nil; (iv) nil; (iv) nil; (v) 1975: average four to five employees per month. 1976: average three to four employees per month. (vi) nil; (vii) nil; (viii) nil; (ix) nil; (x) nil; (b) (i) nil; (ii) nil; (iii) nil; (iv) nil; (v) nil; (vi) nil; (vii) nil; (viii) nil; (ix) nil; (x) nil.

2. Main estimates.

3. (a) (i) nil; (ii) nil; (iii) nil; (iv) nil; (v) 1975: $7 per hour. 1976: $7 per hour. (vi) nil; (vii) nil; (viii) nil; (ix) nil; (x) nil.

(b) Information not available. (c) (i) 1975: $47,267. (ii) 1976: $15,665.

INTEREST ON NATIONAL DEBT

Question No. 348—**Mr. Caouette (Témiscamingue):**

1. What are the top ten institutions to which interest on the national debt is paid and, in each case, what is the amount?

2. Has interest on the national debt increased since January 1, 1976 and, if so (a) by what amount (b) how much of the increase has gone to the top ten institutions holding Canadian securities?

Mr. Ed. Lumley (Parliamentary Secretary to Minister of Finance): 1. Records of interest payments to particular individuals or individual institutions are not maintained. Furthermore, many investors hold their bonds in bearer form. These bonds carry interest coupons which can be clipped and redeemed by the holder on due dates and at any time thereafter. Another factor making the keeping of records of interest payments impractical is that interest is normally due semi-annually while Government of Canada bonds trade continually. When a trade is made the purchaser must pay the vendor the price of the bond plus accrued interest. The following table shows the distribution of holdings of Government of Canada securities as at the end of 1976. The percentage distribution gives a general indication of the share of interest payments received by the various sectors at that time.

Government of Canada Direct and Guaranteed Securities: Distribution of Holdings As at the End of 1976

	Amount	%
Bank of Canada	8,452	20.1
Chartered Banks	8,643	20.5
Government Accounts	852	2.0
Other Canadian Residents Holdings of Market Issues	5,414	12.8
Canada Savings Bonds	16,590	39.4
Non-Residents	2,201	5.2
TOTAL	42,152	100.0

2. (a) On an accrual basis, interest charges on the public debt from January 1, 1976 to September 30, 1977 have amounted to $8,416,165,000. Interest charged on outstanding public debt for the month of December 1975 was $315,383,000 and for the month of September 1977 was $436,069,000. (b) As explained in the answer to question 1, such information is not available.

FOREIGN STAMP DEALERS

Question No. 364—**Mr. Dinsdale:**

1. Do foreign dealers receive commission rates for selling Canadian stamps and, if so (a) what are they (b) on what date were they effective (c) is there a sliding scale based on volume?

2. For each fiscal year since the policy was started, how much money has the Post Office Department (a) received from (b) paid in commission to such dealers?

3. Has the Department taken any measures to monitor such sales to ensure that stamps sold to foreign dealers do not re-enter Canada at less than face value and, if so, what are they?

4. Are there any customs regulations which would prevent their re-entry?

5. (a) For the November 19, 1976 ship stamp issue, how many were sold to foreign dealers (b) taking into account the commissions paid, at how much below face value were the stamps sold?

Hon. J.-J. Blais (Postmaster General): 1. Selected foreign distributors receive a commission on the sale of Canadian stamps to foreign dealers and collectors. (a) The commissions range from 10 per cent to 35 per cent. (b) These commissions became effective when the related agreements were first signed in December, 1974. (c) The commissions are paid on a sliding scale based on volume of sales in each fiscal year.

2. (a) and (b)

Fiscal Year	Received	Paid
1974-75	$ 45,480.99	$ 4,548.10
1975-76	462,771.29	68,972.01

3. Yes, independent audits are performed of the sales records of foreign distributors.

4. No.

5. (a) For the November 19, 1976 Ships stamp issue, 211,700 stamps were shipped to our foreign distributors. (b) Stamps are not sold below face value. Moreover, since commissions are based on sales of all postage stamps in a fiscal year, commissions were not, and will not be, payable on the sale of the Ships stamp issue as such.

LEOPARD I TANK

Question No. 556—**Mr. McKinnon:**

1. Is the Leopard I Tank which Canada has ordered from Germany known as the A3 or A4 model or is it some other model?

2. How many of the Tanks will be equipped with Low Light Television (LLLTV)?

3. What is the horsepower rating of the (a) Leopard I Tank which was ordered (b) Leopard II prototype (c) American AMXI prototype gas turbine motor?

Hon. Jean-Pierre Goyer (Minister of Supply and Services): 1. The model is a modified A-3 Model, termed Leopard Tank Canadian 1, abbreviated to Leopard C-1.

2. Ninety-three.

3. (a) 830 horsepower. (b) 1,500 horsepower. (c) 1,500 horsepower.

* * *

[*English*]

Mr. Stevens: I rise on a point of order, Mr. Speaker. I am not sure whether this is the appropriate time to raise this question, but I would like to ask when certain notices of motions for production of papers will be dealt with. I realize it is not a written question I am referring to, and perhaps you could indicate to me when I can make reference to this matter.

Mr. Speaker: When notices of motions for production of papers are called at this time on Wednesday afternoon, it would be the appropriate time to hear the hon. member.

Shall the remaining questions be allowed to stand?

Some hon. Members: Agreed.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Speaker: Perhaps before going into committee of the whole for further deliberation on Bill C-11, I should inform the House at this time that the questions to be raised on the adjournment motion at 6 p.m. are as follows: the hon. member for Egmont (Mr. MacDonald)—Publishing—Protection of Canadian authors from reproductions of their works imported from United States; the hon. member for Brandon-Souris (Mr. Dinsdale)—Social Services—Consultation with provinces on funding—Possibility of legislation this session; the hon. member for St. John's West (Mr. Crosbie)—Energy—Newfoundland's offshore oil and gas regulation—Possibility of agreement on question to be put to Supreme Court.

GOVERNMENT ORDERS

[*English*]

INCOME TAX ACT

MEASURE TO AMEND

The House resumed, from Friday, November 25, consideration in committee of Bill C-11, to amend the statute law relating to income tax and to provide other authority for the raising of funds—Mr. Chrétien—Mr. Turner in the chair.

The Deputy Chairman: House again in committee of the whole on Bill C-11, an act to amend the statute law relating to income tax and to provide other authority for the raising of funds. When the committee rose on Friday last, clause 1 of the bill was under consideration.

On clause 1.

● (1536)

[*Translation*]

Mr. Chrétien: I ask the consent of the House to introduce a series of amendments to Bill C-11. These are amendments of a purely technical nature related to some misprints, translation errors and in some cases to marginal technical errors. I would like to table them immediately to allow hon. members to take notice of these changes before we consider each clause of the bill.

[*English*]

The Deputy Chairman: Order. We will take those amendments as notice, and as the clause comes up, we will introduce the motion. Is that agreed?

Mr. Knowles (Winnipeg North Centre): I do not object to it being done the way it is suggested, that it be taken as notice. But if that is the case, if it is not printed in *Hansard* could a complete set of them all be supplied to all members? The simpler way would be to put them in *Hansard* at this point?

Mr. Chrétien: I have absolutely no objection. It is probably the fastest way, and the most appropriate, to have the amendments in the hands of members of the House.

Mr. Baker (Grenville-Carleton): Agreed.

The Deputy Chairman: Agreed, and so ordered.

[*Editor's note: The amendments referred to are as follows:*]

Subclause 6(9)

Page 8

That subclause 6(9) of the French version of Bill C-11 be amended by striking out lines 31 and 32 on page 8 thereof and substituting the following:

"sommes que le contribuable a déduites et avait le droit de déduire au titre des biens de cette"

Subclause 14(2)

Page 22

That Bill C-11 be amended by striking out line 21 on page 22 thereof and substituting the following:

"March 31, 1977.

(2.2) For the purposes of paragraphs (1)(c) and (d) "a life insurance policy" does not include a policy referred to in paragraph 148 (1)(b)."

Subclause 30(6)

Page 51

That subclause 30(6) of Bill C-11 be amended by striking out line 12 on page 51 thereof and substituting the following:

"(6) Subsections (1) and (4) are appli-"

Subclause 30(7)

Page 51

That subclause 30(7) of Bill C-11 be amended by striking out line 15 on page 51 thereof and substituting the following:

"(7) Subsection (2) is applicable to taxation years ending after May 25, 1976.

(8) Subsections (3) and (5) are applicable"

Subclause 35(1)

Pages 56 and 57

That subclause 35(1) of Bill C-11 be amended as follows:

(a) by striking out line 46 of the French version on page 56 thereof and substituting the following:

"annuel prescrit sur le total des montants";

(b) by striking out lines 24 to 26 on page 57 thereof and substituting the following:

"(i) the portion of any loan described in paragraph (1)(a) made to an officer or employee of a corporation to enable or assist him";

(c) by striking out lines 39 and 40 on page 57 thereof and substituting the following:

"any loan, described in paragraph (1)(a), made to an officer or employee of an"; and

(d) by striking out line 46 on page 57 thereof and substituting the following:

"from a location in Canada after 1971 and incurred moving expenses)".

Subclause 40(5)

Page 70

That subclause 40(5) of Bill C-11 be amended by striking out lines 19 to 21 on page 70 thereof and substituting the following:

"(5) Subsection (2) is applicable to elections required by subsection 85(6) of the said Act to be made after May 6, 1974."

Subclause 49(2)

Page 94

That subclause 49(2) of the English version of Bill C-11 be amended by striking out line 45 on page 94 thereof and substituting the following:

"the taxation year to a beneficiary"

Subclause 54(4)

Page 103

That subclause 54(4) of Bill C-11 be amended by striking out lines 20 to 27 on page 103 thereof and substituting the following:

"(7.2) Notwithstanding paragraph 111(1)(a), in the case of a life insurer the amount deductible in computing its taxable income for its 1978 and subsequent taxation years,

(a) in respect of its non-capital loss for each taxation year ending before 1977 shall be deemed to be nil, and

(b) in respect of its non-capital loss for its 1977 taxation year shall be deemed to be the amount, if any, by which

(i) the amount referred to in subparagraph 138(4.2)(a)(iii) exceeds the aggregate of

(ii) the amount of the reserve determined for purposes of subparagraph 138(4.2)(a)(i), and

(iii) in any case where subparagraph 138(4.2)(a)(ii) applies, the aggregate of amounts referred to therein."

Subclause 74(4)

Pages 161 and 162

That subclause 74(4) of Bill C-11 be amended as follows:

(a) by striking out line 44 on page 161 thereof and substituting the following:

"year, subsection (1), section 16 or para-" ;and

(b) by striking out lines 9 to 12 on page 162 thereof and substituting the following:

"as it would have read on that date if subsection (8) had not been applicable) of his interest in the policy on that date".

Subclause 74(7)

Page 164

That subclause 74(7) of Bill C-11 be amended by striking out line 34 on page 164 thereof and substituting the following:

"a reference to an annuitant under such a life"

Subclause 74(8)

Page 164

That subclause 74(8) of Bill C-11 be amended by striking out line 36 on page 164 thereof and substituting the following:

"(8) Subsections (1) and (2) are appli-"

Subclause 74(10)

Page 165

That subclause 74(10) of Bill C-11 be amended by striking out line 1 on page 165 thereof and substituting the following:

"(10) Subsections (4), (5) and (6) and subsec-"

Clause 76

page 166

That the French version of clause 76 of Bill C-11 be amended by striking out lines 6 to 20 on page 166 thereof and substituting the following:

"(1.1) Lorsque le Ministre décide que le montant de la perte autre qu'une perte en capital, de la perte en capital nette ou de la perte agricole restreinte d'un contribuable pour une année d'imposition est différent du montant que le contribuable a déclaré dans sa déclaration d'impôt pour cette année, le Ministre doit, si le contribuable en fait la demande, déterminer avec diligence le montant de la perte autre qu'une perte en capital, d'une perte en capital nette ou de la perte agricole restreinte, selon le cas, du contribuable et doit envoyer à la personne qui a produit la déclaration un avis de la détermination."

Subclause 77(1)

Pages 167 and 168

That subclause 77(1) of Bill C-11 be amended as follows:

(a) by striking out lines 40 to 44 on page 167 and lines 1 to 18 on page 168 thereof and substituting the following:

"(a) the amount, if any, by which

(i) the aggregate of amounts that were not reported by him in his return and that were required to be included in computing his income for the year

exceeds

(ii) the aggregate of the amounts deductible by him for the purpose of computing his income for the year under the provisions of this Act that were wholly applicable to the amounts referred to in subparagraph (i) and were not deducted by him in computing his income for the year reported by him in his return,"; and

(b) by striking out line 26 on page 168 thereof and substituting the following:

"ed by him in his return in computing his income"

Subclause 85(2)

Page 175

That the English version of subclause 85(2) of Bill C-11 be amended by striking out line 18 on page 175 thereof and substituting the following:

"tion year (in this subsection referred to as"

Subclause 99(1)

Page 191

That subclause 99(1) of Bill C-11 be amended by striking out line 35 on page 191 thereof and substituting the following:

"(ii) was an executor, administrator or trustee of an estate who"

Subclause 110(1)

Page 209

That subclause 110(1) of Bill C-11 be amended by striking out lines 6 to 14 on page 209 thereof and substituting the following:

Application rule

"(8) For the purposes of paragraphs (1)(d) and (2)(a) there may be deducted from the aggregate referred to in those paragraphs, 9% of the portion of that aggregate that is attributable to the 1974, 1975 or 1976 taxation year."

The Deputy Chairman: The hon. member for York-Simcoe, on a point of order.

Mr. Stevens: Mr. Chairman, when we were dealing with clause 1 on Friday I raised the question of what, in fact, was the relative increase with and without indexing in income tax in relation to the general increase of income itself. At that time the minister stated, as reported at page 1257 of *Hansard*:

—this is a highly technical question, and I am not in a position to answer it right now. I will get the information and forward it to the hon. member later today.

Subsequently, the minister indicated that he would put on the record of this House exactly what is that relative ratio between income tax and the general increase of personal income both before and after indexing. I was just wondering if the Minister of Finance could be given a chance now to put it on the record.

Mr. Chrétien: Mr. Chairman, I have here a technical answer to a technical problem, so perhaps I could try to read it. However, it is not in the form of a reply and I will have to

adjust accordingly. I am advised by my officials that the same question has been put to my predecessor, as well, on numerous occasions. The hon. member for York-Simcoe has been made aware on these occasions that it is difficult to summarize the responsiveness of federal revenues in terms of one single number, sometimes called "elasticity". For his benefit, let me explain the technical aspects of this concept one more time.

The total growth in income in any given year is composed of three components. These are the growth in the number of taxpayers, the growth in productivity or real per capita income, and the growth in prices. The response of revenues to each of these factors is different. The growth in the number of tax filers has approximately proportional effect on revenues. A 1 per cent growth in real per capita income increases revenues by approximately 1.7 per cent to 1.8 per cent. In the absence of indexing, a 1 per cent growth in prices has the same effect as a 1 per cent growth in real income. However, indexing ensures that the inflation-related growth in income has a proportional effect on revenues. In other words, with indexing, if prices increase by 1 per cent, nominal revenues also increase by the same 1 per cent, thereby leaving the real value of taxes unchanged.

The over-all response of the personal income tax revenues to growth in income is a weighted average of the three factors I have just identified. I indicated in my fiscal statement of October 20 that in a typical year, with 2 per cent growth in productivity, the over-all elasticity of revenues would be about 1.3. This is, of course, variable over time and sensitive to the cyclical state of the economy. Moreover, this elasticity is affected by any new tax changes proposed in a given year.

Mr. Stevens: On a point of clarification, Mr. Chairman, the minister has indicated, or at least created the impression, that this point has been raised several times and he will answer it once again—or has been given a written statement from his officials with a view to answering it. Is it not true that this is the first time this question has ever been asked? Any other time it has been raised, it has not been raised in this House but in an in camera session.

Mr. Chrétien: I am not in a position to give any more explanation. I was not the minister at that time. The hon. member said this question was debated before. I do not know whether it was here, or elsewhere, in camera. With the new minister, he is right in the open.

Mr. Crosbie: Mr. Chairman, in connection with this bill which is now in committee, it is, of course, to collect income tax from the long-suffering taxpayers of Canada. I believe, if my figures are correct, that in 1975 there were 12,200,000 returns filed of personal income tax, of which 8.5 million were taxable returns, and that the amount collected in income tax excluded Canada pension and unemployment insurance; premium payments that year were $15.69 billion. I might be out a billion or two, but what is a billion or two to the Minister of Finance? He would not even miss a billion. Mr. Howe said, "What's a million?" and this Minister of Finance will say, "What's a billion?". But I will let him speak for himself.

[Mr. Chrétien.]

The Deputy Chairman: Order. The Minister of Finance on a point of order.

[*Translation*]

Mr. Chrétien: Mr. Chairman, I rise on a point of order. I object to the remarks of the hon. member. I never said: What's a billion! He is the one who said that and it is obviously a very arrogant attitude from a former finance minister of Newfoundland who did not have very often the opportunity of seeing $1 billion during the time he was in office.

● (1542)

[*English*]

Mr. Crosbie: Mr. Chairman, the Minister of Finance is becoming very sensitive. I can understand why. He has already made thousands of mistakes in his short tenure as Minister of Finance. He cannot make too many more that will not be recognized. I agree he did not say, "What's a billion". He positively did not. In 1976, the figures would be roughly the same. There were 8.8 million taxable returns filed, and $17½ billion collected in personal income tax. Therefore, we are dealing with serious business.

I suggest to this committee that this bill should not pass until the Canadian public is assured on three matters. The first deals with the matter of the confidentiality of income tax returns that are filed. That is a matter that came up in the House about a week ago. We still do not have any report from the Minister of National Revenue or the Minister of Finance as to whether income tax returns are privileged and confidential information, or whether we can phone the Ministry of National Revenue and get the information. As far as we know now, income tax returns are not confidential. Anyone with an inquiring mind who wants to know what our returns are can telephone the department and get the information or press a computer button to get it. In any event, they get the information.

There has been no statement since this information came out a week ago. The Minister of National Revenue should be here before the committee ready to answer for his responsibility to the 8.8 million taxpayers of Canada as to whether that information is available to the public, or not, or what he is doing to prevent that situation. That is one area, Mr. Chairman.

Mr. Chrétien: Mr. Chairman, this is not related to clause 1. We have been extremely generous in the interpretation of the rules, but the hon. member is making all sorts of statements that are not related to the bill. The Minister of National Revenue has handled very well the question of the sabotage problem in National Revenue whereby one person got access to information. The RCMP have been working on this. The system has been tightened. When there are 8.8 million tax returns analysed every year, there can be some errors. Generally speaking, however, we are very proud of the way, under any administration, the people of the Department of National Revenue and, for that matter, the provincial civil servants have been extremely careful to ensure there is no such development.

At this time I have to report that the matter is under investigation by the RCMP. Apparently, there was one individual who had a way of obtaining information he should not have had. As soon as the inquiry is completed, he will be penalized according to the laws of the land, because the taxpayers of Canada are to be protected in the confidentiality of their returns.

The Deputy Chairman: Order, please. I suggest that the hon. member for St. John's West keep his remarks quite general. As these clauses come up, he can put his arguments.

Mr. Crosbie: Mr. Chairman, I submit that was not a point of order. The time should not come out of the time that I have before the committee. This clause deals with collecting tax from the people of Canada. I am speaking on behalf of the taxpayers of Canada who are going to suffer or gain under this clause. Their suffering or gain may become public knowledge if the Minister of National Revenue and the Minister of Finance do not take the steps necessary to stop the leaking of confidential information to anyone who might want it. That must be clarified before the bill leaves the committee.

The second point that must also be made clear relates as well, to income tax. That is the reports of violations of the law in connection with income tax collection, secret tax information given by National Revenue to the RCMP and municipal police forces across Canada, as reported in the press in recent weeks. In fact, employees of the Department of National Revenue who collected the income tax we are dealing with now have perjured themselves before the courts in that connection. I refer in particular to the matter that came before the Laycraft inquiry and the listening devices, interception of telephone messages, wiretaps and the like. That kind of procedure has been used to gather information on income tax. It is forbidden to be done in that manner by collusion and co-operation between the RCMP and the Department of National Revenue. Before this committee authorizes the government to collect any income tax under the provisions of this bill, that situation should be clarified. It is the Income Tax Act that we are now amending.

Is it correct, as Mr. Morris Bradshaw told the Laycraft inquiry, that the practice of releasing tax information on certain Canadians preceded the 1972 agreement between the Department of the MNR and the RCMP which formalized that procedure, and that confidential tax information is released to police departments across Canada on anyone the Department of National Revenue wants investigated. That is the evidence that has been given to the Laycraft inquiry by officials of the Department of National Revenue. Is it correct? The agreement of 1972 was only supposed to relate to information dealing with organized crime. However, this MNR official said that this kind of information goes to police departments all across Canada whenever the Department of National Revenue wants to let it out. It is given out routinely.

If the members of this committee are to take their duty seriously, we have to get some explanation as to whether this is so, or not, as reported in the daily press. It has been made quite clear that the Department of National Revenue and the municipal police forces—and I am referring to the *Globe and Mail* who quoted Mr. Bradshaw and his evidence at the inquiry—worked outside the agreement. Mr. Bradshaw was asked, "It has nothing to do with organized crime?" He answered, "Correct".

The RCMP have already given evidence that they are co-operating with National Revenue, that they use wiretap devices under the procedure of subterfuge, and that they exchange information gathered by wiretap with the Department of National Revenue although it is illegal to use wiretaps during an investigation into tax violations. An official of the minister's department, one Edmund Swartzack, was given transcripts of conversations by the RCMP. This was admitted. Inspector Graham George said that when the RCMP know they cannot wiretap under the Income Tax Act, they look for a Criminal Code violation and the information gathered is used for income tax purposes. That is complete and utter disregard for the laws of this country.

Are we supposed to sit in this committee and pass a bill which gives the crowd opposite the power to borrow $9 billion to continue to allow illegal activity in the collection of income tax across Canada? I say "no". Before the committee passes this bill there should be some satisfactory reply by ministers to these statements, and sworn evidence before inquiries.

Apparently, Mr. Edmund Swartzack—I do not know the gentleman—testified before the Federal Court and denied that the RCMP and the Department of National Revenue were working together in the summer of 1975 investigating the Royal American Shows. He told the court under oath that they were not working together. He denied the RCMP had given him information to help him in his investigation into income tax offences. He denied that before the end of May, 1975, he met RCMP officers engaged in investigating the company. In September he told the Laycraft inquiry that those answers had been untrue. He said he had not properly understood the question put to him and that his memory had failed him. Imagine an official saying that, when he was asked those simple questions, he had not understood them! Therefore, he admitted that he gave false testimony before the Federal Court in that area.

When are we going to get an explanation from the Minister of National Revenue as to what is going on in his department? Are his officials allowed to give evidence before the Federal Court in one direction, and before a royal commission to the contrary with such a weak and feeble excuse? Are the RCMP and his department working together contrary to the statutes of this country in these matters? That is the second area where I submit we need to have a full explanation and full disclosure by the government before we pass this bill.

The third area is whether the Income Tax Act is being administered impartially or whether certain taxpayers, one in particular, have been favoured ahead of all other taxpayers in this country. This is a question which should be answered. I am about to suggest that we need an immediate royal commission of inquiry into the favourable tax treatment accorded to a

certain individual whom I shall be mentioning in a few moments.

● (1552)

If more than eight million Canadians are obliged by law to pay income tax, if they are obliged to pay it on time, and if, should they dispute the amount of this tax, they are required to pay the amount of the tax first or else put up security in the form of bank guarantees and bonds—in most cases securities are not accepted; they have to pay up—why should the law be different in the case of one of them? This is something I want to have cleared up before this legislation leaves the committee.

I am referring to the case of one, John Christopher Doyle. If I was dealing with the case of a loyal Canadian, a man we could all admire and seek to emulate, I would concede there might be some reason to overlook the situation. But when one realizes that a certain Canadian taxpayer has been allowed to owe the government millions of dollars since 1950, that he still has not paid one cent of the money he owes, and that he has received preferential treatment beyond the belief of anybody in this chamber, it is an entirely different matter and one which demands explanation.

On June 11, 1959, John Christopher Doyle, the man who has been in control of Canadian Javelin Limited since its inception, was reassessed for income tax owing for 1950 and 1954. The reassessment involved a total of something like $900,000 for those two years, and was dated June 11, 1959. The gentleman in question appealed to the Income Tax Appeal Board. Here is the first area which demands explanation. The appeal was not heard until eight years later. Remember, the gentleman in question was not forced to pay his income tax. He was not forced to pay interest. As far as I can learn, he was not forced to put up any security. It was not until 1967 that the Income Tax Appeal Board heard his appeal. The board heard his appeal in each case, dismissed them and confirmed that he had been properly reassessed, with small adjustments, in relation to those two tax years 1950 and 1954.

Surely, the normal amount of time which elapses between an assessment and the hearing of appeal is not eight years. That is one matter which calls for investigation. Following that, the decision of the Income Tax Appeal Board was taken before the Exchequer Court of Canada. It took three years for that case to be heard. Because of the way in which the courts are run, perhaps three years' delay is not unknown. Anyway, in 1970 the case was heard before Mr. Justice Gibson in the Exchequer Court and he gave a judgment in June, 1970, reconfirming the reassessments for the tax years 1950 and 1954. That was in 1970, 20 years after the first tax year in question; that is, 1950, and 16 years after the second. So it is obvious the Crown was not pushing this matter forward; it was not doing everything possible to get the issue settled. One might have thought that 20 years after the reassessment the Crown would have said, "By gosh, it is time we got our hands on these millions which are owed to us by this taxpayer—particularly in view of the fact that he is a character who is not desirable in any event."

[Mr. Crosbie.]

Notice of appeal to the Supreme Court of Canada was entered by Mr. Doyle in October, 1970. Was the case heard in 1971? It was not. Was the case heard in 1972? It was not. Was the case heard in 1973? No. Was the case heard in 1974? No. Was the case heard in 1975? No. Was the case heard in 1976? No. Finally, one of the appeals was heard in October, 1977, and then only because I had raised the matter in the House on two or three occasions and complained—and I intend to bring it up on every occasion I can until the whole thing has been settled or some satisfactory explanation is given.

Seven years after those judgments were handed down by the Exchequer Court of Canada, one of the cases came before the Supreme Court—the case relating to the year 1950. The court dismissed the appeal from the bench; the judges did not even reserve judgment so that they could hand it down in writing. It was clear that the taxpayer had no case. Yet it took the Canadian government 27 years to get the matter before the Supreme Court. What does this mean? What is the explanation? I shall come to the explanation a little later in my remarks. It is a tawdry one, a political one, a scandalous one. I might add that the other case, the case involving 1954, has not yet been heard by the Supreme Court, but the Minister of Justice has assured me it will be heard this winter. The present Minister of Justice has been pushing this matter since I got on his tail, and he has promised me he will expedite it; it is getting some attention now. Anyway, it has taken 27 years to get the matter to its present stage.

If the taxpayer had been obliged to pay his tax, with interest—as is the normal course of events— it might be easier to look upon this 27-year process with a kinder eye. But he has not been required to pay the tax, and in the meantime he has become a fugitive from Justice in Canada. He has not lived here since the beginning of 1974, though he lived here from 1950 until that year. He became a fugitive from justice in the United States in 1965. He left that country because he had been sentenced in connection with a mail fraud—sending stock certificates through the mail—and he was ordered to serve three months of a three-year sentence. In addition, a fine was imposed. He left the United States and did not go back. He has been a fugitive from justice down there since 1965. The government knew this, yet it persisted in its negligence.

In December of 1973 he was charged in Canada with acts of criminal fraud and breach of trust in Newfoundland. Since then, 406 counts have been brought against him involving wash-trading. And where is he? He is down in Panama, Mr. Speaker. He got out on bail in December of 1973 and disappeared to Panama where he is now living very happily, continuing his operations, taking all the revenue out of Canadian Javelin Limited, a Canadian company incorporated under the federal Canada Corporations Act, so that the shareholders in that company are receiving nothing—nil, zero, zilch! Not a cent! They get no dividends. Nothing! It all goes out in various ways to Mr. John C. Doyle and his companions.

That is the kind of gentleman who was given this tender treatment, Mr. Speaker. What is the explanation? I put a

question on the order paper, and the answer I received reveals massive negligence on the part of the government of Canada, malfeasance, non-feasance—is that the right term to describe the process of deliberately doing nothing? There is non-feasance as well as malfeasance, procrastination and political pollution involved in this situation.

An hon. Member: How about Pickersgill?

Mr. Crosbie: In answer to my question No. 1749 of last year, the government admitted it had received no moneys from Mr. John C. Doyle as a result of these judgments related to his appeals from assessment. However, the Crown states that it did take action to secure its claim. Then the answer goes on to say, and I quote:

It should be noted that as a result of a decline in the market value of the security held, the Crown's claim is now only partly secured.

The Crown has a lien on shares owned by John C. Doyle in Canadian Javelin Limited. As far as I know, they do not have the shares. They claim they have 125,000 of them, but they have a lien. If the shares are ever transferred, presumably the transfer agent has to deliver the shares to the Crown.

The Deputy Chairman: Order, please. I regret to inform the hon. member that his allotted time has expired, and I allowed a couple of extra minutes because of the intervention by the Minister of Finance.

Mr. Crosbie: I will come back to this, Mr. Chairman.

Mr. Ritchie: Mr. Chairman, I should like to say a few words on this matter. I would agree with the increase from $1,000 to $2,000, but this really is only recognition of the fact that inflation is a serious problem which we are not taking into account when we are putting together our accounting figures. This will not be too onerous for the government, and it is not going to lose too much money. It is almost impossible for it to lose money now on the capital account, with the inflation we are experiencing. In effect, it is giving something that is not going to cost anything, or very little. I would ask the minister, when he has the opportunity to reply, why there will be no deductions if the taxpayer is a corporation. It seems to me that for small corporations such as a family farm or similar corporation there is situation here that is being overlooked. I would like to know whether, when the taxpayer is a corporation, small or large, he is entitled to make a deduction for capital loss.

In our accounting and tax practices we are not taking into account the enormous inflationary times we are experiencing. Profit and loss calculated according to accepted accounting principles are now so inaccurate as to be misleading. The present rules are hopelessly obsolete. This is very important because business in Canada, knowing that real profit is too low, slows down investment and thus employment. Labour, on the other hand, seeing reported profit as being too high, demands non-competitive wages, and consumers, believing profit to be the main factor in price rises, demand arbitrary controls imposed by politicians seeking re-election. All I am saying is that profit is often badly overstated and the true corporate income tax rate is far higher than the stated rate, as well as corporate losses. This creates in the tax structure an imbalance we are only now recognizing.

It is interesting to note that the Ontario government created a committee to study and report on inflation accounting. It reported something quite interesting in that net return on investment in 1975 was 8.5 per cent, whereas in 1971 it was 5.75 per cent. When adjustment was made for inflation, the net return on investment was 2 per cent for 1975 and 2.5 per cent for 1971. So, in fact, while there was more profit in dollars in 1975 than in 1971, when the adjustment for inflation is made there is actually less return on investment. In fact, financial statements on certified professional accountants as presenting a true and accurate review of financial results are often so inaccurate as to be totally misleading. The importance of this is that our economic decisions have to be based on true competitive values exchanged or expected to be exchanged. It is of crucial importance, if financial data is to be used in investment, wages, buying or taxing decisions, that it be expressed in terms of real values.

The increase from $1,000 to $2,000 is, I suppose, a very crude way of assessing inflation, but it really does not get at the problem in relation to true inflation accounting. This presents a difficulty. But if we do not adjust financial data to reflect the real effect of inflation, all sectors will inevitably make wrong economic decisions. It is this situation that has forced Canada into the impending economic crisis.

I support this clause, but I might add that it is not going to cost the government very much. It is very difficult to have capital losses, given the inflation rate that is on paper. I believe this is only a beginning of what we have to study much more carefully in order to bring something to the tax system that recognizes the difficulty, and I have in mind inflation accounting.

The Deputy Chairman: Shall clause 1 carry?

Some hon. Members: Carried.

The Deputy Chairman: Shall clause 1 carry?

Some hon. Members: Carried.

Clause 1 agreed to.

The Deputy Chairman: On clause 2, the hon. member for Churchill.

On clause 2—*Amount in respect of interest on employee, etc. loans.*

Mr. Smith (Churchill): Thank you, Mr. Chairman. In rising to speak on clause 2, I am concerned about one aspect in particular, and that is dealing with housing loans. Of course, coming from an area of Canada that is fairly—

Mr. Crosbie: On a point of order, Mr. Chairman, what clause are we on now?

An hon. Member: Clause 2.

Mr. Crosbie: Clause 1, is it?

The Deputy Chairman: We are on clause 2.

Mr. Crosbie: I haven't finished on clause 1, Mr. Chairman.

An hon. Member: You are a bit late.

The Deputy Chairman: Order, please. When I called for clause 1, it was carried and we are now on clause 2.

Mr. Crosbie: With all due deference, Mr. Chairman, I certainly didn't hear it carried and I heard you recognize the hon. member for Churchill.

The Deputy Chairman: Order, please. The hon. member for St. John's West will be recognized when other clauses come along.

Mr. Alexander: On a point of order, Mr. Chairman, I have not heard the "yeas" or "nays" for a few days around here. There is no doubt that something must have happened. Perhaps I was asleep at the switch.

An hon. Member: Sure you were.

The Deputy Chairman: I would like to suggest to the hon. member for Hamilton West that I called clause 1 two of three times and nobody got up, so I went to clause 2.

Some hon. Members: Hear, hear!

Mr. Alexander: With all due respect, sir, I know that hon. members on the other side like to hear the statement you just made, but when the member rose for this party he was speaking in respect of clause 1. This is the misunderstanding. Therefore, with all due respect, sir, Mr. Smith was speaking on clause 2.

Some hon. Members: Oh, oh!

Mr. Alexander: Mr. Chairman, I do not know why government members continue to get so exercised simply because we are trying to bring to your attention an inequity or an injustice that has happened. I am not blaming you, sir; I am just saying that when the hon. member stood,—

Mr. Lalonde: Is that a reflection on the Chair?

Mr. Alexander: I never reflect on the Chair, as the hon. minister does continually. What I am stating is that when the hon. member for this party stood, he was under the impression—and is still under the impression—that he was directing his remarks to clause 1.

An hon. Member: He said clause 2, and I heard him.

Mr. Alexander: I just want to register our objection. Knowing the Chair is always fair and always ready to see that an inequity is corrected, or a problem which ensues is remedied in terms of a solution, I would respectfully ask that you accept the argument I present; that is, that the hon. member who was

speaking on behalf of our party stood and directed his remarks to clause 1.

Mr. Lumley: Mr. Chairman, if members of the official opposition fell asleep on clause 1, it is not the fault of the Chairman. It was very distinct, and we heard clause 1 carried by hon. members on both sides of this House.

An hon. Member: It wasn't carried.

Mr. Lumley: As a matter of fact, Mr. Chairman, you delayed calling clause 2 a little longer, to ensure that the hon. member for Churchill came in to speak on clause 2. He distinctly said, "On clause 2", so it is obvious that this was passed by both sides of the House.

Mr. Hnatyshyn: Mr. Chairman, I appreciate the dilemma Your Honour has on different occasions in being able to focus on people coming into the chamber, rising and attempting to be recognized, especially at the committee stage because the normal seating and other arrangements are not as they are in the normal course of debate. The reason I convey this to Your Honour is so you may judge whether this is an appropriate time to carry on with clause 1. I had my back turned, and when the hon. member for St. John's West realized the committee was going to deal with clause 2, he entered the chamber and attempted to get Your Honour's attention in order to deal with this. Your Honour recognized the hon. member for Churchill who wanted to direct his remarks to another clause, apparently.

• (1612)

The fact of the matter is that the hon. member for St. John's West was entering the chamber at that time with the express purpose he was indicating when Your Honour informed him that his time had expired. In no uncertain terms, the hon. member indicated that he would return to this point at the next opportunity he had to address himself to clause 1. I realize Your Honour would not want to deprive the hon. member for St. John's West. He feels very strongly about some of the things which can be done and wants to put forward suggestions for the government to take into consideration with respect to clause 1. I am sure Your Honour would not want to deprive the hon. member for St. John's West from carrying on his very excellent address.

Mr. Kempling: Mr. Chairman, with all due respect, I was waiting for the Minister of Finance to return to the chamber because I had a question for him on clause 1. As a matter of fact, Your Honour's call was so fast that I just had time to—

Some hon. Members: Oh, oh!

The Deputy Chairman: Order, please. I should like to suggest to the hon. member that I called clause 1 two or three times. Then I called clause 2, and I believe the hon. member for Churchill stood up and said, "Clause 2".

Some hon. Members: Hear, hear!

The Deputy Chairman: If that is not correct, I would be willing to move back to clause 1 on behalf of the hon. member for Churchill; but he distinctly said, "Clause 2". Is it the understanding of the hon. member for Churchill that we are on clause 2?

Mr. Smith (Churchill): Mr. Chairman, I was behind the curtain; I was making an important telephone call concerning clause 1. When I returned to the chamber, someone was calling clause 1 and I heard clause 2 called at approximately the same time. I stood and said, "Is this on clause 2?", and Your Honour indicated that it was on clause 2.

Mr. Lalonde: That is right.

Mr. Beatty: Mr. Chairman, my position is similar to that of the hon. member for Halton-Wentworth. We on this side are at a disadvantage. I have questions I should like to pose to the Minister of Finance. Unfortunately, the minister does not consider the discussion of clause 1 to be of sufficient importance for him to be present.

Mr. Lalonde: He was here.

Mr. Beatty: The minister was not here when Your Honour moved on to clause 2. I cannot pose my question to other members, even though the hon. Minister of State for Federal-Provincial Relations would like to get involved.

Mr. Lalonde: The minister has a first rate parliamentary secretary.

Mr. Beatty: I cannot fully deal with clause 1 if the minister is not present. Surely the minister should be here for this.

Mr. Lumley: Mr. Chairman, I should like to remind hon. members opposite that we have dealt with clause 1 for almost four hours. The hon. minister was here for almost those four hours. There was ample opportunity on Friday afternoon for the hon. member to ask questions of the minister; in fact, he was present at the start of the debate this afternoon. When the hon. member for St. John's West rose to speak, he did not confine his remarks to clause 1. He was dealing with everything but clause 1, and there was no reason for the hon. minister to remain and listen to the hon. member's rhetoric.

The Deputy Chairman: The argument is whether clause 1 carried. Definitely, I called clause 1 twice. It was carried, and we then moved on to clause 2.

Some hon. Members: Hear, hear!

Mr. Crosbie: Mr. Chairman, I did not realize we were participating in some kind of a game. I thought we were here to consider seriously some amendments to the Income Tax Act.

Some hon. Members: Shame.

Mr. Crosbie: I am going to be heard. You jackals can howl all you like. I was outside the curtains, and I heard Your Honour attempting to call clause 1. I came rushing in, at which time Your Honour recognized the hon. member for Churchill, or I would have risen on a point of order. When I spoke a few minutes ago, I indicated that I would return to this because I had used up my 20 minutes. This is just a patent device to stop me from continuing on this subject.

Some hon. Members: Oh, oh!

Mr. Crosbie: Therefore, I ask the committee to revert to clause 1 in order for me to continue with that subject.

The Deputy Chairman: I should like to indicate to the hon. member for St. John's West that when this House goes into committee of the whole all members are supposed to be in the chamber because there could be votes at any time and the bell does not ring. Definitely, I called clause 1 twice and it was carried. Therefore, we are now on clause 2.

Mr. Hnatyshyn: Mr. Chairman, as all members are aware, the House of Commons is a forum where members on this side attempt as much as possible to operate on a co-operative and consultative basis. We want to deal with these matters in an expeditious manner.

Mr. Lalonde: Don't smile.

Mr. Hnatyshyn: The hon. Minister of State for Federal-Provincial Relations can smirk and smile at the House of Commons, but some of us take things seriously. The fact of the matter is that we believe a certain amount of co-operation is necessary. If the government side thinks it is smart to stand on a technicality because Your Honour may or may not have seen something, and if they think that is the way to deal with this type of legislation, this will not get them any further ahead. If government members want to approach this matter with a certain spirit of co-operation to allow members on this side to be heard on legitimate matters, then matters can be dealt with expeditiously. Opposition members will not sit in this House worrying about whether a person is inadvertently not recognized and then have the door slammed on us.

Clause 1 is an important matter, notwithstanding what the parliamentary secretary may think. It is an opportunity to look at the principles behind the various clauses of the bill. It is the broadest possible interpretation of the approach we take to this legislation. Already government members have imposed closure on this legislation. If they persist in this attitude, they will not continue to receive the co-operation we are so famous for on this side of the House.

Some hon. Members: Oh, oh!

Mr. Lumley: Mr. Chairman, perhaps we can receive agreement from members opposite to have an extra five minutes on clause 1. If there is the unanimous consent of the House, we on this side have no disagreement with that.

Mr. Beatty: Not just five minutes; we want the minister as well.

Mr. Harquail: Mr. Chairman, I do not feel it is necessary for Your Honour to take the abuse which is being put forth this afternoon.

Some hon. Members: Hear, hear!

Mr. Harquail: The opposition refers to its co-operation. The delaying tactics which are being used on this particular point are very clear. *Hansard* will clearly indicate that Your Honour called twice regarding whether we were ready for the vote on clause 1. We had the vote and then went on to clause 2, at which point the hon. member for Churchill stood up and definitely indicated that he was speaking on clause 2. That is where we are right now, on clause 2.

An hon. Member: Right on.

Mr. Stevens: Mr. Chairman, I am sorry there is some confusion with respect to the passage of clause 1. Certainly, my position is that I spoke to the minister concerning clause 1. I have certain questions I want to put to the minister on clause 1. Of course, he has been out of the House and in all fairness I felt if others wished to speak in a general sense on clause 1 there was no point pressing for the minister to return to the House.

Various amendments were tabled by the minister with respect to this bill. Frankly, I took those amendments and gave them to one of our research assistants in order for him to commence working on where those amendments actually fit into the bill and what the repercussions are, if any, with respect to the bill. To come back and find that someone, in a rather devious way—

Some hon. Members: Oh, oh!

Mr. Lumley: That is a reflection on the Chair.

Mr. Stevens: Mr. Chairman, is it not strange that government members feel there is absolutely nothing wrong with the passage of clause 1, in spite of the fact the Minister of Finance is not in his seat to indicate that he is ready to have that clause passed?

An hon. Member: Already we have had four hours on clause 1.

Mr. Stevens: When we are dealing with a bill which touches on Canadians paying $15 billion to $16 billion in income tax, there should not be the slightest suggestion that a member of this House is being stifled in consideration of this bill. I feel something must be put on the record, and the best time to do so is during my point of order. The government is constantly trying to create the impression that this bill is being held up. This is totally incorrect.

Some hon. Members: Oh, oh!

(1622)

Mr. Stevens: As we know, and certainly as you yourself know, Mr. Chairman, the March 31 budget resulted in a bill which is substantially the one now before us, somewhat amended. The income tax bill which arose out of the March 31 budget was given first reading in the House, but then was not seen again until November of this year. Literally, from April to November the government allowed the bill to simply lie there without bringing it before the House, in spite of the fact that members on this side often implored the government to bring it in and to let us deal with it.

Once it suits the government's purpose to bring in the bill, for it to suggest now that it should be passed quickly without due consideration is an affront to the people of Canada, and I think it is time we started to call it the way it is. This government has lost control of public spending in Canada and now, when we try to have a meaningful examination of it or of the ways that they intend to bring in their revenue, we are prevented from having a meaningful debate in the House.

The Deputy Chairman: Order.

Some hon. Members: Order.

Mr. Stevens: Mr. Chairman, I hope you will revert to clause 1.

The Deputy Chairman: Order, please. I would like to suggest to the hon. member that I definitely called clause 1 twice and nobody stood up in the House to continue the debate. Therefore, we went on to clause 2. The Chair is in the hands of members of the committee, and if they wish to change the rules they can argue the point right now. I am prepared to hear them.

Mr. Crosbie: Mr. Chairman, I was a member of the Newfoundland House of Assembly and I can go back ten years in time, and never once have I seen such a scurvy piece of work in the Newfoundland House of Assembly as I see in this committee of the whole. If a member wishes to revert to a clause, he is automatically allowed to do so. Members of this committee knew that I had not finished my comments and that I had more to say on the point which I first brought up. The Chairman saw me rushing in as he called clause 1, yet I was not allowed to revert to it. I say, sir, this is a scurvy piece of work unworthy of this parliament.

Mr. Cafik: Mr. Chairman, I rise with a brief intervention. One point that is clear in the House orders, namely, in Standing Order 55(4), is that the Chairman of the Committee of the Whole shall maintain order in the committee. The order goes on to say that no debate shall be permitted on any decision. I think it is totally unfair for hon. members to involve the Chairman of the Committee of the Whole in this debate.

Some hon. Members: Hear, hear!

Mr. Cafik: There may well be a disposition on one side to move more quickly, and on the other side not to do so; but the fact is that we, as members on either side of the House, are under the disposition of the Chairman, and the Chairman has indicated that we have moved on to clause 2. I think all hon. members realize that under clause 2 and under every subse-

quent clause in the bill they are entitled to debate each one of those clauses. Surely they can organize their minds and their interventions in such a way as to participate meaningfully on each clause.

Mr. Kempling: As usual, the Minister of State for Multiculturalism speaks with many tongues, most of them forked. The point I was trying to make earlier, before you allowed someone else to interject, Mr. Chairman, was that we had questions we wanted to put to the Minister of Finance. He was not in his place, for reasons of his own: he left the chamber and I do not dispute his right to do so. Our questions were not put because he was not here. Secondly, the minister has tabled several amendments to this bill of which we do not have the text and we do not know what clauses they amend. Therefore, I think it is only proper that we should revert to clause 1.

The Deputy Chairman: With regard to the complaints which are made about the Chair, I would like to suggest to the hon. member that the texts of the amendments were issued and that members should have made their complaints at the time the clause was called, not after it was carried.

Mr. Smith (Churchill): Mr. Chairman, I rise on a point of order. Last Friday I sat in the House the entire day because I wished to speak on clause 2. The Chairman was present at that time, and today I inquired of him as to the approximate time when clause 2 might be reached. The Chairman told me that several members of my party were to speak on clause 1, but that I should be available, in the event clause 2 was called, before eight o'clock tonight. That is the reason I was not in the House and that when you called clause 1 I did not say I was in favour of it being carried, because I was standing right here behind the curtain.

I did not speak up, because at that time I was not in my place. But had I been, I would have said "No", for the simple reason I knew some of my colleagues wished to speak on clause 1. Therefore, I feel that now that the minister is back in the House, you should call clause 1 so as to let my colleagues ask questions of the minister which they wish to ask.

The Deputy Chairman: I suggest to the hon. member that when I called clause 1, nobody stood up in the House. Therefore, we went on to clause 2. I called clause 1 twice before it was carried.

Mr. Knowles (Winnipeg North Centre): Mr. Chairman, I wonder if I might say a quiet word at this point. It is pretty obvious that we cannot reach agreement on this matter by arguing the point of order. I fully agree with the record of what was done as you have indicated it. I was here and I heard you call clause 1 twice, but to my surprise no one stood up. Then you said "Carried". It is equally obvious that there were members who wanted to speak but who were taken by surprise. So we are in this difficult situation, and we will not solve it by arguing back and forth. I wonder if we cannot have agreement to do one of two things, either to agree by unanimous consent to revert to clause 1 or, if that is not acceptable, to agree that on clause 2 the minister will accept the questions that were put to him on clause 1 and give his answers to them. Is there not some way that we can reach a *modus vivendi* and carry on?

The Deputy Chairman: Does the committee agree with the suggestions of the hon. member for Winnipeg North Centre?

Mr. Alexander: I think the Minister of State for Multiculturalism, who is the deputy House leader, has approached the chairman of the Standing Committee on Finance, Trade and Economic Affairs with the suggestion for a solution and is now exploring it. If I am interpreting correctly the concern registered on the face of the parliamentary secretary as well as that of the Minister of Finance, it is acceptable. All we are trying to say is that we have one or two speakers who wish to speak on clause 1.

It has been suggested by the deputy House leader that he would be prepared to go to the Minister of Finance and propose that another half-hour on clause 1 would be acceptable. That is the position he brought here, unless I misunderstood him. I hope that suggestion, which we on this side accept, is now acceptable to the government which, in my view, has always been fair and compassionate and prepared to bring about a solution to a very sticky situation. I know that my friend, the hon. member for Winnipeg North Centre, would go along with the suggestion which was brought to this side of the House by the deputy House leader. It is now up to the government to show there is justice in the House, a fact which sometimes escapes me.

Mr. Chrétien: The hon. member for Hamilton West makes me cry. I accept the compromise with great pleasure because, after all, we have been in the House for only four weeks and we have not yet passed clause 1, so another half-hour will not make that much difference.

The Deputy Chairman: I suggest to the hon. member for Hamilton West that the Chair is not supposed to read minds, and that if members wish to be on the other side of the curtain there is no way I can know when they want to speak on a clause. If one wants to speak on this clause, he should be in the House at all times.

• (1632)

Some hon. Members: Hear, hear!

The Deputy Chairman: Is there unanimous consent that we adopt the idea of the hon. member for Winnipeg North Centre and revert to clause 1 for 30 minutes?

Some hon. Members: Agreed.

Mr. Alexander: Mr. Chairman, the suggestions which were made by the hon. member for Winnipeg North Centre were made without notice. What I brought to the attention of the Chair and to hon. members was a suggestion which was made by the deputy government House leader. He approached this side of the House. The Minister of Finance states that we are unduly holding up his bill. I resent that. All I am stating is that we have one or two more speakers. The deputy House

leader is prepared to allow another half-hour. Therefore, let us deal with the suggestion I brought forward, which is only the suggestion the deputy House leader brought to the Minister of Finance and the parliamentary secretary. I thought it was acceptable.

Mr. Cafik: Mr. Chairman, it may be a little unfortunate—but certainly not deliberate—that my approach to hon. members opposite was on a "one to one" basis. It was not an official approach, and although I totally understand the anxiety of the hon. member with regard to embodying that in a motion of this House, I felt it was inappropriate for it to be brought forward until something had been worked out. However, hon. members on this side agree to doing that, so let us proceed.

Mr. Alexander: I am very sorry that I have touched a sensitive nerve of the Minister of State for Multiculturalism, and I extend to him my deepest apologies.

Mr. Cafik: Accepted.

Mr. Nystrom: Mr. Chairman, I gather we are on clause 2 now.

An hon. Member: No, clause 1.

Mr. Alexander: Clause 1.

Mr. Nystrom: It does not matter to me. What I want to say can apply either to clause 1 or to clause 2. I would like to speak for about half an hour, but I gather I am limited to 20 minutes. What I want to talk about is an issue that the Conservative party—

Mr. Stevens: Mr. Chairman, I rise on a point of order. The hon. member for Yorkton-Melville has indicated that his remarks would be equally suitable to be made on clause 1 or clause 2. In view of the restricted time of 30 minutes which we have for clause 1, and the fact that we have two or three who are wanting to speak on clause 1, I wonder if the hon. member would hold back and make his remarks on clause 2?

The Deputy Chairman: Will the hon. member for Yorkton-Melville withhold his remarks for 30 minutes?

Mr. Nystrom: Yes, Mr. Chairman.

Mr. Beatty: Mr. Chairman, it would be hard to believe, after all that build-up, but I actually have only two very short questions for the minister relating to clause 1 which is the general clause of the bill. I hope to be able to ask those questions before the minister leaves the House. They relate to the use by the government of social insurance numbers. There is growing resentment in the country about the fact that the directive coming from the Department of Finance requires that Canadians cashing in Canada Savings Bonds coupons take out social insurance numbers if they are to collect their coupon payments without having to forfeit 25 per cent.

I would like to ask the minister, in view of the fact that this particular problem results in many Canadians, some of them senior citizens over the age of 80 or 90, and some parents having to take out social insurance numbers for young children three and four years old who have Canada Savings Bonds in their names, is the minister prepared to consider withdrawing that directive requiring the use of social insurance numbers for cashing Canada Savings Bonds interest coupons?

Mr. Chrétien: Mr. Chairman, the government has no such intention to withdraw this requirement which was imposed by legislation last year.

Mr. Beatty: Mr. Chairman, I wonder if I might ask one further question. There is growing concern in the country because of the threat of misuse of social insurance numbers. In 1972, the government's very excellent study on privacy and computers recommended that the social insurance number not be used either in a legislative sense or in a *de facto* sense as a single identification number for citizens, but the increasing use of the social insurance number in various government programs as an identification number and as a computing coding number causes considerable problems.

This causes problems not just from a psychological point of view but also from the point of view of privacy, because if it is possible to get one's hands on a person's social insurance number that increases the possibility of getting access to information held in government files about that person. I refer the minister particularly to incidents which took place a couple of weeks ago when the disclosure was made that it was possible to get from the tax department information about the confidential and personal tax returns of individual Canadians.

I am wondering whether the minister would be prepared to consider amending Bill C-11 at the present time or to bring in amendments at another time which would disallow the use of social insurance numbers on tax forms. As the minister knows, it is possible to file an income tax form using either a tax filing number or a social insurance number, and I wonder whether to confine the use of the social insurance number strictly to the purpose for which it was designed the minister would be prepared to amend the act to remove the use of it on income tax forms?

Mr. Chrétien: Mr. Chairman, this is a controversy which is taking place at this time. I am informed that since 1966 taxpayers have been asked to put their social insurance number on their income tax returns, and that producing a social insurance number when cashing coupons is a new requirement brought about last summer after introduction by my predecessor, the hon. member for Rosedale. This is not the first time.

I was quite taken by the argument made by the hon. member for Qu'Appelle-Moose Mountain and the hon. member for Edmonton West who said there was a commitment that social insurance numbers would never be used for this purpose. In checking the records, I found that since 1966 the tax returns of citizens have required social insurance numbers. If the requirement has been there since 1966, this is nothing new. However, the requirement to produce a social

security number when cashing coupons is new. I have much sympathy for older and younger people, but according to the studies of my department there is a certain number of people cashing coupons. The system was a bit slack and my department found that some people were cheating—I do not know if that is the proper term—the tax collector that way. This is why we ask for this requirement. I was quite sensitive to the argument made previously, but when I learned that social insurance numbers were being required on income tax returns since 1966, I felt I was being asked to do a little more than should be expected.

Mr. Beatty: Mr. Chairman, I would like to return to this for one moment. The concern I have is twofold. I am concerned about the decision to require the use of social insurance numbers when cashing interest coupons. I wonder whether the minister can indicate whether he is actively making inquiries at the present time as to whether there are other alternatives available which can prevent tax cheats wanting to circumvent paying taxes which they should be paying, and whether there would be some better way of doing this other than requiring the use of social insurance numbers. I understand that the government has a backlog of social insurance number applications because of the flood of applications from thousands of Canadians who have never have to have them before.

● (1642)

Mr. Chrétien: Mr. Chairman, could I reply to the first concern? Another method is being contemplated in the United States, but I do not think it will be satisfactory to everybody. It is that when cashing coupons in any institution, the tax will be collected there and then. In this country we only impose this obligation on people who do not have a social insurance number. People who have a number do not pay the tax then, and the problem of collecting and repaying the tax is avoided. I am preoccupied with the problem of people who do not have a social insurance number, and am looking for alternatives. I would like to explore any suggestions that hon. members may make.

Mr. Beatty: Mr. Chairman, the minister should also be aware that there are some religious groups in the country whose convictions forbid them taking out social insurance numbers. Parliament has passed legislation amending the Canada Pension Plan Act exempting certain religious groups from having to take social insurance numbers for conscientious reasons. My other point is to stress to the minister that while I recognize the social insurance number has been used on income tax files since 1966, it is being used more widely so that almost from the day a citizen is born until the day he dies various programs require the social insurance number and it is becoming *de facto* an identification number. This poses very serious problems in protecting the privacy of citizens, and this parliament enacted legislation on the subject in the last session.

More and more government programs use the social insurance number as a coding number for filing information about individuals, and once it is possible to obtain that social insurance number it is easy to violate privacy and the security surrounding confidential personal information held in government data banks. Despite the fact that the social insurance number has been used by the government for some years, I wouls ask the minister if he would consider withdrawing its use on income tax forms in order to restrict the threat posed to personal privacy?

Mr. Chrétien: Mr. Chairman, I should like to reply to the two questions, first to the problem of the religious groups who refuse to have a social insurance number. There is no penalty. They pay the tax when they cash the coupons, and they will get this money back. It is not a penalty. The money is taken as a guarantee that the tax will be paid, and is returned when the tax return is filed. There is no injustice in this.

Like other hon. members, I am concerned because of the incident that came to light on a Toronto radio program where someone found a way to get four different tax returns from different parts of the country. I have had discussions with the Minister of National Revenue and his deputy minister about this. Apparently, the police think they have found the method used in doing this and instructions have been given to correct the weakness in the system. I do not want to jeopardize the inquiry, but apparently someone used the name and code of another person in order to get the information. This cannot always be prevented. There is a dilemma because very often taxpayers communicate with the department and ask for fast information before making a transaction, and it is possible for them, through the deputy minister perhaps, to get quick information. If we impose an even tighter system, the penalty will be a less responsive system when inquiries are being made.

In light of that, I was extremely preoccupied and impressed by the arguments made by hon. members who have raised this in the House. I realize it has been used since 1966, but I am still willing to see if the question of the danger created by using those numbers too often and the problem created by this can be resolved. I have asked my officials to look into it, and if some change has to be brought about it can be done at a later date, but in the short time at my disposition—I have been in the House these last three weeks and I do not have much time in the department to look into administrative problems—

Mr. Crosbie: Mr. Chairman, we are under a time limitation. I will not forget this piece of business, and I will not be caught again by hon. gentlemen opposite in this matter. I bring before this committee a matter of the utmost seriousness.

Mr. Lalonde: Mr. Chairman, on a point of order, the hon. member says he has been caught by hon. members opposite. I would remind the hon. member that he has been reflecting on the Chair. There were plenty of his colleagues in the House, and the decision to call Clause 1 was made by the Chair and supported by members on both sides of the House. His allegation is without foundation, and he should not be allowed to make such statements unchallenged.

The Deputy Chairman: Order, please. I should like to say that argument is now over and the problem—

Some hon. Members: Hear, hear!

Mr. Crosbie: Mr. Chairman, the Minister of State for Federal-Provincial Relations is not going to tell me what to think or what to say. It was a scurrilous piece of business, and that is my opinion.

Mr. Chairman, I raise a matter of considerable seriousness. It shows 27 years of negligence on the part of hon. members opposite, particularly for the last 14 years. I have asked many questions in the last year, none of which has been answered so I ask these questions again. The government admits that John C. Doyle owes it $3,483,412 as of December 31, 1976, on the two judgments I mentioned earlier. It has taken no steps to collect the money. The interest for a further year should be added to that in order to see what is really owed.

Why does the government not have adequate security for this amount and why has it not collected the money, the tax or the interest. The government issued a writ of extent against Canadian Javelin Limited in 1963, and a writ of attachment in 1965. The company was directed not to pay moneys to John C. Dolye but to hold the moneys, in the event the government is successful in the tax actions, for payment to the government. Since 1965, the government has allowed Canadian Javelin Limited to pay $1 million to John C. Doyle without taking any action to enforce the writ of attachment placed on the company. Every aspect of this affair that I mention today should be investigated by a royal commission. This committee should be delighted to examine this matter in detail. It is not fair that one taxpayer should be treated this way. In a report I have here, Canadian Javelin has admitted paying in excess of $1 million to John C. Doyle, in defiance of a writ of attachment placed on the company in 1965. In a letter to me about a week ago, the Minister of Justice said that he is taking action in the Federal Court—after 12 years of defiance. Only after I repeatedly brought this matter to the attention of the government is he taking action.

This government has permitted John C. Doyle and Canadian Javelin Limited to set up a tax avoidance scheme. Because of this writ of attachment, John C. Doyle set up a company in the Bahamas known as Javelin Export Limited. He owns and controls it. Javelin Export Limited entered into a contract with Canadian Javelin Limited for a ten-year period under which Doyle is to be paid $100,000 per year, tax-free, in the Bahamas. Canadian Javelin Limited is incorporated under federal law, so over $100,000 per year goes to Javelin Export in the Bahamas which pays it over to John C. Doyle who does not pay any Canadian income tax on it. This is open defiance of the laws of Canada, yet the government has done nothing about it.

It is tax avoidance in two ways. He is not paying a cent of tax now, nor in recent years, on the income he receives from Canadian Javelin Limited. It is in defiance, it is an indirect way of getting around this writ of attachment that the government placed with the company in 1965.

[The Deputy Chairma.]

• (1652)

Why has this been allowed to happen? This is what I ask the minister. In fact, this Minister of Finance was minister of national revenue from January, 1968, to July, 1968. He did not do a thing about this for six months. There have been ten ministers of national revenue who have done nothing about this situation. Since 1963 there have been the following: Mr. Garland, Mr. Benson, the present Minister of Finance, Mr. Côté, the hon. member for Windsor West, Mr. Stanbury, the Minister of Justice, the Minister of Employment and Immigration, and the Minister of National Health and Welfare—and now we have the present minister. We can only hope that the Minister of National Revenue now, the member from Manitoba, will take some action. Ten ministers of national revenue have stood by and done nothing—

An hon. Member: Sponged.

Mr. Crosbie: —during those years. We have had seven ministers of finance, Walter Gordon, the hon. member for Eglinton, Mr. Benson, Mr. Turner—the sound of their names is enough to turn your stomach—the hon. member for Westmount, the hon. member for Rosedale, and now we have the present Minister of Finance. They have done nothing. They are responsible to the 8,800,000 taxpayers, and they have done nothing. You people opposite don't care. All you want to do is cover it up.

The Deputy Chairman: Order. The Minister of State for Federal-Provincial Relations on a point of order.

Mr. Lalonde: The hon. member should name the ministers of finance and ministers of national revenue between 1956 and 1963.

Mr. Crosbie: During the period the hon. member mentions, the Progressive Conservative administration of Canada brought this to the Income Tax Appeal Board and made some progress.

Some hon. Members: Hear, hear!

Mr. Crosbie: And if that government had been re-elected in 1963, this would have been finished by 1965. Here is a gentleman who is going to give you the answer as to why you have been so negligent all those years—it is because of the Liberal politics in Quebec. The minister of federal and provincial affairs should know that. It is because of the Liberal politics in Quebec that this situation has been allowed to occur, Mr. Chairman.

We have also had ministers of justice—Mr. Chevrier, Mr. Favreau, Mr. McIlraith, Mr. Cardin, and the Prime Minister himself was minister of justice from 1967 to 1968 and he did nothing. He allowed this to continue. He is culpable. He is involved in this negligence, this malfeasance and malfeasance of office—Mr. Turner, the Minister of Transport and the present Minister of Justice who is now taking some action after I have written to him and brought this up in the House on four or five occasions. This is a scandal, Mr. Chairman.

This is a worse scandal than anything that has been suggested with respect to the RCMP or security services. It is far worse. The people of this country have the right to expect that every taxpayer will be treated in a similar manner. But one taxpayer, and a most unsavoury one—just because of his Liberal connections—has been allowed to get away with this for all these years.

Some hon. Members: Shame.

Mr. Crosbie: A typical Grit trick. What is the connection? We get the answer as to why Mr. Doyle is being treated in this singularly favourable manner, this lax manner, this scandalous manner, in the right hon. member for Prince Albert's book, his latest volume, "The Tumultuous Years 1962 to 1967", volume III, at page 192:

Pierre Sévigny has stated that he was approached by John Doyle on election night (Sévigny had been defeated as an Independent in his Montreal riding)—

By the way, it is stated in the book that Mr. Sévigny had received a healthy campaign contribution from John Doyle to run as an independent.

—for the names of any Conservative members who, for an appropriate consideration, might switch to the Liberals. Sévigny, to his credit, refused to be a party to this plan. Thus, Doyle and his associates turned elsewhere.

The facts did not become public until the middle of the 1965 election campaign. On 13 October, 1965, at a press conference in Quebec City, Dr. Guy Marcoux, Social Credit member for Quebec-Montmorency in the last parliament, said that Liberal front-bencher J. W. Pickersgill and mining promoter John Doyle took part in negotiations which led six Social Credit members of Parliament to pledge their support to the Liberal party after the 1963 federal election. He had released that day a 24-page pamphlet entitled "Dans le Même Sac," in which he described "the affair of the six" as the shadiest usurpation of political power in Canada's history.

Mr. Chairman, this gives us a little hint as to the reason for the tender treatment of Mr. John C. Doyle, because he has been on the grimier fringes of Quebec Liberal politics for many years. In 1963 he took part in convincing six Social Credit MPs in declaring they were not going to support the government, that they would support the Liberal party, so there was a change in government in 1963. That is the suggestion in volume III of "The Tumultuous Years".

There has to be some reason why year after year since 1963, which is 14 years, all this time has passed before these matters were ever brought up and brought to a conclusion in the Supreme Court of Canada. In fact, one of these cases still waits to be heard before the Supreme Court of Canada. Why is it that men of the calibre of the names I have given here today, a lot of able men among them, various ministers of justice, various ministers of national revenue and the various ministers of finance, have allowed that situation to go on since 1963? Surely we cannot assume that the civil servants in the Department of National Revenue and the Department of Justice are that negligent and that slothful. We know that if they have the necessary instructions they will act. They will not be waiting 24 or 27 years to collect income tax owed by anyone. Surely we should have a royal commission to call these ministers and the civil servants before it to find out why, in this case, Mr. John C. Doyle, now a fugitive from justice, now a Panamanian citizen, is allowed to owe this government in excess of $3.5 million in taxes—and God knows how much more he owes for other tax years.

Why has he never been forced to pay up? Why has he had treatment that no other Canadian taxpayer in the history of Canada has ever had? There should be a royal commission to look into that, and to ask the civil servants which minister instructed them to leave those files alone. Which minister instructed them to allow an appeal to lie dormant before the Supreme Court of Canada for seven years without ever moving it forward. Was it their fault, or did some minister tell them to leave it alone, because ministers had to tell them?

In the normal course of events, these things would have gone on, been heard and disposed of 10 to 15 years ago. Who told them not to get bank guarantees, bonds, sureties or their cash and interest, as everybody else has to do? When the income tax people come slithering in to me, Mr. Chairman, and say that I have to pay up something, you can bet your life I am going to tell them where to go until they show me why they have treated John Christopher Doyle in this manner. There are 8,800,000 Canadian taxpayers out there who are going to get the message: Don't bother paying your taxes, gentlemen. Put in an appeal.

The Deputy Chairman: It being five o'clock, it is my duty to rise, report progress and request leave to sit again later this day.

Progress reported.

Mr. Speaker: The parliamentary secretary on a point of order.

Mr. Yvon Pinard (Parliamentary Secretary to President of the Privy Council): Late this afternoon I was told by our Deputy Speaker, who was supposed to be in the chair at five o'clock for private members' hour, that he would not be here because of a snowstorm in Montreal. He was supposed to be in the chair during private members' hour, concerning a debate on a point of order raised by the hon. member for Vaudreuil (Mr. Herbert). I have talked to the House leaders of the various parties, and I ask for the unanimous consent of the House in order that government business may go on until six o'clock. Resuming the debate on Bill C-11 until six o'clock, private members' hour could be held tonight from 9.30 till 10.30 o'clock. I ask this because the Deputy Speaker is very much interested in the debate on procedure which was to be held at five o'clock this afternoon.

• (1702)

Mr. Baker (Grenville-Carleton): Mr. Speaker, the parliamentary secretary was kind enough to speak to us, and we are agreeable.

Mr. Knowles (Winnipeg North Centre): Same here, Mr. Speaker.

[*Translation*]

Mr. Lambert (Bellechasse): We are in agreement, Mr. Speaker. This is better than wasting a whole hour.

[*English*]

Mr. Speaker: Order, please. I am pleased that the House has been able to arrive at this arrangement, because I know that the hon. Deputy Speaker was making every effort to be here at five o'clock. He has been seized of this argument and is the one who ought to hear it and proceed with it. Therefore, it is agreed and ordered that government business will continue until the six o'clock adjournment, and then from 8 o'clock until 9.30 this evening. At 9.30 this evening, private members' hour that would ordinarily have been proceeded with now will be taken for the balance of the sitting day. Is this agreed?

Some hon. Members: Agreed.

Mr. Speaker: It is so ordered. I therefore leave the chair for the House to return to committee of the whole on Bill C-11.

The Deputy Chairman: House again in committee of the whole on Bill C-11, an act to amend the statute law relating to income tax and to provide other authority for the raising of funds.

Mr. Chrétien: Mr. Chairman, we have been extremely patient with the hon. member for St. John's West. His speech has absolutely no relevance to the bill. He has been dealing with all sorts of problems with John Doyle and his former politics in Newfoundland. He made a lot of remarks concerning a file on one citizen and the Minister of National Revenue. He is doing this at the same time as members opposite are complaining that these matters must be as confidential as possible.

Some hon. Members: Hear, hear!

Mr. Chrétien: If he has a grievance against John Doyle, we should not have to suffer for the—I will not use the word because I am not sure that it is parliamentary. There was a big argument. Some questions were to be asked of me for half an hour on clause 1. We have listened to a speech that has absolutely no relevance to the debate we are now having.

Some hon. Members: Hear, hear!

Mr. Chrétien: It is an abuse of the good faith of this House of Commons. He has sucked into that position a member of his party who seems to be extremely avaricious. You, Mr. Chairman, have called for a decision, gracefully, after a very sincere plea by the hon. member for Hamilton West, that I be permitted to answer some questions. The half-hour has been lost on something completely irrelevant to what we have been debating in the House at this time.

[*Translation*]

Mr. Laprise: Mr. Chairman, I rise on a point of order. A few minutes before this short adjournment, the hon. member for St. John's West (Mr. Crosbie) levelled serious accusations against a number of people, accusations which he had apparently found in a book. He reiterated accusations which Dr. Guy Marcoux had made and later included in a book to the effect that at some time six Social Credit members had had

[Mr. Lambert (Bellechasse).]

acquaintances with members of the Liberal party. It may be true, Mr. Chairman, that Dr. Guy Marcoux has written a book, but what he says in his book has never been demonstrated and it is as far from the truth as what the hon. member for St. John's West has just quoted. Without knowing whether the hon. member indicated the origin of the book he quoted from a while ago, I want to give this clarification so that whoever reads the official report for today may not believe what the hon. member for St. John's West has just said.

[*English*]

The Deputy Chairman: Order, please. I wish to point out to the hon. member that there are six minutes remaining on clause 1.

Mr. Crosbie: Mr. Chairman, with regard to the remarks made by the hon. member, I quoted from the book, the third volume of "One Canada", by the right hon. member for Prince Albert. I know there is little time left. There should be a lot of time. Certain manoeuvres have resulted in little time being left.

I am asking the Minister of Finance questions on a very serious matter which he just wants to brush aside. He got up on a spurious point of order, stating that this was not relevant to Income Tax amendments before us. What could be more relevant to the Income Tax Act than the impartial, just administration of the income tax law, a law that takes from Canadians every year something like $17½ million? What could be more serious than my accusations and the facts I have put on record as to this treatment of a certain person? He has been given favourable treatment, while eight million other Canadians have not received this treatment.

Is there anything that should more occupy the time of this House than this kind of scandalous situation and the unequal and partial administration of the laws of Canada? Is that not what this parliament should be concerned about? If the members of this House are not concerned about this kind of malfeasance or non-feasance, if we are not to be concerned with the equal treatment of all Canadian citizens in the payment of their income tax, then I am wrong and apologize to the members of this House. However, I do not think I am wrong. I do not think there is anything more serious than this. I do not apologize for taking the time of the House on this matter—not for one minute.

I have a report here from Canadian Javelin Limited, 1977, which bears out what I have said. It points out that Mr. Doyle was credited with $125,000 a year from Javelin Export Limited under a ten-year contract with the company, and also noting the writ of attachments that I mentioned. It points out that he has received something over $1 million. The company said:

> On or about July 22, 1965, the Department of National Revenue of Canada served a demand on Canadian Javelin Limited requiring it to pay to the Receiver General of Canada any moneys due or to become due to Mr. John C. Doyle pending adjudication as to whether or not taxes are properly due by Mr. Doyle . . . During the past 11-year period, the company and/or Javelin Export Limited, have paid non-business related expenses and/or reimbursed Mr. Doyle for such expenses in the aggregate amount of approximately $1,000,000 which

amount offset amounts payable to Mr. Doyle. As a result the company may be contingently liable for an aggregate of approximately $1,000,000, and may become contingently liable for any additional amounts paid.

In other words, this company, in defiance of a writ issued by the government of Canada, and to the detriment of its shareholders, by its board of directors—controlled by Mr. John C. Doyle—paid out $1 million in defiance of the writs of the minister and the government. The minister tells me this is not a matter that should be considered by this committee. He does not want to be bothered by such foolish little things as this. He is only concerned with the great big things—the big, billion dollar things. That is what is wrong with this government. They do not care what you bring to their attention with regard to negligence or corruption. They ignore it all. They are not concerned. They drive the little people out of the country, if they try to get something off their income tax, into a tax haven in the Bahamas.

John C. Doyle can do what he likes. He can defy writs of extent, writs of attachment, defy the laws of Canada in every manner, shape or form. We are only touching the surface. We know about the 1950 and 1954 fiscal years. What about the other 25 fiscal years that that gentleman has been diddling around with the government of Canada, and the tender tax treatment, the lax Liberal treatment of Liberal friends of the government and Liberal friends of the former premier of Newfoundland? I make no apologies for raising this matter. I tell hon. members in advance that I will bring it up at every opportunity I have until this government gives an adequate explanation as to why this has been allowed to happen, or until there is an impartial royal commission. I suggest the McDonald commission should be asked to investigate this case.

I remind the committee that the crime commission in Quebec had a lot to say about Mr. Doyle. They suggested that the government of Canada extradite him, bringing him back from Panama. However, he has now become a Panamanian citizen, so the government cannot do that. Any respectable government would resign. There are not enough cabinet ministers here to have a good resignation. The Minister of Finance should resign in disgust and disgrace as a result of what is being put before us.

With regard to the little hassle we had, Mr. Chairman, I have every confidence in you. If you say it was carried, it was carried. I am just sorry it happened so quickly. I will be more alert in the future—you can depend upon it. I have every confidence in you, Mr. Chairman. I just wanted to lay this before the committee.

Mr. Chrétien: Mr. Chairman, the Minister of National Revenue and the Minister of Justice are in the House every day. There have been all sorts of accusations with regard to a precise file. It is absolutely ludicrous to suggest that I should know what is in every file from 1953 and 1954. The hon. member has just wasted half an hour. If he were fair, he would have debated this matter in another forum, rather than taking the time of the committee when dealing with clause 1 of this bill. If he wants to make accusations, there are other means of doing that. To say that I should resign, I can only say that his act has been one of the funniest acts I have seen in the House of Commons for some time.

• (1712)

The Chairman: Order. The period of 30 minutes provided for the debate—with extra time on clause 1—has expired. The clause is now carried, and we shall move on to clause 2.

On clause 2—*Amount in respect of interest on employee, etc., loans.*

Mr. Smith (Churchill): Mr. Chairman, I should like to comment on clause 2 which concerns housing, especially in the more remote regions of Canada. In many areas of the north, corporations and mining companies in particular provide mortgage-free loans to enable their employees to acquire houses. I notice that the intent of certain clauses in the bill is to impose a tax burden on employees who receive interest-free loans from their companies. The bill would authorize the imputation of a prescribed interest rate in the case of an employee who pays less than the prescribed rate of interest on a loan from his company and the difference, less $500, will become taxable to the employee concerned. I should like to call attention to the difficulty which this would create in some of our northern mining communities where it is far from easy to retain personnel—

Mr. Chrétien: Might I point out to the hon. member that in a mining community such as the hon. member has mentioned it is permitted to make such loans up to $50,000 without incurring a tax penalty? Below $50,000 there is no problem; it is only on amounts higher than $50,000 that income would be imputed for tax purposes. Clause 2 should perhaps be dealt with in relation to clause 35, but I have no objection to debating the matter now because both clauses are of substantially the same nature.

Mr. Smith (Churchill): I thank the minister for his intervention. I should like to continue, however, because there is one aspect with which the hon. gentleman has failed to deal. I realize that an exemption for housing loans is provided up to $50,000, but the term "housing loan" is very restrictive in its meaning since it covers only such situations as are set out in another clause which prescribes that to qualify for this exemption an employee must move more than 25 miles to the place of business. At a certain point, many of these mining communities experience a period of expansion and it has been the practice of a great many companies to provide mortgage-free loans to their employees to enable them to buy homes. It appears that to take advantage of this assistance, employees must move 25 miles, a proviso which discriminates against people who are already living in the community perhaps in rented accommodation or in some other form of dwelling.

This 25 mile proviso might be applicable in an urban area, but not in a remote community. Why is it not possible to make special arrangements to suit the needs of these isolated communities whose nearest urban neighbour might well be 200 miles away? This is an issue which closely affects a lot of people. The present system encourages workers to buy homes

in the community. It is really of no benefit to the companies directly except as it enables them to retain employees in the north.

Mr. Chrétien: This matter has been discussed thoroughly with the mining companies. It is one which closely involves the mobility of manpower, and the companies have agreed that this is a satisfactory compromise. We are satisfied it would lead to abuse if we were, say, to permit someone to sell a house he owned and get a loan from his company at an advantageous interest rate in order to buy another house down the street, or perhaps a bigger one. The program is not designed to do that; it is intended to encourage mobility.

Mr. Smith (Churchill): I understand what the minister is saying. But again I call attention to the fact that under this proposal an individual already living in a mining town, perhaps in rented quarters or in an apartment block owned by the company, would not be entitled to take advantage of an opportunity to purchase a house under this arrangement. On the other hand, a person who moved into the town from goodness knows where could immediately qualify for this benefit. This is an argument which will be forthcoming again and again from individuals concerned, especially in light of the expansion which is presently taking place around some of our mining communities.

Mr. Chrétien: I can certainly look into that aspect. I know an argument can be put up in specific cases but, generally speaking, it was felt that extreme care was necessary in order to avoid abuses. But we shall be looking into the point raised by the hon. member.

Mr. Smith (Churchill): I feel that the 25-mile limit might, in itself, be a cause of concern to people who live, say, on the fringe—those who would be a mile or two short of the qualifying distance. I wonder whether the legislation would be sufficiently flexible to accommodate people in that position.

● (1722)

When the legislation was drawn up, I do not think remote areas of the country were given serious consideration. We have to depend to a great extent on the remote sections of Canada, because they are the real producer areas. Every consideration must be given in respect of housing for those people in the resource, mining and other industries in the north. After all, we have to look at the north as the breadbasket of Canada because of the existence there of untapped natural resources. Naturally, we want to retain in the north the people who will harvest those resources for us. We must retain those who have the knowledge to do so.

Perhaps the minister would consider that the definition of a "housing loan" should be broadened to cover any loan to an employee to enable him, or assist him, to acquire a dwelling-house for his own occupation. I am referring in particular to remote areas. Housing has always represented a problem in remote areas, and I would like some consideration given to a change in order that the clause would refer to a loan to enable an employee or to assist an employee to acquire a dwelling-house for his own occupation. Have you any comment on that whatsoever?

[Mr. Smith (Churchill).]

Mr. Chrétien: Mr. Chairman, I think I explained to the hon. member some of the problems. I cannot backtrack, because if we are to go too far in the direction the hon. member is suggesting, we might discredit this scheme which is, in fact, designed to induce people to move in some areas. If it looks as though it will create abuses throughout the land, the program will lose its credibility and might backfire rather than being helpful.

As far as the 25-mile limit is concerned, it was taken from the Income Tax Act in relation to deductions for moving expenses. This figure is already accepted as part of the system, and I do not see why I should confuse the tax laws even more by having different types of deductions for one thing and another. I think these figures are always arbitrary. We had to go with the 25-mile figure as it was judged by one of my predecessors as being a fair distance for that kind of deduction or expense.

Mr. Smith (Churchill): Mr. Chairman, I was not aware of where the 25-mile figure came from, and that was to be the subject of my next question. When you suggest you cannot have special circumstances, let me remind you that there are special circumstances in existence for federal government people who live in the north. Government employees in the north received special northern allowances. A number of mining companies regard interest-free mortgage loans on houses as special northern allowances for their employees. That is how they look at these and, as I mentioned before, if you take away that particular aspect you will create difficulty in keeping these people in the industry. Governments recognize that there are extra costs associated with working and living in the north. For instance, you must heat your home for ten months a year, and your hydro bill is much higher because of shorter days. Transportation out of the area is very expensive. For this reason, the companies provide interest-free mortgages to their employees. I suppose they could be paying a northern allowance of some sort, but the concern here is in respect of an individual being able to own a dwelling and realizing a tax break in that regard. This is not a break for the company, it is for the employee of a particular company. The mining industry, for example, is in tough shape at this time and we should encourage these companies to be optimistic and continue developing the north.

Let me refer to the minister another concern I have. This has regard to the possibility of increasing the amount to $50,000. I suppose that $50,000 could be considered as a reasonable exemption, under the circumstances in the north, because that amount would cover the cost of most residences in northern areas. It would be insufficient in one of the larger urban centres. Let us use Toronto as an example, where a decent, three-bedroom house would run in the neighbourhood of $80,000. I am wondering if there is any resistance to

increasing this limit. I feel a good case can be made on that basis for making it higher than $50,000.

Mr. Chrétien: Mr. Chairman, we discussed this matter with the mining industry because we knew it would be affected by this legislation. It was agreed that the $50,000 limit was pretty generous in terms of the problems they are having. The hon. member is asking me why we should not increase the amount. When you are dealing with tax breaks for a certain class of citizens, you always experience difficulty, mostly because it is never enough. I do not blame the hon. member for defending forcefully the interests of the northern part of Canada, with which I have been associated for quite some time as the minister of Indian affairs; however, $50,000 is considered by the industry and by the government as fair.

Mr. Smith (Churchill): Mr. Chairman, let me give the minister an example of what is going to happen in one of the mining communities of the north, and this will affect several employees of this particular community. The company will very shortly be offering for sale houses that were built this year, at a price of $45,000. The terms of sale will be 10 per cent down, with the balance payable without interest over a 15-year period. The effect of the amendment to the act as it is presently worded will mean that if an employee who has been living in another home or apartment building, as I stipulated, decides to buy one of the homes in this community, he will be deemed to have received in the years following 1978 a taxable benefit equal to the interest calculated at a rate determined by the government on a mortgage balance at the rate of approximately $40,000. If we assume that the prescribed rate is 8 per cent, the taxable benefit to the individual in this particular community is $2,700, being $3,200 at the prescribed rate of interest less the $500 exclusion. The $2,700 will be taxable at the same rate and as if it were wages.

However, if the bill were changed to exempt all housing loans—I would like the minister to pay particular attention to this—then because of the $50,000 exemption there would be no taxable benefit. Does the minister have any comment on that particular aspect?

● (1732)

Mr. Chrétien: Mr. Chairman, this move was made because there were a lot of abuses of that scheme before the Department of National Revenue passed regulations which eliminated them. I am establishing a system which will permit the using of the interest free loan system in order to assist the mobility of manpower in some areas. Law officials were advising National Revenue on the previous system as it has developed. In fact we plugged a loophole. We saw some of the consequences of the move, and I am changing the law in order to permit the mobility of people. If we have to permit interest free loans for people anywhere in Canada for the purchase of a new house, people would create corporations and allow themselves loans. There were a lot of abuses. That is why the Department of National Revenue had to move in; we are just trying to establish a fair system. The hon. member can indicate that it should be even more generous, but I do not think it would be advisable.

The Deputy Chairman: Order, please. I should like to point out to the hon. member for Churchill that he has time for one short question.

Mr. Smith (Churchill): Would the minister say there is no difference between the remote areas of northern Canada and the eastern and southern parts of the country? Would no consideration be given to any special status for people within that 25-mile limit? There has been no consideration given to a tax break for these people.

Mr. Chrétien: I can appreciate the preoccupation and the representation of the hon. member. So far we have avoided two different tax systems in Canada: one for Canadians in the southern parts of Canada, and one for the others. It would be difficult to determine which municipalities should be included and which should be excluded. This is not the first time the idea has been put to me. When I was travelling in northern Manitoba, northern Saskatchewan, northern Manitoba and the Northwest Territories, this idea was put forward quite frequently but was not entertained by the government.

Mr. Smith (Churchill): Mr. Chairman, may I be permitted to ask one short question?

The Deputy Chairman: This is the last one.

Mr. Smith (Churchill): Seeing that I was involved in the clause 1 and clause 2 confusion, I should like to ask the minister one short question. In his earlier remarks the minister indicated that some thought should be given to a clarification concerning my earlier remarks. Will he give me an undertaking that some consideration will be given to the possibility of changing the 25 mile limit?

Mr. Chrétien: Mr. Chairman, earlier I said that the representation of the hon. member will be looked into by my officials and myself. I have listened carefully to the hon. member, but I am not in a position to give him any specific answer. His remarks and representations will be studied carefully.

Mr. Nystrom: Mr. Chairman, clause 2 which is before us is one of the many clauses of the bill in which the corporate sector receives the bigger break.

Mr. Stevens: We are not on clause 2.

Mr. Chrétien: The blue collar workers who move to the north.

Mr. Nystrom: Perhaps I should defer my comments to later. My understanding was that clause 2, along with clauses 35 and 16, would give a better break to corporations under such items as employee loans, stock options, capital gains and so on.

Mr. Chrétien: Go ahead.

Mr. Lumley: You are right.

Mr. Nystrom: Because of what has been referred to in clauses 2, 16 and 35, $120 million per annum would be the amount of the benefit to people.

We in the New Democratic Party believe that too much money is being given to the corporate sector and to those who are very wealthy. In this bill alone $1,245 million is being given to the corporate sector. This is not the way to stimulate the economy. There has been a lot of evidence in the last few years which indicates that providing money to corporations does not stimulate the economy. Most of the plants in this country are operating at approximately an 80 per cent capacity, and yet there are huge handouts to these corporations in order for them to speed up their capacity. That does not make sense.

My party is arguing for the $1.2 billion to be given to low and middle income people in order for their demand to be increased. They will purchase goods, and the goods will be produced. The problem is how to get our plants up to 90 per cent or 100 per cent capacity. The best way to do that is to stimulate demand. That can be done by giving ordinary people more purchasing power. I should like to have the comments of the Minister of Finance on those specific items some time in the future.

When the minister gave his mini-budget in the House a few weeks ago, it was ironic that INCO received grants from the federal government and it was in the process of laying off workers.One of the initial arguments of the Liberal party was: if a gift were given to a company, it would expand and hire more people.

Mr. Chrétien: Mr. Chairman, perhaps the hon. member will permit an explanation. According to the tax incentive program in front of the House, if there is no new investment there is no tax break. I read the letter sent by Northern Telecom to the CBC and the hon. member's colleague on that issue. The position taken by the New Democratic Party is extremely misleading, because if there is no new investment there is no tax break.

There is only one item which could be considered a tax break. I am referring to the three person inventory break, if I can use that expression. This is for people who have inventory because the cost of inventory is high. The fact that this exists permitted INCO to stockpile their production for seven months. Thus, that is a tax break which allowed INCO to keep their strength. In fact it was a tax break which helped employees to keep their jobs. If that tax break was not existent, perhaps some employees would have lost their jobs before today.

Some hon. Members: Hear, hear!

Mr. Nystrom: Over the years, the federal government has given a lot of money to INCO. Despite that, it is still laying off workers. INCO owes approximately $378 million in deferred taxes. Why does the government not start collecting some of the deferred taxes? Those deferred taxes are nothing but interest free loans. It does not seem right for that much money to be owed by corporations, when ordinary people could use it to purchase things. One could give many, many examples of corporations owing a lot of money in deferred taxes. The economy would be in better shape if the government started to collect those moneys.

I have a fundamental disagreement with the minister that the so-called triple down theory will work. In my speech on second reading I mentioned various examples where money was given to corporations to create jobs. Those jobs have not been created. In fact there are fewer jobs. Many corporations in the resource sector have received handouts over the past few years, and jobs are not being created. Many more jobs will be lost between now and next spring. It seems to me we are doing the wrong thing. What we should be doing is making sure that the resources that are being mined in Canada are processed and refined in this country. In accordance with the economic policy of C. D. Howe of some 20 or 30 years ago, however, we have been processing fewer and fewer of our raw materials. We should be going in the other direction.

● (1742)

Those were some of the comments that I wanted to make at this stage and I will be making several more on the corporate sector as we reach other clauses of the bill.

Mr. Stevens: Mr. Chairman, my questions are for the minister. I take it, he will be back shortly. I see he is back. I wonder if he could quantify for us what we are talking about in clause 2. How much in revenue, does he feel, might be yielded to the federal Treasury if this new approach to tax the so called deemed interest is brought into effect?

Mr. Chrétien: We do not know, and it seems that it is not possible to guess. This is a loophole we are plugging and it is difficult to know how many cases there were. We realized there were some abuses, so we installed a new system on the report from National Revenue.

Mr. Stevens: It amazes me constantly that bureaucracy may deem something to be a loophole and, with no concrete evidence of how big the loophole is in the sense of how much revenue was being lost, they have no hesitation in bringing before us today clause 2 which, I suggest, will have a very serious repercussion on employees, especially employees who are being relocated in an area such as Thompson to which my colleague, the hon. member for Churchill has just referred, and other employees who might be required to shift from, say, Calgary to some other city. It amazes me how bureaucracy can say arbitrarily, "We deem that you should not have this privilege and we will tax you". I think the time has come when we in the House should tell the Minister of Finance, who is displaying such arrogance, that if he does not know how much money he is talking about, how big the loophole is, he should go back to the drafting board and bring back this clause, if he thinks it is necessary, and then tell us a few of the facts that I think we in House are entitled to know.

I have a second question for the minister. How many people does he believe will be caught in this new provision that he is

so dutifully trying to make us accept on behalf of his bureaucracy?

Mr. Chrétien: It is not on behalf of the bureaucracy. The Department of National Revenue has informed the Minister of Finance of the nature of the loophole. Some people were collecting up to $150,000 in interest free loans to buy a house. When we saw there were abuses, we decided to plug the loophole because we tried to establish a tax system which applies as equitably as possible to all the citizens of this land.

Some hon. Members: Hear, hear!

Mr. Chrétien: It is impossible to have all the figures. We have 8,800,000 tax forms which have to be analysed. We saw a loophole which was detrimental to the interests of the average citizen. I did not ask my officials how many there were because, if there is only one too many, it is too much.

Mr. Stevens: Mr. Chairman, later this evening I will take the minister through other so-called inequitable situations which this government is condoning, and if they wish to have this ultimate inequity I will be very interested to find out why they are turning a blind eye on some other inequities and some other loopholes which, presumably, could be plugged if the government followed the philosophy of its bureaucrats.

An hon. Member: John Doyle, for instance.

Mr. Stevens: Yes, John Doyle. I noticed that the minister was very embarrassed when my colleague pointed out the fact that there are over $3.5 million—

Mr. Chrétien: It was you who were embarrassed, not me.

Mr. Stevens: —of unrecovered tax revenue from one former Liberal alone. You will notice that the minister did not attempt to quantify either the amount we are talking about or the numbers, so let me put it a little more simply for the minister. After all, he has two officials sitting in front of him. Presumably they have these figures at their fingertips. Can the minister give us a rough estimate of how many employees he thinks he will catch with clause 2?

Mr. Chrétien: I will not venture to shoot from the hip on that. Abuses have been reported to us by the Department of National Revenue. We realized some people were abusing the system, so we decided to plug the loophole. I do not know whether the numbers amount to dozens or tens of thousands. I say it is not fair and it must be changed. That is all.

Mr. Stevens: The minister said they had been notified by the Department of National Revenue of these recorded abuses. How many have they notified you of?

Mr. Chrétien: I do not have the figures but there was a sufficient number to cause us to change the law.

Mr. Stevens: I think it is very important that we get a little more detail before we start passing new clauses because some bureaucrat thinks it is a good idea. If the minister does not have the figures, after having told us that he is acting on this clause on the advice of National Revenue, and he does not know how many reported instances there have been that have led the department to feel that this clause is necessary, would the minister at least give us a ballpark figure?. Is it 1, is it 10, or is it 1,000 that he feels will be caught?

Mr. Chrétien: I think that if I were to go along with the idea of the hon. member, his friend who was arguing that it is a good program would be completely embarrassed. The Department of National Revenue notified us that something illegal was going on and they wanted to close it off completely. If we were not to pass the clause, it would mean that no one would have any breaks, whether they were moving in northern Manitoba or anywhere else. The hon. member would be well advised to look at what he is talking about before making such a silly proposal.

Mr. Stevens: I have asked four questions and I have not made any proposal to the minister as yet. I have simply been trying to get some information from him.

Mr. Chrétien: Louder.

Mr. Stevens: I will put my question again. Presumably, if he has been so dependent on the Department of National Revenue he can answer this question easily. How many reported cases have they drawn to his attention that have caused his bureaucracy to say that obviously clause 2 is necessary?

Mr. Chrétien: The answer is, enough.

Some hon. Members: Oh, oh!

Mr. Hnatyshyn: That is ridiculous.

Mr. Stevens: Is it reasonable for any minister to come to the House on an important subject such as this and simply tell us out of hand that, in his opinion, there have been enough so called abuses of so-called tax loopholes to justify the clause that is now before us? Let us bear in mind the concerns people across this country have with respect to this type of thing, and the concerns outlined by the hon. member for Churchill. After discussing my earlier question with his officials, perhaps the minister could shed a little more light on what we are talking about.

• (1752)

Mr. Chrétien: Mr. Chairman, I said, and I want to repeat, it was becoming more and more part of executive compensation the way that this scheme was used to give an interest free loan to build a house, and it had become a tax shelter for many people. National Revenue ruled that it was a tax shelter and that it was unfair, and it made recommendations to us. We have looked into the problem. We have recognized that there were some abuses. I do not want to quantify them. I know they existed, and the fact that they did was enough to convince me. This is not the result of a bureaucratic conviction. As a responsible minister I accepted it. I know of some cases in which people were receiving loans of $150,000 and $200,000

without any interest at all. It was part of a scheme for some executives to avoid taxes.

I felt that, executives or not, they have to pay their taxes, and we decided to have a new scheme to help those who are moving from one mining town to another—or whatever it is—to help them because of this necessary mobility, but it was certainly not to give a tax break to people who were abusing the system. Through a ruling National Revenue decided that this was unfair, and we come up with a proposition at this time which is more just and which takes into account some of the needs without having to cope with abuses.

Mr. Stevens: I would like to take the minister up on what he has just said. Did the minister first go to the bureaucracy and say, "I would like clause 2"—or something along that line—"because I am really disturbed by what I understand is a real abuse", or did the bureaucracy come to him? Whose idea was it initially?

Mr. Chrétien: Mr. Chairman, the hon. member's questioning is amazing. It is very evident that he wants to waste time. Has the hon. member heard a minister of finance anywhere in the world saying, "Will you please let me have clause 92, 93 or 94" and so forth?

We have very good civil servants who are experts and who make recommendations. It is up to the minister to decide. I think this was proposed by my predecessor, the hon. member for Rosedale. I was not even the minister when the proposal was put on the table, so it is absolutely crazy for the hon. member to ask how I decided on a proposal which was made by my predecessor. I do not want to waste much time on that. I just said there were some abuses. The Department of National Revenue brought it to the attention of my department, and I am bringing in a sensible proposition which will help to cope with some of the problems raised by the hon. member for Churchill. The hon. member raised some very valid questions. I am satisfied there was a loophole. It is our duty as guardians of a fair tax system to plug that loophole. If others make suggestions which make sense, we will make amendments in the next budget.

Mr. Stevens: I hope it is well established that this obviously originated with the bureaucracy and was presented to the minister's predecessor and then to him. They both bit on it, and I think the record should be clear. It is a bureaucratic idea. The bureaucracy feels there is a loophole, and for reasons I am going to bring out after eight o'clock I think it is very pertinent that we identify exactly who has said that this clause should be brought into our tax system.

I would like to go to this specific phrase in the clause: "interest for the year computed that a prescribed rate on loans". I wonder if the minister can indicate how it is proposed to set this prescribed rate. How often is it going to be set? What will be taken into account with regard to the prescribed rate? Is it going to be a national rate or a regional rate? Exactly what does the department have in mind for the prescribed rate?

[Mr. Chrétien.]

Mr. Chrétien: It is related to the prime rate.

Mr. Stevens: I wonder if the minister could be a little more precise. In what way is it related to the prime rate? Is it going to be changed every time the prime rate is changed?

Mr. Chrétien: It is calculated once a year based on the prime rate at the end of the summer, to be used for the next year.

Mr. Stevens: Mr. Chairman, let us get that correctly. In bureaucratic jargon what is the end of the summer?

Mr. Chrétien: Before the fall.

Mr. Stevens: The minister does not seem to get clear instructions from his own officials. I wonder if he would go back to them and find out what date they have in mind which is between the end of summer and before the fall. What do bureaucrats consider that date to be?

Mr. Chrétien: The average of June, July and August; before the fall.

Mr. Stevens: I presume they are thinking of August 31.

Mr. Chrétien: It is the average of three months, June, July and August.

Mr. Kempling: Why didn't you say so?

Mr. Chrétien: That is what I said before.

Mr. Stevens: If the minister had known that, he could have said that at the beginning. It has been established how the prime rate will be identified for the year following. What will be done with the prime rate? Is the prescribed rate referred to in clause 2 to be one point above that rate, two points or five points? Exactly what will be done with the prime rate, now that we have identified how the bureaucrats intend to find it?

Mr. Chrétien: It is the prime rate rounded according to the formula I just gave to the hon. member.

Mr. Stevens: It is going to be rounded to the prime rate.

Mr. Chrétien: Let us call it six o'clock.

Mr. Stevens: Don't worry about the clock.

Mr. Chrétien: You are wasting time anyway.

Mr. Stevens: Is there going to be any particular ratio given on a regional basis, bearing in mind that mortgages in this country have fairly different interest rates?

[*Translation*]

Mr. Chrétien: Mr. Chairman, there is one single rate for all taxpayers throughout Canada.

[*English*]

Mr. Deputy Speaker: Order, please. It being six o'clock it is my duty to rise, report progress, and request leave to consider the bill again later this day. Is that agreed?

Some hon. Members: Agreed.

Progress reported.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

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

PUBLISHING—PROTECTION OF CANADIAN AUTHORS FROM REPRODUCTIONS OF THEIR WORKS IMPORTED FROM UNITED STATES

Mr. David MacDonald (Egmont): Mr. Speaker, I want to return today to a question I raised on November 18 with respect to a recent meeting between the Writers' Union of Canada with the Secretary of State (Mr. Roberts) and the Minister of Consumer and Corporate Affairs (Mr. Allmand) on November 15. This concerns the very serious matter, as they said in their brief, of the possible collapse of the Canadian publishing industry, indicative of the very heavy loss of income both to Canadian writers and publishers that has occurred in recent years because of the selling at below-cost prices of the works of Canadian authors by American publishers and remaindered or wholesaled in Canada.

● (1802)

The meeting that took place a few days ago was the third that has occurred between the Writers' Union of Canada and the government since 1975. The core of the problem is that American publishers who have printed far too many copies of Canadian authors sell these leftover or remaindered copies to middlemen or book jobbers at dirt cheap prices. In recent years these middlemen have been selling specifically to three Canadian book chains which make up a large part of the Canadian market. I refer to Coles, W. H. Smith, and Classic. Coles was the first to sell remainders on a widespread basis. The three chains have been able to sell at one half the price of the Canadian edition. As a result, the Canadian edition immediately stops being printed. Canadian authors receive no royalties on the remaindered copies. In 1975 only Coles was doing this, but by 1977 the three major book chains are participating.

This at present affects some 26 major Canadian authors, but time does not permit me to run down the list. As far back as 1975 it was suggested that action should be taken to provide that well-known publications by Canadian authors being published in the United States should be put on a prohibited list. The problem is that the prohibited list has not been satisfactory because at the moment it takes about six months to become operative. I understand a meeting has taken place in the last few days which hopes to reduce the time from six months to one month. This would be a step in the right direction but would not come close to meeting the type of commitment to the Canadian publishing industry and the Writers' Union that they have requested of the government.

It seems to me that at the very least there should be some kind of top-level co-ordination between the departments basically concerned with this problem. I think of the Department of the Secretary of State, the Department of Consumer and Corporate Affairs, the Department of Justice, and the Department of National Revenue as being able to take some effective action.

I think it is the traditional Canadian dilemma, and something striking and unique, that this is the only English-speaking nation I am aware of that does not have strong protection for its writers and its publishing industry. The United States and Great Britain for sometime have had clear laws which prohibit the sale in those countries of the works of their authors published abroad, particularly at prices that would totally undermine the payment of royalties to the authors or publishers.

The most recent change of copyright law in the United States which is about to go into effect states that when foreign publishers of American authors wish to bring remaindered copies into the United States, the United States publisher must be notified in advance of this potential competition and has veto power over the importation.

The Department of Consumer and Corporate Affairs has been considering revisions to the Copyright Act for over a year, but the earliest that legislation might be forthcoming is 1980, and more likely it will be later.

What the Writers' Union has asked for is two possible courses of action. They seek amendment to the Copyright Act to forbid not just the importation but also the sale of remaindered copies. That would concern Sections 27 and 28 of the Copyright Act, and especially the elimination of Section 28(3).

The second route that could be taken, and should be taken, is that the Crown undertake costs of prosecution in test cases. Present serious ambiguities in the act have meant that previous challenges have faced legal setbacks, indicating that any court case will drag on for a long time and obviously involve higher courts.

What have we heard from the Minister of Consumer and Corporate Affairs and from the Secretary of State? They promised to examine the Copyright Act again, but there has been no promise of an interdepartmental committee from the Department of Justice and the Department of National Revenue. They have promised to meet with bookstore owners to use moral suasion and not to carry remaindered editions. I say to that "fat chance!". We know how far moral suasion goes in the world of business, particularly the very competitive world of

book sales. Further they have asked for a meeting which has now taken place. As I said a few moments ago they shortened up the time but it certainly will not achieve the effect desired. It seems to me, Mr. Speaker, that for the past two years, as I said on the day I originally put the question, it is a sort of constant fobbing off of Canadian authors and publishers.

● (1807)

I would hope, that while the Secretary of State himself is not with us this evening, his parliamentary secretary will give us a much more clear cut answer in terms of action that will be taken to make an effective attack on this very serious problem. I believe both the authors and publishers when they state that we are involved in a crisis situation. What has developed very rapidly in the last two years, if it will last for another year or two means a considerable collapse and certainly a very great loss to Canada in both revenue as well as to the authors and publishers themselves, who will obviously resort to foreign publication. It will certainly be a greater hole in our own situation with respect to an effective Canadian industry in the publishing field.

Mr. Robert Daudlin (Parliamentary Secretary to Secretary of State): Mr. Speaker, the problem of the importation and the sale of foreign editions of works by Canadian authors in Canada, for which there exists a Canadian edition, is a very serious question and one to which the minister attaches extreme importance. Above all, it is a question of principle: can we accept that a right, which has been clearly set out and recognized by parliament through the Copyright Act, rest ineffective and inoperative? The question has another side as well, one based on the realities, with strong implications for the freedom of our writers to pursue creative activity and further for the survival and development of the Canadian book publishing industry.

I can appreciate the hon. member wishing some clarity could be shed on the actions about to be, or indeed will be at some future date, taken by the government. I can only suggest to the hon. member that the meeting he suggests would be an alternative answer to the publishers and authors. And although he would seek the kind of formality of interdepartmental committees, those committees or a committee of that type has not been set up. However, it may be small solace to him to know that indeed there is actively being pursued at this time by the various ministries which he has recited, Revenue, Consumer and Corporate Affairs and Secretary of State that meetings are taking place between the officials and various ministries with a view to examining solutions, such as that put by the authors and publishers.

Might I point out to the hon. member, and for the record indicate, that when he was suggesting that the royal commission on book publishing had indicated the criticism, that in fact he did not quite complete the citation, and perhaps I could indicate that the citation should read:

> The procedure under section 27 (of the Copyright Act) . . . has been applied in a way that makes it unworkable in practice, and we think that this should be revised and clarified.

[Mr. MacDonald (Egmont).]

These procedures were revised and clarified in 1975 and new discussions are now under way between authors and publishers on one hand and officials from National Revenue on the other, in order to eliminate the final obstacles for the most efficient implementation of "List C" of the tariff and customs law. I might indicate to the hon. member that in addition to the various solutions that might be sought and expected in this instance the one solution of examination mentioned by the hon. member, is being held at this very time as to whether or not action should be supported.

SOCIAL SERVICES—CONSULTATION WITH PROVINCES ON FUNDING—POSSIBILITY OF LEGISLATION THIS SESSION

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, last Wednesday a series of questions was directed to the Minister of National Health and Welfare (Miss Bégin) with respect to the long anticipated legislation on social services. The reply of the minister indicated that she was not really in touch with the recent developments. This is the reason, why, again this afternoon I have chosen to bring the subject to the attention of the House and to the hon. lady, and I suppose in this case it will be the parliamentary secretary.

● (1812)

I know the problem is the rotation of ministers, which is one of the regular features of the present government. Ministers are changed so rapidly and so frequently that it is hard to know who has the responsibility for what. Therefore I cannot really fault the hon. lady who has the portfolio at the present time for not being aware of the situation.

The dialogue in connection with the new social services legislation has been going on for some four years, ever since the last minister tabled the orange paper. The main problem, of course, in areas of joint jurisdiction and joint responsibility such as health and welfare, is getting a consensus from the provincial governments. This was achieved last June and the bill went on the order paper with the assurance that there would be debate on it at the earliest possible moment. Unfortunately, last September 16, just before parliament resumed, the former minister as one of his last acts issued a press release which said as follows:

> Health and Welfare Minister Marc Lalonde today announced that he has proposed a major change in the federal financing of social services.
>
> In letters sent yesterday to provincial welfare ministers and to territorial commissioners, Mr. Lalonde called for a switch to block financing from the current cost-sharing approach.

This simply means that the whole matter was scuttled because the consensus that had been so carefully achieved over a long period of negotiations went down the drain.

As anticipated, there was an immediate response from the provincial ministers who met a short time later in the city of Edmonton. A Canadian Press despatch at that time indicated the point of view of the provincial ministers. I quote:

> Provincial social services ministers are united against a federal social services funding proposal after a two-day meeting.

They reject "tactics used by the former federal minister of health and welfare (Marc Lalonde) in making a unilateral proposal regarding funding arrangements for social services in Canada without consultation with the provinces," conference chairman Helen Hunley said yesterday.

The minister should have known the results of his arbitrary actions because he has now gone to new responsibilities with regard to federal-provincial relationships. I am sure that the confrontation tactics such as I have indicated are not going to help him very well in his new ministerial responsibilities.

Unfortunately, in the question period the other day, the new minister indicated that she is not aware of the problem she is facing. In response to questions she stated the provinces said in a press release that they did not appreciate the way the counterproposal had been made. She said they did not reject the proposal but the way the offer had been made. I have quoted their release to indicate that that is not so. They reject the whole new idea of block funding to replace the proposed cost sharing which had been agreed after long consultation and deliberation.

More important in this regard is the attitude of the voluntary associations which have been anticipating a major breakthrough in social services legislation, particularly for the most needy groups, the handicapped, the chronically ill, and the geriatric population of Canada. Some of the speeches made by the former minister have given them reason to hope for immediate action. I quote:

● (1817)

The handicapped have the right to be as independent as possible, the right to live like everyone in the community, and the services they need to bring this about should be provided.

The minister referred to the "removal of legislative disincentives" and "acceptance of the handicapped within the community". Here is another quotation:

In every area, the message was clear. They "wanted in"—into employment, into community living, into maximum participation in community life, into the planning of systems and services designed to help them. At the same time, they "wanted out"—out of institutions, out of dead-end sheltered workshops, out of welfare, out of being pitied, out of being thrust on to the sidelines with a pension and a shrug.

There has been, I am sure, a strong wave of criticism reaching the minister from voluntary agencies, particularly from the Canadian Paraplegic Association. This is understandable having regard to the failure to live up to promises of immediate action which have been repeated, now, for four years, especially as the legislation is not even reappearing on the order paper at the present time.

It has been suggested that delay has been caused as a result of the change of government in Manitoba. I assured the hon. lady last Wednesday, and I assure her today, that Manitoba is one of the most enthusiastic provinces. We shall be hosts to the International Rehabilitation Congress in 1980 and it is essential we have this legislation, much in its original state, if that Congress is to be a success.

I come back, finally, to my main point: will the minister at the earliest moment bring the provincial ministers together so that we can get on with this urgently-needed legislation?

Mr. Frank Maine (Parliamentary Secretary to the Minister of Public Works and Minister of State for Science and Technology): Mr. Speaker, the minister dealt with this subject fully on November 23 and I have very little to add to her reply. I would refer hon. members to pages 1160-1167 of *Hansard* for that date. The minister made it abundantly clear that it is the intention of the federal government to consult with the provinces once it has been ascertained that there is general agreement on the principle of block financing of the social services. I believe it is the intention of the minister to communicate officially with her provincial colleagues on this important subject within the next two weeks.

ENERGY—NEWFOUNDLAND'S OFFSHORE OIL AND GAS REGULATION—POSSIBILITY OF AGREEMENT ON QUESTION TO BE PUT TO SUPREME COURT

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I rise in connection with an unsatisfactory reply I received to a question I directed to the Minister of Energy, Mines and Resources (Mr. Gillespie) on November 21. As is usually the case he showed he did not know what the subject was about. He was not briefed. In short, the reply was most unsatisfactory.

There was a dispute between Newfoundland and the Government of Canada as to the ownership of the oil, gas and minerals that lie under the sea on the continental shelf off Newfoundland and Labrador. Newfoundland will not surrender its claims to the ownership of these resources to the Government of Canada.

The Government of Canada is basing its position on a decision of the Supreme Court of Canada in a British Columbia case. But the Newfoundland case is entirely different. Mr. Speaker, every member will be getting a copy of this document, "Heritage of the Sea," and every member of every legislative assembly in Canada will also be getting a copy of the document. And every branch of the media will be getting copies of this document which sets out Newfoundland's case and the importance of that case.

Since 1967, 54 wells have been drilled off the coast, eight of them in the east Newfoundland basin, and 12 off Labrador. Of the 12 off Labrador, three have resulted in significant gas discoveries, so we know there is tremendous potential there.

The position of Newfoundland is not similar to that of British Columbia. We came into Confederation in 1949. Minerals rights in each province were determined by the rights each held before coming into Confederation. When Newfoundland entered Confederation our rights to offshore oil and gas were not the same as those of British Columbia in 1871 when it was a colony. The rights of Newfoundland are based on the rights of a twentieth Century self-governing British dominion, and we do not intend to relinquish our claim. But because they are centralists, the Government of Canada and its political supporters claim they own these resources and wish to exercise full control over them, leaving to Newfoundland a few crumbs from the table that they might deign to give.

● (1822)

The Progressive Conservative policy is to recognize the provinces as being the owners of those resources. We will recognize Newfoundland, Prince Edward Island, Nova Scotia, New Brunswick, Quebec and British Columbia as provinces owning the resources off their shores when the Conservative party takes office in 1978.

This is the biggest land grab since the Yukon gold rush. It is a frenzied example of Kung Fu federalism: the great government in Ottawa must have all the control and all the power. It is greedy-guts centralization of all the power and revenue. Those who have the most will have even more. It is an example of creeping colonialism because the federal land grabbers, epitomized by the present Minister of Energy, Mines and Resources, treat us as a colony. I am glad to see that minister is going to be bounced by the Prime Minister (Mr. Trudeau), according to the Ottawa *Journal* of November 23. That is because of his unwillingness to make firm decisions about anything and because of his refusal to be brief by indicating that he does not know the answer to the question posed.

The Minister of Energy, Mines and Resources is firm about one thing: that Newfoundland will be crushed and its offshore resources will be taken by Ottawa. In the unlikely event that the Liberal government stays in power after the next election, then this is a matter which will have to go to the Supreme Court of Canada. Newfoundland will not surrender. The Liberal government wants to take it all.

Newfoundland will go to the Supreme Court of Canada on two conditions: first, that this government permit the 30-year rule to be set aside in order for Newfoundland to have access to all the documents surrounding the 1949 period. If we go back 30 years from 1977, we arrive at 1947; and if we go back from 1978, we will arrive at 1948. Newfoundland must have access to those documents in order to support its case. The 30-year rule has to be set aside to permit that. Second, the government must agree that Newfoundland and Ottawa agree on the questions which go to the Supreme Court of Canada. There can be no loaded question set up by Ottawa to favour Ottawa. That is what happened in the case of British Columbia. That was one of the reasons for the court deciding in favour of British Columbia in the 1967 reference: Canada unilaterally decided the form and the wording of the question. Newfoundland will not accept that. No unilaterally decided question will go to the Supreme Court of Canada as far as that province is concerned. If necessary, other methods can be taken.

I ask the minister: does Canada agree that Newfoundland will have access to all the documents, despite the 30-year rule? I am referring to documents in Canada, the United Kingdom and the United States. These documents will prove what the law was on March 31, 1949, that Newfoundland came into Confederation owning its resources, and therefore under the British North America Act still owns them. Does Ottawa agree that the questions are to be decided by both sides? Does Ottawa agree that it will be a bilateral reference and both will agree on the exact wording of the question on which the court will be asked to adjudicate?

The minister's answer shows that he must be removed by the Prime Minister. He said, "As far as I know, there was a favourable decision taken in principle on these matters some months ago". That is not correct. Also he said, "I do not understand why the Newfoundland government has not been able to move more expeditiously." That is nonsense. It has nothing to do with Newfoundland moving more expeditiously. For five years Newfoundland has prepared its case. If the Conservative party does not win the election next year, Newfoundland wants the assurance that the Liberal government will agree to waive the 30 year rule and will agree to a joint wording of the questions on which the Supreme Court of Canada will be asked to rule. The simple answer is either yes or no.

At the present time there are two sets of regulations: there are the oil and gas regulations of Newfoundland, which Newfoundland indicates are valid; and there are the oil and gas regulations of Canada, which Canada indicates are valid. Newfoundland wants exploration to continue in these areas while this dispute is being settled. The minister from Newfoundland, Mr. Brian Peckford, has suggested an interim offshore management committee in order for the two governments to have a forum to deal with the oil companies jointly while this matter is sub judice. They should receive some reassurance that they will go on exploring in that area while this matter goes to court. The minister said it was an interesting and constructive suggestion, and I hope that when he meets the Newfoundland minister in December this can be agreed to so that exploration may continue next year.

● (1827)

Mr. Ross Milne (Parliamentary Secretary to Minister of Indian Affairs and Northern Development): Mr. Speaker, I am pleased, on behalf of the Minister of Energy, Mines and Resources (Mr. Gillespie), to reply to the statement made by the hon. member for St. John's West (Mr. Crosbie).

With respect to the Newfoundland situation, discussions are continuing between the Department of Justice and Newfoundland officials respecting the agreed upon reference to the Supreme Court on mineral resource ownership and jurisdiction in areas offshore that province.

There was a meeting of federal and Newfoundland officials on March 16 of this year to discuss the memorandum of understanding signed by the Prime Minister (Mr. Trudeau) and the premiers of Nova Scotia, New Brunswick and Prince Edward Island on February 1, to explore the possibilities for a similar political settlement of the offshore Newfoundland situation. As a follow-up to this meeting, the Newfoundland minister of mines and energy sent up a list of questions, some 58 in all, ostensibly relating to a possible federal-Newfoundland arrangement along the lines of the proposed federal-Maritime provinces arrangement. A comprehensive reply to this Newfoundland questionnaire was sent on June 21, but no response has been made by Newfoundland authorities.

Until recently the only information that we had received at the federal level as regards a possible Newfoundland initiative on administrative arrangements has been by way of newspaper articles and the questions posed by the hon. member for St. John's West. No submission had been received by Department of Energy, Mines and Resources from any Newfoundland authority to the effect:

that the two governments set up an interim offshore management committee so that there will be a forum for discussion and co-ordination and so that the industry will know where to go to get answers in this matter of disputed jurisdiction.

In conclusion, it was not until November 21 that we received a letter, dated November 3, from the minister of mines and energy for Newfoundland enclosing a copy of the Newfoundland offshore regulations and requesting that officials meet at an early date to discuss the mandate, membership, and operational procedures of an interim committee. The envelope in which this letter was received was post marked St. John's, Newfoundland, November 16. Officials of the Department of Energy, Mines and Resources have been instructed to follow up this request.

In view of the unwillingness of Newfoundland to consult meaningfully with us in the past, we welcome this new initiative and hope that it will improve the situation.

Mr. Deputy Speaker: The motion to adjourn the House is now deemed to have been withdrawn. I do now leave the chair for the House to go into committee of the whole to consider Bill C-11.

Motion withdrawn.

GOVERNMENT ORDERS

[*English*]

INCOME TAX ACT

MEASURE TO AMEND

The House resumed consideration in committee of Bill C-11, to amend the statute law relating to income tax and to provide other authority for the raising of funds—Mr. Chrétien—Mr. Laniel in the chair.

The Chairman: It being 6.30 p.m., I do now leave the chair until 8 p.m.

● (2002)

AFTER RECESS

The committee resumed at 8 p.m.

The Deputy Chairman: When the committee took recess clause 2 of the bill was under consideration.

Mr. Stevens: Mr. Chairman, now that the minister has had a chance to have his dinner and to consult, presumably, with some of his officials, I wonder if he can give us any better estimates as to what we are talking about in clause 2. What is the nature of the so-called loophole we are trying to fill? How many people are involved? How much money is involved?

Mr. Chrétien: Mr. Chairman, I have nothing else to add.

Mr. Stevens: I believe the minister said he has no further information to give us on that.

Mr. Alexander: What is he doing over there?

Mr. Stevens: The minister said he has said what he has to say. Let me put another question to him. I really find it surprising that a minister would bring a bill to us and have the gall to suggest that it is not passing fast enough, yet when we get to clause 2 the minister does not even know what clause 2 is all about.

Mr. Lumley: He has already explained it.

Mr. Stevens: If the minister wants speedy passage of the bill it is certainly not our intention to delay it, but on behalf of the Canadian public we think it is our responsibility to ask a few pertinent questions as to why the government wants some of these amendments and why the minister thinks it is necessary to make the changes he has in mind. In short, I would think a minister of finance would almost welcome being able to explain exactly why he feels members of this House should support him on various aspects of a bill.

I have a copy of a letter which was sent to the minister's predecessor by a chap from Winnipeg. I would like to get the minister's reaction to what this man is pointing out. He says he lived in Calgary and his company required him to move to Edmonton. As an inducement the company agreed to give him what would now be looked upon by the minister—or at least by his staff—as a relatively low interest loan. The reason the company agreed to give him a low interest loan was that the mortgage he had in Calgary was at 5¾ per cent. My question to the minister on behalf of this chap from Winnipeg is: how is he going to handle a situation where someone has the benefit of a 5¾ per cent mortgage and his company wants him to move to another city? When a company realizes an employee has favoured financing on the home he is leaving and gives him comparable financing for the home to which he is moving, how is the minister going to handle that situation?

In his letter this man points out that there is going to be a deemed income, deemed by the National Revenue people, if this clause passes, to the extent of whatever the difference is between, for example, a 5 per cent rate on the mortgage he has compared with what will be looked upon as the prescribed rate, to use the minister's terminology, if this clause should go through. Clearly this chap is going to be penalized as a result of his move, notwithstanding the fact that all his employer is attempting to do is put him back in the same relatively favourable position he was in when he had a mortgage in Calgary.

[*Translation*]

Mr. Chrétien: Mr. Chairman, he will be entitled to a maximum loan of $50,000 without interest. If the company accepts an interest of 5½ per cent, he could probably borrow up to about $120,000 at that rate without having to pay the difference between the prescribed rate and the rate paid on income tax.

[*English*]

Mr. Stevens: Mr. Chairman, I did not get all of that, but as I understand it the minister is saying that once you subtract the $500 from the deemed difference, the man who has a new mortgage at the 5 per cent rate will not be taxed provided his mortgage is not greater than $120,000. Was that what the minister was saying?

[*Translation*]

Mr. Chrétien: Mr. Chairman, I just said he could obtain a maximum of $50,000 if he moved and for more than $25,000 without interest. It means that he could have a $50,000 loan without interest. If the interest rate is 5½ per cent and the rate agreed for the current year was say 8 per cent, he could then have more than double at 5½ per cent, which means that he could secure more than $100,000, maybe $120,000 because the preferential rate he would obtain would be 5½ per cent. It is quite simple to calculate: he is entitled to the equivalent to a $50,000 loan without interest if it is a loan of $100,000 at half the current interest. It is the same thing as a $50,000 loan without interest.

● (2012)

[*English*]

Mr. Stevens: In order to allow someone to do this, is the minister indicating there would have to be two mortages, or can this be wrapped up in the one mortgage document? Does there have to be a $50,000 mortgage with zero interest, and some other interest rate for the balance?

[*Translation*]

Mr. Chrétien: Mr. Chairman, he can take the total benefit regardless of the kind of mortgage he has.

[*English*]

Mr. Stevens: Mr. Chairman, if I could come back to the other point, based on what the minister has indicated this man who writes to us from Winnipeg will still be caught with a tax.

[*Translation*]

Mr. Chrétien: I never said that. Mr. Chairman, may I explain that he is entitled to the equivalent of a $50,000 loan without interest. If the interest rate is 8 per cent and he gets a loan at 4 per cent, he can have up to $100,000. And on the benefit of 4 per cent on $100,000, he would not have to pay income tax. Beyond that, he would have to pay income tax. I think it is quite simple. I have been explaining it for one hour now, Mr. Chairman.

[Mr. Stevens.]

[*English*]

Mr. Stevens: I realize the minister must be getting quite tired, Mr. Chairman, but surely I do not have to remind him that we started questioning on the broad point with which I am now dealing, about seven minutes ago. It may seem like an hour to him, but I wish he would quit misrepresenting the facts.

I should like to go to the next question raised by this correspondent, which I thought was interesting. If it is true that there are loopholes, that there are somehow inequities in our tax system, I wonder why the minister feels it necessary to plug those so-called loopholes but presumably leaves others wide open. What about the free travel passes for Air Canada employees? Should they not be deemed some type of advantage to those employees and be added to their incomes? We understand it is government policy that they are not so deemed.

[*Translation*]

Mr. Chrétien: Mr. Chairman, this is something which has nothing to do with clause 2 and which concerns all sorts of services. People may obtain them from the corporations they are working for. Of course, some are CNR, CPR or Air Canada employees. Others may travel on buses free of charge, for instance transport commission employees in either Winnipeg or Toronto. There are people who can use their bosses' cars once in a while without paying. This raises, of course, the problem of this type of benefits, but we feel at this time that the costs of administering and monitoring these benefits would considerably exceed the money taxpayers would get by depriving these people of these benefits. The list of these benefits is quite extensive. As a matter of fact, if I could use a few minutes of the hon. member's time, I could name quite a few others which I know, but I feel under these circumstances that we must demonstrate judgment. Maybe in the next budget we could amend a number of provisions, but I do not intend to do so while we are debating this bill.

[*English*]

Mr. Stevens: I take it from the minister's answer that he feels the people he deems to be using this loophole of so-called relatively low interest loans so far as their company is concerned, are like sitting ducks. From an administrative standpoint it is easy to nail them with this deemed income in clause 2. There are some others, such as subsidization of civil servants who might have free travel on Air Canada but it is tougher to police them, although I would have thought with civil servants being paid out of the treasury, they would have been one of the easiest to police regarding deemed income. I should like to ask the minister what yardstick is used. As I understand it, a subsidy is paid to help people move from one town to another if they happen to be in public employment, yet there is not suggestion of deemed income in such a case. I wonder why that is distinguished from the other situation where an employee who works for a private company is moved and is given a relatively low interest loan. If we pass clause 2, that is going to be partly deemed to be income.

[*Translation*]

Mr. Chrétien: Mr. Chairman, I have just stated in an elaborate fashion that there are many of these benefits. I could mention others. For instance, a number of corporations allow their employees to buy consumer goods. The people who are working for Simpsons-Sears can buy goods at prices which are cheaper that those paid by other consumers. We should normally step in, and there are all sorts of situations. The hon. member has asked on what basis we decide. The basis we are using is something which is called "judgment".

[*English*]

Mr. Stevens: Mr. Chairman, perhaps the minister has now come to the letter I am referring to because the example he gave is exactly another example that this taxpayer gives. He says that if he worked for Simpsons-Sears or Eaton's he would get 15 or 20 per cent discount on his purchases. Is the government suggesting that this is going to be deemed income in future in order to remove whatever inequity it thinks exists in that situation?

[*Translation*]

Mr. Chrétien: Mr. Chairman, the federal government does not intend to introduce such a measure.

[*English*]

Mr. Alexander: Mr. Chairman, I have one short question. I should like to refer the minister to the explanatory notes. On deemed income there is an explanation which includes the following words:

> . . . the Act be amended to require an employee, shareholder . . .

These are the words I am concerned about, where it says:

> . . . or related person to include in his income the amount by which
>
> (a) interest for the year computed at a prescribed rate on loans from an employer or a corporation . . .

The governing words in the initial paragraph "or related person" are left out in the explanatory note where it speaks of "interest for the year computed".

Does the minister understand my point, which I think is very significant?

Mr. Chrétien: Mr. Chairman, the substance of that measure is in the clause. If the clause were read by the hon. member he would see the problem does not exist in the actual reading of the act.

Mr. Alexander: Mr. Chairman, I have read the act and I am reading the explanatory notes. I can only gather information from what is given by the minister by way of explanatory notes. In one instance it talks about "employee, shareholder or related person" and then refers to the "interest for the year computed at a prescribed rate on loans from an employer or a corporation" but leaves out the phrase "or related person." I want to know why that is left out. I have read the act and I did not find the answer. Perhaps the minister could give an explanation.

Mr. Chrétien: If the hon. member would look at Clause 35.(1) where it refers to 80.4 of the act he would find the explanation. Clause 2 and clause 35 are related.

● (2022)

Mr. Kempling: Following along with these questions on clause 2, I wonder if the minister would clarify several points with respect to expenses involved in moving, and whether or not these items are covered. As you know, mobility of people is very important to industry today. We are transferring people around particularly in industry perhaps in difficulty and placing management people in there. Aside from the allowances made on houses, what about moving expenses generally? Is moving expense going to be considered a deemed income?

Mr. Chrétien: There is an amendment later regarding moving allowances, I will give you the number in the bill.

Mr. Kempling: Will it cover also such things as broadloom allowance, drapery allowance, underwriting a loss on real estate, differential of upgrading of residence, bonus for moving, education allowance—are all those things covered in that section?

Mr. Chrétien: The moving allowances are found in clause 27 in this present bill. We are amending those regulations in clause 27. With respect to education, it is not included.

Mr. Kempling: Did you say that education is not included in here?

Mr. Chrétien: The tuition problem which the hon. member is referring to is not a moving expense.

Mr. Kempling: That is a matter of interpretation. What about the other items I have mentioned? In corporations where an executive is moved around and they move into a new home, there are decorating, broadloom and drapery allowances given and that sort of thing. Is that considered deemed income?

[*Translation*]

Mr. Chrétien: Mr. Chairman, clause 27 includes a definition of what is allowable as moving expenses, namely draperies and things like that, a certain number of items which have long been defined as moving expenses and are included in the Income Tax Act to be amended under clause 27.

Obviously, Mr. Chairman, it must be understood that I cannot act as the lawyer of the department and give every definition of each thing which can be included. We are now considering the amendments to the bill and when it is passed, the taxpayers will know what to expect. In this case, there is a series of moving expenses allowable under the Income Tax Act.

[*English*]

Mr. Alexander: I have now found section 35 and I would like some information. I would like to know how close this relationship must be between the individual getting the loan and his relationship to the officer and employee. Is there a

definition of the word "relationship" within the act now so we will know how far removed a person can be before the provision of this particular section can apply, and if so where is it?

Mr. Chrétien: Yes, there is such a definition in the act.

Mr. Smith (Churchill): I have one or two further questions concerning housing referred to in clause 2. I have heard here in the House the government accuse the mining industry of not creating enough jobs and not doing enough for their employees. In the case of a person who moves to an isolated community, or moves to a community and qualifies for the allowance, how long is he allowed to reside in that community prior to his purchasing a house? Would he qualify for the refund or qualify for the rebate on his tax if he purchased a house, providing he moved further than 25 miles—could he live in that community for five years, or three months prior to meeting this criteria, or does he have to meet that as soon as he moves to that community.

Mr. Chrétien: There is no time limit to that provision, Mr. Chairman.

Mr. Smith (Churchill): In other words, the person that now lives in that particular community, does not qualify because he is not under the 25 mile restriction. You are discriminating against the person who lives in the community at the particular time because he does not come under the 25 mile restriction—that he must move from further than 25 miles; is that right?

Mr. Chrétien: That is an allocation relating to mobility. If he is a resident, this provision does not apply.

Mr. Smith (Churchill): I say you are definitely discriminating against the person who lives in that particular community, and that is just what I have referred to. You are talking about mining companies not providing or doing enough for their employees. Here is a case where the mining industry is wanting to do something for their employees, the employees right on site. In order to qualify for this, could I in fact quit the company, move out of the community, and move back in and qualify?

Mr. Chrétien: According to the provisions of the act, yes.

Mr. Smith (Churchill): Could I apply for a relocation grant to the government to do that?

Mr. Chrétien: We don't have a relocation grant under the Income Tax Act.

Mr. Smith (Churchill): The minister talked about the reason this clause 2 was put in there, he talked about people ripping the government off to the tune of $150,000. Does the minister have any idea whatsoever, or any of his officials as to the number that would be involved here, say, under $50,000?

[*Translation*]

Mr. Chrétien: Mr. Chairman, such figures are not available.

[Mr. Alexander.]

[*English*]

Mr. Smith (Churchill): In other words, Mr. Chairman, this clause may affect only a very small number of people in the isolated parts of the country especially—the problem that the mining companies have trying to encourage people to come into that part of the country and of trying to keep the personnel they have now. I just want to be very clear that if someone left one of those communities, quit his job, went out and was rehired, then he could come back to the community, qualify in buying a home and then qualify under this amendment, could he then qualify for the income tax rebate?

Mr. Chrétien: With respect to the particular problem raised by the hon. member, perhaps technically he can claim that he is entitled to this interest free loan, but then he will obviously be acting against the spirit of the law. I do not know how the lawyers will interpret that, but of course, just a move of say 24 hours and coming back, will just be a technique that normally will not be acceptable because it will be evident that he is trying to circumvent the act as it is written.

Mr. Smith (Churchill): I am still not perfectly clear on the one aspect of this. Where the minister said that there was no time limit on a person going into a particular community, and I am talking about isolated communities in this case, that he can live there for five years and could still apply for a housing loan—can he still qualify for the exemption under the income tax even if he was there for five or ten years?

● (2032)

Mr. Chrétien: Mr. Chairman, it is in relation to a move by an employee from one community to another. The employee has to be involved in a move of a distance of 25 miles. We do not make any distinction between an isolated area or a move from Montreal to Toronto. The same benefit applies to a person who is moving from Winnipeg to Churchill. There is no distinction between isolated and not isolated, mining and not mining. It is an interest free loan a company can make to an employee if he is forced to move to another city in the execution of his duties.

Mr. Smith (Churchill): Mr. Chairman, I cannot agree that you can have just one set of rules for isolated and non isolated areas in the country. The government recognizes that it is more costly to live in isolated areas. Civil servants who live in those areas are paid a northern allowance to live there because the cost of living is higher.

Here is industry giving an interest free mortgage to its employees, a benefit to the employees, and still this is not recognized by this government. I do not see any difference between this and the situation that was raised by my colleague. He stated that Air Canada employees receive travel allowances and so on. What is the difference between that situation and a mining company putting up a tax free mortgage for its employees to encourage them to stay in that part of the country in the mining industry to take advantage of harvesting resources rather than having to beg people to come into the north? It is the same as Air Canada allowing its employees to

travel free of charge. I do not see any difference. I cannot understand why an employee who now lives in that particular community in rented quarters could not qualify for this tax exemption if he purchased a house.

Mr. Chrétien: Mr. Chairman, if we were not to introduce this legislation as it is, nobody would be entitled to any sort of interest free loan from his employer. What we are doing now is making it possible to give an interest free loan. The interest will not be taxable as long as the loan is not more than $50,000 to someone who is moving. For other reasons we do not want to give such a benefit. It is for people who are forced to move. We do not intend to give the same benefit to someone residing in that locality, whether it is in the north or anywhere else in Canada.

Mr. Smith (Churchill): Mr. Chairman, does it apply also to the person newly hired by a company, or does it just concern the person moving from one employ to another?

Mr. Chrétien: If it is a new employee and he moves, but if it is a new employee who is not moving, he is not entitled to it.

Mr. Smith (Churchill): I am talking about a new employee who is hired outside of that community, more than 25 miles away.

Mr. Chrétien: It applies to a new employee moving more than 25 miles in order to get established in a new community. This benefit will apply to that person.

Mr. Smith (Churchill): I finally have it clear. It applies to the new employee who has no stake in the community whatsoever. He can come into that community, stay there for five years and qualify to make application for housing. That person can get that tax exemption, even if he has been there for five years.

Mr. Chrétien: It has to be in relation to a move. If five years later he makes application, he would not qualify. It is in relation to moving from one city to another. If an employee does not get that kind of loan from his employer when he arrives and his employer decides to give it five years later, obviously that would not be because of a move. It would be for another reason the employer is giving the employee this benefit.

Mr. Smith (Churchill): Referring to the minister's remarks earlier this day, he said that they were not concerned about people from the south or people from the north and that it had to be the same for everyone. I say that if it has to be the same for everyone, the person who lives in that particular community should qualify because he has spent his life in the north. He is there because there is a bit of an incentive. However, now that person will not be able to qualify. He will be penalized for staying in the north. The new person who comes in can qualify for the exemption. I just cannot buy that thinking.

Unless I am not interpreting this properly, the person who now lives in the north is being discriminated against and everything is being done for the new employee who moves in. Perhaps that new employee arrives there because he is on a relocation grant at the same time.

Mr. Chrétien: Mr. Chairman, we are not discriminating against anybody. There is no such provision now. Revenue Canada has ruled that these interest free loans that are given by a corporation for all sorts of reasons are a loophole that has to be plugged. We looked at the problem and, in our judgment, we feel it is a legitimate reason when it involves the movement of an employee from one town to another. We are saying in this case the corporation can make a $50,000 loan without interest. The fact that the employee does not pay interest will not be considered as a benefit.

If we were not to pass this, there would not be any discrimination because an interest free loan by an employer to an employee is not taxable at this time. Revenue Canada realized that a lot of people used this as a way to get some benefit from their employer that was not taxable. That is why we were forced to move. If we had not discovered there were some abuses, the idea for what we are proposing today would be good. In some instances an employee was offered a job and the employer would say he would give him so much money, plus an interest free loan of $150,000. The employee would not be taxed on the benefit received from not paying the interest. We felt that was a loophole that had to be plugged.

The Deputy Chairman: Shall clause 2 carry?

Mr. Stevens: Mr. Chairman, there are more questions on clause 2. The Parliamentary Secretary to the Minister of Finance referred to certain questions that my colleague from Ottawa-Carleton raised concerning clause 2. I would like on her behalf, and on behalf of other members, to raise some of these questions.

The hon. member is very concerned about the impact the passage of clause 2 and the related clauses in this bill may have on small business. She makes the point that many small businesses are finding it difficult to woo executives to get them to agree to come to their companies. One of the tools that has been used to try to woo executives, especially from the bigger concerns, is this type of loan facility. They offer a relatively favoured interest rate on a mortgage that the person might have if he comes to work for the small company. To reverse it, in order to try to keep an employee, the first company may make this offer so that the employee will not be wooed away by somebody else. Has the minister given any consideration to this point, the effect that the passage of these provisions might have on small businessmen in relation to their relatively senior executives?

Mr. Chrétien: If a business concern is trying to attract an executive from another city, it can make that $50,000 interest free loan to a new employee. The hon. member will realize that there is a break for the person who has been attracted by a Canadian company. Stock options will be taxed at a different level than they are right now, as long as it is a Canadian

private company and not a public company. To keep it with no limit was felt to be exceedingly generous.

● (2042)

Mr. Stevens: What happens to the person who is not being relocated? I am referring to a person who lives within that 25 miles. I take it from this section that he will not be exempt?

Mr. Chrétien: Not for buying a new house with an interest free loan of $50,000.

Mr. Stevens: Does the minister not feel that this may be a problem which smaller businessmen will have to live with, in that with the resources of large corporations they can very quickly woo away employees from smaller concerns? Let us assume there is an employee who has a relatively low interest rate loan at the present time, which is one of the advantages he has with his small business employer. Does the minister now intend to have that man taxed on the deemed benefit which will come if this clause and the other relevant clauses in Bill C-11 are passed?

Mr. Chrétien: If he is in the same city, he cannot benefit from this allocation in terms of interest free loans for a house. It would not apply to him. There are other provisions which would help in this bill. If small or medium sized corporations want to attract an employee, they could provide incentive in terms of employee stock options.

Mr. Stevens: This clause will mean people who have been working with smaller companies, who are not being relocated and who have had the advantage of low interest loans, will now lose that advantage. Bearing that in mind, has the minister given any thought to what the salary implication will be if the employer attempts somehow to compensate the employee for the fact that he will have to pay tax on what has been determined by the minister to be income, in the sense that he will have to make up whatever that deemed amount is by a multiple of the tax he will have to pay to the federal treasury? Has the minister given any thought as to what the impact of this will be?

Mr. Chrétien: This is not starting before 1979. If some people receive interest free loans after 1979, they will be required to pay tax on the benefit they are deriving from those loans. That was a benefit which was not taxable, and it should be considered as income, just like an increase in pay. Of course employers will have to give pay increases. If employees receive pay increases, they will be required to pay taxes accordingly. It was a mechanism many people used to avoid paying taxes, and it was not fair for other taxpayers in the land. I have no difficulty in living with that change. It has developed as a loophole which has to be closed.

Mr. Stevens: I have no doubt the minister will have no difficulty living with this change. In this House we are concerned about hundreds and perhaps thousands of Canadians who will find it considerably difficult to live with the proposed change.

[Mr. Chrétien.]

Bearing in mind that the $50,000 exemption would be open to employees working for smaller companies, if it was not for the words "on the relocation of an employee", would the minister indicate why it is so essential that this $50,000 be only an exemption on relocation, as opposed to those who would be otherwise entitled to such a lower interest loan?

Mr. Chrétien: We have decided to make it in terms of relocation because of a decision by the Department of National Revenue indicating that a lot of people were abusing that loophole which existed. Any sum of money could have been lent by a corporation to an employee and the benefit from the interest free loan was not taxable. Certainly there were abuses there. When National Revenue discovered that practice and judged that it was not acceptable, we received a lot of representations by corporations on the ground that it would affect mostly people who were forced to move. The determination of the $50,000 was discussed with the mining industry. That industry felt it was a reasonable level. Interest free loans by corporations under certain circumstances will be acceptable under clause 35. It is up to a real benefit of $500 in terms of not having to pay interest.

Mr. Stevens: Since the last time I had an opportunity to question the minister, I have gone through the figures he provided with respect to calculating the interest a man may be deemed to have earned as a result of this low interest loan. I have read clause 35 as it relates to clause 2. I am not sure whether I understood the minister accurately. Do I understand him to say that notwithstanding how many loans an individual may receive from his employer, he may take the $50,000 and get a zero rate of interest on that, and on another $50,000 get a 10 per cent rate of interest? The average rate would be 5 per cent, and if the prime rate is maintained at around 9 per cent, no tax would be payable.

Mr. Chrétien: That is exactly what could happen, yes. If the calculations and the figures of the hon. member are used, that will be the situation. Other than that $50,000 interest free, he could have $100,000 at 4.5 per cent if the prime rate is 9 per cent.

Mr. Stevens: In order to keep my figures as simple as possible, assuming the prime rate is 9 per cent and assuming a man receives two loans, the first one at zero per cent for $50,000 and the second $50,000 at 10 per cent, giving him an over-all 5 per cent rate, do I understand the minister correctly that in spite of the fact the prime rate may be 9 per cent, which would appear to be a 4 per cent deemed difference, there would still be no tax payable?

Mr. Chrétien: He would have to pay tax on 1 per cent of the totality of the interest because it is 9 per cent and 10 per cent. He can have a $50,000 interest free loan. He can have the double of that amount at half the rate. If the rate is 9 per cent, it will be 4.5 per cent. If he has anything above that, he will have to pay tax on that benefit.

Mr. Stevens: I am wondering if the minister has an opinion from the Department of Justice that clause 35, along with clause 2, in fact will be interpreted that way?

[*Translation*]

Mr. Chrétien: The legislation as introduced and now under study in the House has been approved by the Department of Justice.

● (2052)

[*English*]

Mr. Smith (Churchill): I have a further question for the minister. If a person qualifies for a tax-free loan of $50,000 to purchase a house, how long does he have to retain that capital before he can dispose of it?

Mr. Chrétien: There is no time limit.

Mr. Stevens: Perhaps the minister misunderstood my question. I do not doubt there has been some cursory examination by the Department of Justice of the bill as to form, but I was wondering whether the minister ever put the matter to the Department of Justice and whether he received an opinion as to the impact of clause 35 as far as dollar amounts are concerned.

Mr. Chrétien: I did not need to ask the Department of Justice for a legal opinion about that. They drafted that clause themselves. They say you can get the benefit equivalent of a $50,000 loan interest free. So if it is half the rate, evidently you are entitled to double that amount of money.

I am surprised the hon. member did not understand that. I got it right away and I have never been closely associated with the banking system.

Mr. Stevens: Well, Mr. Chairman, I hope those who get rudely shocked in 1979 or thereafter will be able to get back to the Minister of Finance—

An hon. Member: He won't be here!

Mr. Stevens: —and ask him to produce an opinion he seems so casually to offer us tonight as though it were written in stone.

Dealing with this question of mortgage interest rates, can the minister tell us whether any consideration has been given to allowing mortgage interest rates on personal residences to be offset at least partially against income before taxation?

[*Translation*]

Mr. Chrétien: Mr. Chairman, the government does not intend to introduce such a measure at this time.

[*English*]

The Deputy Chairman: Shall the clause carry?

Mr. Stevens: No!

The Deputy Chairman: All those in favour please say yea.

Some hon. Members: Yea.

The Deputy Chairman: All those opposed will please say nay.

Some hon. Members: Nay.

Mr. Chrétien: Aren't the NDP going to vote for this?

The Deputy Chairman: In my opinion the nays have it.

Mr. Stevens: No, no! Come!

Mr. Alexander: I think the NDP are abstaining.

Clause 2 agreed to: Yeas, 32; nays, 16.

On clause 3.

Mr. Stevens: Before we proceed further, would the minister tell the House the main reason for which he presents clause 3?

[*Translation*]

Mr. Chrétien: Mr. Chairman, these special rules apply only to an employee who holds shares for a minimum of two years. Without such a minimum and reasonable period, there could be an important tax benefit, because instead of paying a salary a company could choose to issue preferred shares which would immediately be bought back. We have included this clause so as to enable small Canadian businesses to give inducements to their employees to stay on or to make it possible for some businesses to enter into competition with other companies to obtain competent personnel.

[*English*]

Mr. Stevens: Can the minister go further and indicate the magnitude of what he is doing here? Does the department expect that many small businesses would use this clause if we pass it? Or is it something he feels would be rarely used?

[*Translation*]

Mr. Chrétien: Mr. Chairman, we have received many representations concerning this proposal from small and medium businesses, and we believe that they will help those businesses obtain the administrative support that they need to develop. We also believe that this option that the employees will have to own shares will be favourably received by small and medium businesses. We have received many representations on this subject, and we believe that this will be well received by small and medium businesses.

[*English*]

Mr. Stevens: Why does the minister feel it necessary that the shares be owned for at least two years? What is the magic about two years?

[*Translation*]

Mr. Chrétien: I said this briefly in French earlier, but I can repeat it now, Mr. Chairman. These special rules apply only to cases where the employee has owned shares for a minimum of two years. Without such a minimum and reasonable period, this could constitute an important tax loophole since instead of paying wages a company could decide to issue preferred shares which it would immediately buy back, and we believe that we

must give a certain stability to this system so that there will not be any abuses on the part of certain companies to prevent the employees concerned from paying the taxes that they would normally pay.

[*English*]

Mr. Stevens: I guess the minister did not understand the whole purport of my question. I heard what he said about the two years but I am asking why the period of two years should have been chosen. No one is suggesting they should cash them in the day after, but why two years? Why not three, for instance? Have there been any studies which suggest that two years is the appropriate period?

[*Translation*]

Mr. Chrétien: In this case like in others, we had to use our judgment. We decided that a period of two years was reasonable. This was the judgment of officials in my department and it was accepted by my predecessor and myself.

[*English*]

Mr. Stevens: What happens, then, when we face a situation of two years less one day? Suppose an employee gets turfed out, or for some other reason is not in the service of an employer on the date of the expiry of the two-year period?

Mr. Chrétien: He would not qualify for the benefit.

Mr. Stevens: That is what I presumed. Would the minister tell us why, in the judgment of the civil service, it was not considered desirable to work on a pro rata system whereby, in the case I have mentioned, an employee would get virtually 100 per cent of his benefit—if he were to leave after a year and a half he would receive a corresponding amount, and so on? Can the minister give us the reason for that two year provision without any type of give on a pro rata basis?

● (2102)

[*Translation*]

Mr. Chrétien: Mr. Chairman, we believe it would make the legislation much too complex if we were to apply this benefit on a pro rata basis. We believe that the best way to do this is to proceed clearly and specifically. The employee and the employer will know the conditions applicable to this benefit and will know how to exercise this option of owning shares in the company, that is that an employee must have worked for this company for two years. Why did we make it two years? Because we did not make it three, that is all.

[*English*]

Mr. Hamilton (Qu'Appelle-Moose Mountain): Mr. Chairman, my question is on the wording of the clause. It refers to a Canadian controlled private corporation. What would be the objection to applying the same privilege to, say, a foreign privately controlled corporation?

[*Translation*]

Mr. Chrétien: Mr. Chairman, we decided to give this benefit to Canadian business because we think that this problem is generally not encountered among foreign companies which come to Canada. We believe that in general, because of their nature, foreign companies do not need this benefit and we want to give it to Canadian businesses.

[*English*]

Mr. Nystrom: I would like to ask the minister whether or not a limit will be put on this, or is it an open ended proposition where someone who has a lot of money can take advantage of the provision and it becomes a loophole for wealthy people since only one half of the share income is counted as income?

Mr. Chrétien: It is applied only to employees, not to anybody who controls the company. We think that is the way to limit possible abuse, because if one person controls the company that person cannot do so in terms of stock options. This provision applies to employees and we think that in view of the nature of corporations which will benefit from it there would be no problem with cutting off the quantitative benefit, if I may use that expression.

Mr. Nystrom: I wonder if the minister can clarify that a little more. Who is excluded, just the directors of the corporation or the president? Can the management personnel purchase the share or who does the minister really mean when he speaks of employees?

Mr. Chrétien: The provision does not apply either to a controlling shareholder or to a member of the group that controls the company. It has to be at arm's length.

Mr. Alkenbrack: I would like to get the definition of the last words which the minister just used. It is found quite frequently in the bill. What is the meaning of this financial legaleese jargon "at arm's length"?

[*Translation*]

Mr. Chrétien: Mr. Chairman, section 251 of the Income Tax Act gives a very detailed definition of this expression "at arm's length" from the legal jargon.

[*English*]

Mr. Stevens: If that is true, and bearing in mind that the minister stated that what was hoped to be achieved was that there be some kind of an inducement to help people whom companies are willing to help, would the minister say why there is no provision for at least some indexing, bearing in mind that since valuation day on December 31, 1971, there has been a 61.4 per cent inflation in this country? If that type of inflation keeps up—and if this government were to stay in power, it would undoubtedly keep up—surely the government would be doing nothing for this person if it deems him to have made a gain on which it is going to tax him 50 per cent if the government does not give him at least an indexing provision to offset the loss of benefit through rising prices which has occurred from the time the option was granted to the time he sells his shares.

[*Translation*]

Mr. Chrétien: Mr. Chairman, we had a lengthy discussion on the possibility of indexing capital gains tax in a previous debate in the House, and I explained to the hon. member why we did not want this indexing. I would refer him to my explanation which applies to the present situation. I think this would be a far too complicated system which could not be administered in a fair way in the present situation. Inflation is part of our modern economy, and we have to live with it. When I explained earlier in the debate the matter of the $2,000 exemption instead of $1,000, I discussed this problem at length.

[*English*]

Mr. Stevens: I think that what I am getting at would perhaps be clearer if we go through the effect of clause 3. As I read clause 2, a man might be given an option and the minister is saying that he will deem it as if it were a capital gain if, after he exercises the opition, he holds the shares for a minimum of two years. Let us assume the man holds them for five years, roughly the time since the last valuation day, and, as I have said, there is a 61 per cent inflation in the country since that time. If the man has taken his $10,000 investment—let us assume he made that investment—he needs $16,100 to break even in buying power five years later.

All the government is saying to the employee is that if he qualifies, he only has to take $3,050 in his income which will be taxed, which means that he will end up losing about $1,000 of his buying power based on the $10,000 cost of living figures.

My question has nothing to do with the earlier discussion which was a broader discussion as to why there was no indexing with regard to all capital gains. Here we are narrowed down to a very precise case. The man has bought his shares, the value can be established, he has to hold them for at least two years, so we are talking of a relatively long term. All I am asking is why can indexing not be taken into account to ensure that the federal government's greed for tax revenue will not result in that employee taking a loss in his capital buying power as opposed to an increase.

Mr. Chrétien: I would like to say to the hon. member that, according to the law as it stood before, the man was paying a full tax on the gain on the stock option. He would pay only half of it with this new scheme. We have gone a long way, but it is very difficult to satisfy the hon. member completely.

● (2112)

Mr. Stevens: Before we pass clause 3 would the minister give us an indication as to whether he will at least consider in his next budget, which hopefully will be very soon, giving some attention to capital gains with respect to these very specific things? He is trying to create the impression that he is improving the situation when in fact there is little improvement.

Mr. Chrétien: Mr. Chairman, the matter of indexing is constantly under review by the government.

Mr. Ritchie: Mr. Chairman, many income tax ideas which may seem good turn out not to be very good because the gain is assumed to come in one year only. By the time people pay their income tax, particularly in a period of inflation, as suggested by the hon. member for York-Simcoe, the situation is worse than if they did not get the money in the first place. When shares are sold can they be put into five-year annuities? Are there provisions for some spinning out of the tax?

Mr. Chrétien: Mr. Chairman, a person can buy income averaging annuities in order to spread out his income tax payable as a result of a gain.

Mr. Ritchie: It can be done?

Mr. Chrétien: Yes.

Mr. Stevens: Mr. Chairman, can the minister give us an indication of what he feels the passage of this clause will mean in terms of lost federal revenue? How much are we talking about here?

Mr. Chrétien: Mr. Chairman, we will be in a position to tell the hon. member when we know how many small and medium sized corporations take advantage of this measure. We do not have any specific forecast.

Mr. Stevens: I am not necessarily looking for a specific forecast, but I presume in the great in-depth studies which go on in the Department of Finance in preparation for the 1979 fiscal year budget and in the intensive study there is for the next five years there must be some estimate as to what will be the impact of this amendment and other amendments we are going to deal with in this bill. The minister cannot tell me he is proposing these amendments totally in the dark.

Mr. Chrétien: We have estimates on many measures, but I am informed that on this one we do not have an estimate because we do not think this measure will have a big impact on the revenue of the government.

Mr. Stevens: There has been a lot of rhetoric tonight from the minister about how desirable this clause is, but in actual fact it is not going to mean much to most Canadians.

Mr. Chrétien: It will mean a lot to small businesses, but in terms of the totality of the revenue of the federal government it will not mean much. I am not giving rhetoric; it is information I am very dutifully giving to the House of Commons.

Clause 3 agreed to.

On Clause 4.

[*Translation*]

Mr. Clermont: Mr. Chairman, the amount is increased in clause 4. Here is the amendment as described in clause 4:

"(3) That for the 1977 and subsequent taxation years, the employment expense deduction be raised to a maximum amount of $250."

Mr. Chairman, I am surprised that the same percentage increase was not used for employment expenses as was used for losses on capital gains. For capital gains the deduction is

increased from $1,000 to $2,000, 100 per cent, but for employment expenses the increase is only 66 per cent. As you know, Mr. Speaker, people have been able to claim a maximum of $150 since the taxation year of 1972. Starting with 1977, it will be $250. As I suggested to the former Minister of Finance when I rose in the budget debate I would have thought that the deduction might be higher than $250 because since 1972, Mr. Chairman, for a person using public transport fares went up a few times and for a person using his car to go to work, the cost of registration as well as car insurance, fuel and repairs have gone up. For tradesmen, the purchase of tools costs a lot more in 1977 then it did in 1972. The same goes for the purchase of books for professionals employed by the federal government, the provinces or municipalities or in the private sector. These cost more. But for the businessman, for the self-employed professional, if I may put it that way, he may claim those amounts at present cost. So my recommendation to the minister is as follows: I hope if the minister cannot increase the deduction immediately, when he introduces his next budget he will use a heavier pencil and the amount of $250 will be increased.

For instance, Mr. Chairman, any Quebecer may get up to $500. I hope the Minister of Finance will consider my remarks when preparing his next budget.

Mr. Chrétien: Mr. Chairman, I certainly will consider as always the remarks made by my good friend the hon. member for Gatineau, who has been serving us with such loyalty, and for such a number of years on the Committee on Finance, Trade and Economic Affairs. I would simply point out to the hon. member that this item will cost the treasury an extra $115 million for this year alone, and that in addition, employees have been granted by the spring budget and in the mini budget of this fall an extra $50 for each child; we also established automatic indexing of income tax, with exemptions being automatically increased 7.2 per cent. For the months of January and February next, we will be giving small and medium income earners an extra $100 tax reduction. I appreciate my hon. friend's generosity, but the treasury has its limitations.

Mr. Clermont: Mr. Chairman, this has nothing to do with generosity. It is only a matter of fairness, not only to small and medium income earners, but also to all wage and salary earners. So to me it is a question of being fair rather than generous.

Mr. Chrétien: Mr. Chairman, when preparing a budget we attempt to remember the kinds of measures to be used, and I know that the hon. member in his assessment keeps in mind the other tax exemption proposals made in other areas in the spring budget and the mini budget of this fall. Moreover, I would point out that this increase from $150 to $250 exceeds the inflation growth for the period referred to by the hon. member. This is costing $115 million.

[Mr. Clermont.]

Mr. Clermont: If this is the case, Mr. Chairman, the same percentage should have been used for capital losses. Instead of 100 per cent, you should have proposed 66 per cent.

[*English*]

Mr. Epp: Mr. Chairman, I would like to address my remarks and questions to the Minister of Finance. My questions are in a similar vein to those asked by the hon. member for Gatineau.

● (2122)

I want to relate a specific incident which I have mentioned to the minister's predecessor as well as to former ministers of national revenue. I do not believe the $250 is adequate as an employment expense deduction. For example, there are people working on the TransCanada Pipeline where it goes through a provincial park in which a pumping station is located, but because of the regulation that employees cannot reside in the provincial park they are forced to commute to work from outside. With increasing transportation costs I feel the $250 is not adequate, and I have written to the minister to this effect. I know this is a specific case, but I should like to know if there is any inclination on the part of the minister or the department to consider that where a pump station is located in a provincial park, employees should be allowed for the increased expense of commuting to the job. I believe, at best, the situation is unfair and, at worst, it militates against people taking such employment.

Mr. Chrétien: Mr. Chairman, I am sympathetic to the hon. member's request, but I think if we go into special personal problems like that under the Income Tax Act we will become involved in very complicated control problems. Many of those expenses are controlled by the individual, but we decided on a blanket exemption. Of course some people benefit more than others, but it would be an administrative nightmare to become involved in specific cases. As hon. members know, we deal with more than 10 million individual taxpayers so it would be extremely difficult to control. I am aware of this kind of problem in other circumstances but I do not think we can give more accommodation than in the present format.

Mr. Epp: Mr. Chairman, I recognize the minister's answer because it is almost a carbon copy of what he writes. The provincial parks and national parks encompass large areas and I hope the minister will re-examine the question in the next budget. It is not a specific case, as the minister might want to imply this evening.

I should now like to ask the minister what provision there is for the cost of purchase of metric tools.

Mr. Chrétien: Mr. Chairman, I think metric tools will have to come within that allowance. There is no specific allowance that I know of. I am told there is exemption from sales tax but not according to this clause.

Mr. Nystrom: Mr. Chairman, on that point I might say I believe there is a separate program. As I recall it came up

when we were discussing it as it referred to farmers and people on the prairies.

I want to raise two questions that concern me about clause 4. First, why did the minister not consider a tax credit instead of just increasing the exemption? I think he understands the tax credit very well. To increase the exemption from $150 to $250 obviously means more for people on high income, but the tax credit would mean more for people on low income. The government has already introduced a tax credit under the Election Expenses Act. If anybody contributes $100, regardless of income, $75 is refunded. That seems to me a much more equitable system. If I, as a member of parliament, or if the minister contributed $100 to a political party we would receive $75 back. If a person who only earns $4,000 contributed $100 he would also receive $75 back. That is a much more fair system and should be extended throughout the tax system.

Under this clause, for example, a worker in a 30 per cent tax bracket would only save an additional $30 per year, so I should like to ask the minister why he does not go to a tax credit system.

Mr. Chrétien: Mr. Chairman, we are dealing with an expense allowance. The hon. member's proposition is interesting but would involve a fundamental change to the Income Tax Act from tax exemption to tax credit. I do not say I am not in favour of that, and I find it interesting as a concept. I am looking at it, but it would mean a complete overhaul of the tax system to go from a tax exemption to a tax credit. I will take the usual representations on that subject by the hon. member and his friend in front of him, who is a friend of mine as well.

Mr. Nystrom: Mr. Chairman, the most significant words the minister uttered were to the effect that this would be a fundamental change. That is the reason we are argue for it.

I will give one or two examples of a tax credit. Take a tax credit of $400. A family of four making under $2,000 would get back the full $400. A family earning between $10,000 and $12,000 would get back $200 instead of $400, while a family earning between $17,000 and $20,000 would get only $50 back instead of $400. Under a tax credit system the more money one makes the less one gets back. It seems to me that increases equity in the country. Later I want to put on record some statistics that show that even though we have tax reform in this country the gap between the rich and the poor in terms of taxes is widening rather than narrowing.

The second point I want to ask the minister—

[*Translation*]

Mr. Chairman: Order, please. It being 9:30 p.m., according to the order adopted earlier today, it is my duty to rise, report progress, and request leave to consider the bill again later today, or at the next sitting of the House.

Progress reported.

Mr. Deputy Speaker: Order, please. The House will now proceed to the consideration of private member's business according to an earlier decision made today.

PRIVATE MEMBERS' BUSINESS

[*English*]

PROCEDURE TO BE FOLLOWED IN CALLING OF ORDERS

Mr. Deputy Speaker: Hon. members have received advance notice that we will take the present hour to debate a point of order that was raised on November 7 by the hon. member for Vaudreuil (Mr. Herbert) concerning the programming of private members' business.

● (2132)

For the benefit of hon. members, maybe I should put the point of order in perspective and try to give direction to the procedural debate in such a way that it will benefit not only the Chair and hon. members, and it might help us to come to a constructive conclusion. I feel precedents of the past would have a tendency to be more restrictive than positive, and I am not sure that this is the wish of the House. This is the reason why I did give advance notice, particularly to the Parliamentary Secretary to the President of the Privy Council (Mr. Pinard) and House leaders of the different parties, along with the hon. member for Vaudreuil, in the hope that they would do enough research to bring along constructive suggestions.

Previously on November 7 at the call of private members' business the hon. member for Vaudreuil raised a point of order, as he has been doing on different occasions in the past, and when he did raise a point of order the Chair had a feeling it could make a decision quickly on the question raised by the hon. member. But, upon a specific request from the member who expressed a wish that the Chair would look at the matter and make a decision the next time on private members' hour where motions would be called, I did then postpone any definite decision until November 4.

When we came to private members' business on November 14 I had to notify the House that the hon. member for Vaudreuil had gone beyond the point of order of November 7. He had written a letter to the Speaker in which he had specifically raised different points that went beyond the point of order which he had previously put to the Chair, thus making the scope very much wider and a little difficult for the Chair to at least prevent full consideration of the different points raised by the hon. member, which would result in the House coming to a positive decision, if not a ruling that would more or less regulate the operations of the private members' hour.

Before I do invite hon. members to participate in what I consider a very important procedural debate on private members' business, I might try to sum up the different main points on which, in my opinion, the intervention of hon. members

should be directed. I believe the main question raised by the hon. member for Vaudreuil was: does the government have a right to select business for private members' hour as it has done in recent times? Also, does Standing Order 19(1) give an outright privilege to the government to stand any question or order without the consent of the House?

Hon. members know, on every day, Mr. Speaker at the call of written questions, after those questions are enumerated, he seems in the practice in the wording of the question, to ask permission of the House to stand the other questions. Is this something that has been developed inadvertently, or is it something that indicates a procedure that has to be followed when the government requests? Does this represent a request from the government to stand the questions that are not enumerated? If it does, how much application does it have to Standing Order 19(1)? Also, in the wording of Standing Order 19(1) is there a difference between an order called and an order called from the Chair, as mentioned in Standing Order 49(1)? Also what is the calling of an order? Is it when it is read by the Clerk or when it is put by the Chair?

Does the wording "twice called from the Chair" mean that the order is not, or irrespective of not, having been stood by the government, is it only considered as being called twice from the Chair if there have been no requests from the government to stand the order?

I must say that, looking at the precedents, they have not been very helpful, although they might support a more restrictive practice toward the number of times a motion could be stood by the government. But is it the hon. member's wish, or is it the practice that we should apply strictly? The hon. member will find in Beauchesne's citation 88 an indication that the government has a responsibility toward the programming of the business of the House, but it is very general and it is not clear if it was meant to apply to all procedure in the House.

In Standing Order 18(1) we can read:

> All items standing on the Orders of the Day, except Government Orders, shall be taken up according to the precedence assigned to each on the Order Paper.

But, when we read Standing Order 18(2), we see:

> Government Orders shall be called and considered in such sequence as the government determines.

So, if 18(2) specifies the power of the government to determine the order of business for government business, does this mean it does not have the same power for the programming or consideration of private members' business? These are the two questions I have on my mind and these are the questions that I want to put before the hon. members.

Of course we have supplemented our recent practices with the request, on some occasions, for the protection of hon. members that were absent or have not been witnesses to these arguments, we had at the beginning of different private members' hours the unanimous consent procedure, but I think as we went along this has developed into a confused practice. I feel as witness to the proceedings of private members' hour that this new followed practice of advance notice of private members' hour, has made it easier for the workings of the House and I think it has brought about better preparation in presentations made by hon. members. If any hon. member can prove to the Chair that it is the wrong practice, that the Standing Orders do not authorize such practice, we have two courses to follow—either the course of applying strictly in any order and the course of modifying them or looking some alternate solution until we do modify them.

[Mr. Deputy Speaker.]

• (2142)

I invite hon. members to comment on the points I have raised. I will first call upon the hon. member for Vaudreuil, then the Parliamentary Secretary to the President of the Privy Council, the hon. member for Grenville-Carleton (Mr. Baker), the hon. member for—

Mr. Knowles (Winnipeg North Centre): Timiskaming. He is our expert tonight.

Mr. Deputy Speaker: —Timiskaming (Mr. Peters), and any other hon. members interested in the question. I will not render a decision tonight. I will listen to the remarks of hon. members. I will then reserve judgment. I might make some further comment after I hear the various interventions.

Mr. Hal Herbert (Vaudreuil): Mr. Speaker, I think your remarks have been of assistance to us in setting the record straight. May I just mention that the dispute does not arise from the selection of the business which is going to be debated during private members' hour, but with the disposition of the items which precede the matter to be discussed in that hour.

Your Honour raised the matter of Standing Order 18.May I just re-emphasize that when members decide to propose motions or submit bills, they are presumably governed by Standing Order 18, recognizing that these orders shall be taken up according to the precedence assigned to them on the Order Paper. Presumably when an hon. member puts a motion on the Order Paper, he is aware of that particular Standing Order. To assist the House, agreement is reached at the start of the session that there shall be a draw and the order shall be established by that draw.

We must assume, if we are looking at the business which is to be called, that we are going to be following the order of the listing. If a member, for good reason, is not able to proceed, he may be sick or called away for other reasons, and we have been advised of that—as we used to do for quite a few years—we would almost automatically give unanimous consent to allow that member's motion to remain on that Order Paper until he returns to the House.

When I raised this point before, I was objecting to the fact that many of these motions and many of these bills were remaining on the Order Paper for many, many months. They were being called, and the member was either not ready or not willing to proceed. I suggest that under those circumstances the item should be dropped.

Quite recently we changed our procedure and called upon the government to make the request, which Your Honour

referred to in Standing Order 19(1). May I underline two or three words which I think are of consequence. It says:

Questions put by Members and notices of motions, not taken up when called may . . . be allowed to stand and retain their precedence; otherwise they will disappear from the Order Paper. They may, however, be renewed.

In other words, there is an option. The option, in brackets, is "upon the request of the government". At that point it is assumed that if there is good reason, and sometimes a member might be difficult and we do not get the required unanimous consent, we have a tool in Standing Order 19(1) for the government to make this request for the benefit of the member who might be absent for quite legitimate reasons.

Hon. members are aware of Standing Order 49(1) which reads:

When a Private Member's Notice of Motion shall have been twice called from the Chair and not proceeded with, it shall be dropped, provided that it may be placed at the foot of the list on the Order Paper upon motion made after due notice.

Paragraph 2 reads:

If the notice of motion thus restored is again called from the Chair and not proceeded with, it shall be withdrawn from the Order Paper.

There is no option there. Surely under those circumstances there is no question that it may, upon the request of the government, be allowed to stand.

What concerns me at this stage with respect to private members' business is that if we could interpret Standing Order 19(1) as giving the government the power to retain items on the order paper, we also give the government the power to make the selection of what item is to be called and debated in private members' hour. I believe that use of the words "request of the government" does not give it the right to control what goes on in private members' hour.

The government may make the request and, if it conforms to Standing Order 49(1) and has not been called twice, presumably at that time we do not need to have unanimous consent. However, if the order has been called two or three times and at that point, even with the request of the government, unanimous consent from the House is not forthcoming, I suggest the item should then be dropped from the order paper. Obviously it could be resurrected by the hon. member and placed on the order paper if he so wished. The point is not to interfere with the items that are going to be discussed. There is usually agreement. It is working out very well except in unusual circumstances.

May I point out an unusual circumstance a short time ago at the end of the last session when, unfortunately, a member was not ready to proceed? We had to go to the next motion on the order paper, which happened to be one of mine. The government did not want it discussed so the House was adjourned. There was a call for the bells and the adjournment motion carried. Once again the government was deciding what items were going to be discussed in private members' hour. I suggest that was not the intention of the Standing Orders.

Although I am happy that agreement is made on the items that are to be discussed, I do not think there is anything in the Standing Orders that requires us, the members, to accept that items may remain on the order paper for more than the two times they are called, unless we, the members, give unanimous consent for those items to remain. That is the basis of my argument, Mr. Speaker.

● (2152)

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, I was happy to hear the hon. member for Vaudreuil (Mr. Herbert) say at the beginning of his intervention that in his opinion the problem did not lie in the choice of discussion matters, but I am somewhat confused by his ulterior observations because he used the word "control" in describing the part played by the government in choosing discussion subjects.

I would like to tell the House that the practice these last few years shows no evidence of government control in the choice of bills to be studied, far from it. The government simply helps the members of parliament to act in a rational manner during the private members' hour. This is also helpful to the members because the government has the administrative facilities to help them, through simple courtesy and also to conform to the provisions of Standing Order 18 which states that each item will be taken up according to its precedence on the order paper. This practice is well known and I do not want to go over it again. At this stage of my argument, Mr. Speaker, I shall simply refer to comments made by one of my predecessors in the position of parliamentary secretary to the President of the Privy Council on May 11, 1976. These comments are reported on page 13410 of *Hansard* as follows:

All I want to indicate, Mr. Speaker, is that we attempt to provide to hon. members as soon as practicable those items which will be dealt with in the next session, first contacting the individual members who have priority in order to determine whether they will be available and whether they wish to proceed with a particular item of business. Having ensured that a member will be here to debate the item of business, we communicate with the interested parties, including the government. Then we set the matter down and advise all hon. members of the matter that is going to be debated on a given day.

Mr. Speaker, I submit that the answer to the interesting problem raised by the hon. member for Vaudreuil resides in an intelligent reading of relevant Standing Orders of the House, and not only in a reading of these Standing Orders, but also in an examination of the moment when those rules were passed and the reasons behind them. The relevant rules are Standing Orders Nos. 18, 19 and 49. Now, Standing Order 18 establishes the generai rule, and I quote:

(1) All items standing on the Orders of the Day, except Government Orders, shall be taken up according to the precedence assigned to each on the Order Paper.

Then, this is the general principle which covers the matters relating to private members' business. This relates to notices of motions as well as to orders or bills. We then come to Standing Order 19 which is relevant. Now, Standing Order 19 was amended in 1906 as appears in Beauchesne's *Parliamentary Rules and Forms* to read as it reads today. Therefore, the present provisions of Standing Order 19 are similar to those which existed in 1906. This appears obviously on page 74 of Beauchesne where we find Standing Order 19 as amended on

July 10, 1906. I quote the important parts of this standing order for discussion. Standing Order 19(1) reads as follows, and I quote:

19. (1) Questions put by Members and notices of motions, not taken up when called may (upon the request of the government) be allowed to stand and retain their precedence; otherwise they will disappear from the Order Paper. They may, however, be renewed.

And subsection (2) says and I quote:

(2) Orders not proceeded with when called, upon the like request, may be allowed to stand retaining their precedence; otherwise they shall be dropped and be placed on the Order Paper for the next sitting after those of the same class at a similar stage.

Mr. Speaker, what strikes me on reading Standing Order 19 as modified in 1906 is that subsection (1) concerns questions on the order paper and notices of motions while subsection (2) concerns orders and this is not very clear to me as orders may also mean public bills from private members. At this stage it is obvious that Standing Orders makes a distinction: subsection (1) concerns notices of motions and questions while subsection (2) concerns orders. It seems to me quite important to point out this distinction because further on, Standing Order (49) only refers to notices of motions, and does not mention at all private members' questions nor does it mention orders or bills. Section 49 is very restrictive. It is worthy of vote that when Standing Order 19 existed under the form which I just mentioned, back in 1906, Standing Order 49 did not exist as we know it today. Standing Order 49 was then very short and contained none of the present sections. In those days, Standing Order 49 read as it appears on page 166 of the manual of parliamentary procedure by Beauchesne which reads as follows:

49. A member who has made a motion may withdraw the same only by the unanimous consent of the House.

That is all Standing Order 49 said in 1906, while Standing Order 19 existed in its present form. I think that we will find the answer to our problem by asking ourselves why has Standing Order 49 been modified so as to become what it is today? When was it modified and why?

Then, Mr. Speaker, I did some research and found out that Standing Order 49 was modified during the 1926-27 session so as to read the way it appears today in the standing orders. This shows in the journals of the House of Commons of Canada for the 1926-27 session, more precisely on page 340 and 341 of the issue of Tuesday the 22nd of March. On page 340 we find a draft of the new section 49 as we know it today and which reads as follows:

(1) When a Private Member's Notice of Motion shall have been twice called from the chair and not proceeded with, it shall be dropped, provided that it may be placed at the foot of the list on the Order Paper upon motion made after due notice.

(2) If the Notice of Motion thus restored is again called from the chair and not proceeded with, it shall be withdrawn from the Order Paper.

(3)No member shall have more than one Notice of Motion at a time on the Order Paper.

(4) This Rule shall not apply to Notices of Motions for the Production of Papers.

[Mr. Pinard.]

• (2202)

This is what we have today, the same provision as Standing Order 49 we have today. So that new Standing Order was inserted in 1926-27, that is 20 years after Standing Order 19. It is interesting to read on page 341 of the *Journals* of the House of Commons, the rationale for the amendment to Standing Order 49. In order that my colleagues may also take part in the debate, I will abstain from quoting the relevant part where the reasons for the amendment are given in detail. I will simply summarize it having given the reference so Mr. Speaker can check for himself.

At that time, only 11 days were provided for private members' business. It was felt there were abuses, hon. members should have no more than one notice of motion. Some hon. members had up to four or five notices of motions, as is indicated here. There is no reference to orders or legislation, but to notices of motions only, and Standing Order 49 refers to notices of motions only. Because at that time, that is 1926-27, it was felt that with 11 days provided for private members there were abuses in allowing members to have more than one notice of motion, it was decided to allow for one notice only, and opportunity was taken to insert Standing Order 49(1) providing as follows: When a private member's notice of motion shall have been twice called from the Chair and not proceeded with implying there had been a call from the government side it shall be dropped.

This very brief summary of the history of the pertinent standing orders, the insertion of the now Standing Order 49 as opposed to Standing Order 19 as we know it, brings me to the following suggestion, resulting as I said from an intelligent reading in context of the standing orders referred to, keeping in mind the times of their passing and the reasons for doing so. I would suggest, first that a distinction must be made between orders, legislation and notices of motions. I respectfully submit that, in respect of questions on the order paper, orders or bills, Standing Order 19 alone applies, keeping in mind at all times the principle stated in Standing Order 18. In my opinion, Standing Orders 19 and 49 are exceptions to the principle governing Standing Order 18. Now Standing Order 10 alone affects questions appearing on the order paper, orders and bills, without consideration for Standing Order 49 which deals only with notices of motions. On the other hand, as far as notices of motions are concerned, the new Standing Order 49 dating from 1926-27 is applied in correlation with Standing Order 19 and this is where I partly agree with the argumentation of the hon. member for Vaudreuil (Mr. Herbert). I am inclined to agree with him only as far as notices of motions are concerned. In other words, when notices of motions are called twice and reserved at the request of the government under Standing Order 19(1), Standing Order 49 which is more recent than Standing Order 19 takes effect and clearly states that they must be withdrawn. Now if we refer to Standing Order 18, Mr. Speaker, paragraph (1) states the following:

Questions put by Members and notices of motions not taken up when called may (upon the request of the government) be allowed to stand and retain their precedence . . .

This means that when a notice of motion is called on a given day and the government asks that this notice of motion be allowed to retain its precedence, the government's right pursuant to Standing Order 19 is limited by Standing Order 49 to make this request only on two occasions. On the third, Standing Order 49 is automatically applied and the notice of motion cannot be called a third time, even upon the request of the government. Such notice is dropped pursuant to Standing Order 49 (1). But, once more, I want to be clear on that for my argument, this rule applies only to notices of motions and not to bills introduced by hon. members, which are governed by Standing Order 19, because Standing Order 49 does not provide anything for orders, bills and so on. Standing Order 49 is very restrictive. It came twenty years after Standing Order 19. Standing Order 49 does not provide anything for bills, orders or questions on the Order Paper. It deals only with notices of motions. Therefore, it is very important, I think, Mr. Speaker, to make this distinction.

Now, it is well and good to say it is procedure, it is a matter of principles. It is easy to say just read clauses in an intelligent way, concentrate on the wordings and look at the context in which they have been brought about and passed and you will come to some practical conclusion but that does not resolve the problem. That is procedural matter.

Since the private members' hour is designed to deal with matters concerning members, I suggest that if they want it to operate rationally, because all this goes back quite far, they will have to help the government help them. In other words, the unanimous consent of the House will be required for notices of motions to be called more than twice. There is no problem with bills. I said so on several occasions already. The government will probably intervene and ask that they stand. And I forgot to mention that the reason for government's intervention is simply that it is its responsibility to determine the order of the business of the House.

Mr. Chairman, I listened closely to your remarks and I was amazed when you referred to Beauchesne's comments No. 88 on the bottom of page 88, if I understood you well. I quote:

> The Government being largely interested in the progress of the business of the House is responsible for allowing a question or motion to stand, if the member is absent or does not proceed when it is called.

It seems to me very clear, Mr. Speaker, that that citation in Beauchesne is directly related to the content of Standing Order 19. It is so true that that citation is found at page 81 among the citations discussing a dozen of the standing orders, i.e. Standing Orders 15 to 27. We all know how Beauchesne's work is divided. He refers to some standing orders, then sets forth citations, and then proceeds to another series of standing orders followed by citations. Now, that citation I just read is not found after Standing Order 90, but follows a dozen of standing orders, including Standing Order 19. Therefore there is a clear relation between that reference by Beauchesne to the government's responsibility to ensure orderly progress of the business of the House and Standing Order 19. And this explains why Standing Order 19 says that: upon the request of the government, notices of motions, questions on the Order Paper and also orders of the government and bills can be allowed to stand. As I have said earlier, Standing Order 49 simply limits notices of motions to two calls by the Chair.

The reason for the government's intervention is to ensure that the proceedings of the House will take place in the proper manner. Therefore, Mr. Speaker, until these Standing Orders are changed, I think we will have to rely upon the courtesy and sincerity of all members of parliament. Without the unanimous consent of the members of the House, notices of motion will never be called more than twice, from now on, in spite of the government's request, or may be withdrawn from the Order Paper. On the other hand, bills will be allowed to stand at our request. This is all respectfully submitted.

● (2207)

Mr. Deputy Speaker: I would like to ask the hon. parliamentary secretary a question. When he referred to Standing Order 49(1), he said, if I understood him correctly, that once a notice of motion has been called twice, it shall be dropped from the Order Paper, but in his remarks he said more than twice.

I should like him to tell me how he interprets Standing Order 49(1) which, at least to the Chair, seems to mean that the notice of motion should be dropped from the order paper the second time, even when it is called. This matter is of great concern to the Chair, because even if the hon. parliamentary secretary has seemed to agree with the hon. member for Vaudreuil (Mr. Herbert) on this point, he adds in his interpretation of Standing Order 49(1) a second time, which is not what, in my opinion, Standing Order 49(1) means.

Mr. Pinard: I am grateful to the Chair for asking me this question, which will permit me to provide the necessary clarification. In my opinion, the Chair is absolutely right. This, however, does not change anything at all to the basis of my point, whether the notice of motion should be dropped after it has been called once or twice, Standing Order 49 dealing only with notices of motions, and not with orders, contrary to what you have just stated. But I agree with you that, as provided by Standing Order 49, when a notice of motion has been called twice from the Chair and not proceeded with, it shall be dropped. This means that it may be called once and that if the second time it is not proceeded with, it should be dropped. Therefore, if I said the contrary a moment ago, and I think I said it could be called twice with the consent of the government and that it was only on the third call that it was to be dropped, I withdraw what I said on this point. I think a close study of Standing Order 49 shows that there should not be a third time; the notice of motion is called twice and if it is not proceeded with on the second call, from a logical point of view, it should be dropped. But once again this applies only to notices of motions. Thank you, Mr. Speaker, for having brought my attention to this point.

[*English*]

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, I listened with great interest to the hon. member for Vaudreuil

(Mr. Herbert) and to the parliamentary secretary, and I think I followed the argument of the parliamentary secretary to the point where he began to deal specifically with Standing Order 49 which has caused me some concern. As the hon. member has indicated, that Standing Order deals with a situation where a private member's notice of motion has been called twice from the Chair and not proceeded with, in which event it should be dropped. The parliamentary secretary is indicating that, in his judgment, that is the definitive word. I would have to agree with him, except that Standing Order 19(1) states:

Questions put by members and notices of motions, not taken up when called may (upon the request of the government) be allowed to stand . . .

I think there is a conflict there. In one case there is a direction in Standing Order 49 which is made less powerful by an exception in Standing Order 19(1). It seems to me that it may be academically historic, but it could very well be that in the course of the changes that were being made, changes were made in one section without considering that they might have had an effect on another one. So I must say that I disagree in that respect with the parliamentary secretary.

● (2212)

If Your Honour agrees with me that there is some doubt cast as a result of the differences, I think you will have to consider what course we ought to follow, and in that event if we were to go in any direction we ought to go in the direction of preserving to the greatest possible degree the rights of private members with respect to notices of motions and matters of private members' business.

I do not want it ever to be held that I am arguing that the provisions of our Standing Orders, rules and customs are perfect with respect to private members' business, and I say that for the benefit of the parliamentary secretary. There are some changes we have advocated from time to time, but having regard to the system in operation at the moment it seems to me that if this House operates at all, it operates on the basis of some reasonable consultation, and the consultation which has existed between the government House leader and the opposition with respect to private members' business has been reasonably sound.

While it may be that the unvarnished meaning of the words "upon the request of the government" in terms of allowing matters to stand should be interpreted as giving the government power and control over these matters, I think our experience in the House, at least thus far, indicates that the government has interpreted this as a vehicle for maintaining rather than abusing private members' interests. Having regard to the nature of the consultation which has gone on, I think it would be very unfortunate if we suddenly began to apply what some might call the strict letter of the law.

We do have certain customs, and one of those customs is consultation in order to facilitate the work of members who may have something standing in their names but who, because of sickness or a snowstorm—as you yourself experienced today, Mr. Speaker—may find some difficulty in coming to Ottawa at the particular time when their particular items of business are being called. They would otherwise lose their right to advance something about which they felt strongly enough to go to the trouble of consulting the parliamentary counsel in preparing a bill or a motion to deal with a particular matter.

[Mr. Baker (Grenville-Carleton).]

I think that by strictly interpreting the rules we would not be contending with the realities of this country. The business of members takes them across the country from time to time, and certainly to their own constituencies. There is much more to Canada than just the National Capital area. The business of members also includes international meetings and conferences. I think we would be taking far too rigid a stance if we adopted even the parliamentary secretary's interpretation of Standing Order 49, which I think is far too strict, having regard to the exception which would appear to apply in Standing Order 19(1).

Mr. Speaker has dealt with this in the past. Dealing with a matter of custom he said, as reported at page 5421 of *Hansard* for May 2, 1975:

. . . the procedures which have been adopted are matters of convenience. They are a departure from the strict interpretation of the rules which would require calling, seriatim, at every private members' hour, all such items on the order paper. Initially, the very filing of private members' bills and their selection for consideration is a departure from the strict interpretation of the rules.

We do that now as a matter of custom.

● (2217)

Those departures are a matter of custom and are for the convenience of members so that we can operate with reasonable smoothness and not waste too much time on a number of technical interpretations of the rules.

If there were doubt in my mind with respect to the interpretation placed on Standing Order 49 I hope it would be resolved in favour of the continuation of the use of that phrase which has proved so useful in this House and which appears in Standing Order 19, "upon the request of the government." If the government acted with respect to private members' hour in a way that was restrictive of members' rights, it would soon become apparent to all. If there has been difficulty with a particular matter, whether it occurred because of the inability of a spokesman or a member of the government to answer—the hon. member for Assiniboia (Mr. Goodale) and I have had such negotiations from time to time—or because of the position of a member of the opposition who brought a matter forward and was inconvenienced, we were always able to come to some reasonable agreement. I do not recall anything coming out of those negotiations other than an attempt to assist the member who found himself caught short, because he was away, or because a proper answer could not be made.

I think it essential that private members' hour be considered a very important part of the parliamentary day. There are few opportunities for members in their personal capacity to advance points of view or matters of particular concern, and we ought to preserve that right to the greatest extent. I think the only way we can preserve it reasonably and honestly is by not adopting an inflexible attitude but rather by continuing in the direction we are headed.

Lawyers could argue over the Standing Orders endlessly. What we are trying to preserve is the opportunity for members to prepare to make the best case they can on a matter that means enough to them that they have put down a motion or a bill with respect to it, and on the other hand to allow the government time to prepare for the necessary argument.

I am amongst those who wish more private members' bills could be referred to committees, but even though that does not happen it does not mean there is not proper consultation regarding the advancement of business. Thus far the House of Commons is the better for that element of interpretation and consultation. I hope, in considering the point made by the hon. member for Vaudreuil, Your Honour will interpret on the side of generosity rather than on restriction.

Mr. Arnold Peters (Timiskaming): Mr. Speaker, I have always been interested in private members' hour, and I probably use and abuse it more than any other member. We have been able to use the rules on occasion to do that, but I think the previous speaker is right in his indication of the desire to maintain private members' hour. It serves a number of functions, one of which is to give a member the opportunity to make a case for something that he feels strongly is in the interest of the constituents he represents. In my opinion this has worked very well.

● (2222)

If you go back over the private members' hour during the past 20 years you will find very few pieces of legislation, particularly in the social fields, that have not been pioneered in the private members' hour. I have been surprised at the government recently trying to take control of the operation of the private members' hour.

It was not very long ago, certainly since my time, or the private members' hour, particularly in the section under Public Bills that there were eight or 10, not more than 12 when I came here, and every one who placed one of those bills on the order paper knew exactly why they put them there and they were very interested at the drop of a hat to discuss them. The government, on the other hand, was very often just about as interested to see that they did not get any further than the discussion position, and when they went to the bottom, that was an accomplishment. The same was true with notices of motion, Mr. Speaker, when they were put down, they were put down because they were sincerely believed in, they were interested in putting them down, and it worked on a different basis than it does now.

The old timers, like the hon. member for Winnipeg North Centre (Mr. Knowles) who has been around for some time, had those bills prepared probably before the election took place. Thy were all ready and as soon as the election took place, at the earliest possible moment, they were filed. They were all listed on the basis of which one was received at one o'clock, two o'clock or whenever it was received. That is how the decision was made.

During my period, Mr. Speaker, and my interest in the private members' hour, we were able to help increase the number of private bills from roughly 10 or 12 to where they are now, 205. As a matter of fact in about two years we raised it from 10 or 12 to over 100, and it is now 205. I venture to guess there are some people that have not decided why they put those bills in in the first place, and secondly, they really did not decide whether they were going to be discussed or not. That is decided now because of the number by a lottery. You may have a bill at the top which you did not want and you may have a bill on the order paper you wanted very badly. For a little while we were allowed to switch them. If you had one on the top, you were allowed to decide which one went to the top. I think it is done more fairly now, if it is drawn, it is at the top.

What is happening is that the government is making the decision that they do not want to talk in these private members' hours on a specified subject. They are laid out very carefully, it is not like government business. On certain days, certain items are called and it must be that item, or by consent you can go on to something else. For a long time, Mr. Speaker, if a member was sick someone in his party speaking on his behalf, and he had to say at the time "with the permission of the hon. member I request of the House Bill so and so stand." I remember one case where it was requested, and because of the difficulties that member had, it was dropped. With one exception, I cannot remember any time when there was not an agreement when someone said—on the request of the member—the bill stood.

Then we got parliamentary secretaries and they really did not have very much to do. They started puttering around in the private members' hour. They did it conscientiously and with good intent. They did it not to stand at the request of the government but to find out whether there was going to be any requests to stand, and what bill was going to be taken. They were able to ascertain that, and they were able then to say that we understand there is an agreement, and we should proceed to bill so and so or motion so and so. However, it was by agreement.

All of a sudden the rules were changed. I sat in on some of the meetings which discussed rule changes. I do not remember agreeing to anything about "upon the request of the government." Maybe that is why it is in brackets. Maybe no one agreed to it.

● (2227)

Hon. members will recall that when we changed the rules, the fight was over Standing Order 75. The Standing Orders were temporary for some time. It worked very well.

If the government is going to control this hour, it will be able to stand the first ten bills because it wants to get to a particular one further on. As I understand it, that request cannot be refused. I agree the government does not request a member to do that if he is ready to proceed with his bill. To date it has not made such a request. However, there is no reason why it cannot make that request if it does not want to

take the bill that is at the top of the list. It can just request that it be stood.

The other day the parliamentary secretary said the government was not ready to proceed with the particular bill that was called. What is the reason for putting a bill on the order paper? It is to discuss it. The government decided it would be better not to discuss that bill at that time. I do not think that was the intention of the changes that were made to private members' hour.

I suggest when we left in that motions would only be allowed to stand twice, that was for the purpose of not allowing the government or anyone else to stand motions. If they were there, they were to be taken without delay. If not, they would be taken off the order paper.

There can be a number of abuses if the government decides it is going to organize private members' hour. We have been lax for some time in not demanding that all orders be called. It is sometimes agreed that we will not take the motions on the order paper for this week or the Notices of Motions for the Production of Papers or Public Bills, but go on to something else. If someone interjects, we must go through the whole list calling every item. We go to each succeeding one as the Standing Orders provide, and call them all individually. That has not been done all the time simply because it would be foolish. Unless you have an interest in something that is somewhere in the middle, you would not request that. I have done it a number of times, but for a different purpose. It was not for the purpose of having them all called. However, it does protect those who have an interest somewhere in the list.

If the government is going to have the power to stand them, a government member will be able to exert considerable pressure.

Mr. Deputy Speaker: Order, please. Will hon. members agree that I do not see the clock?

Some hon. Members: Agreed.

Mr. Peters: It is not impossible for the government to put pressure on members on the other side of the House. It can do that fairly easily by saying it needs some time to look at an item or to check all the ramifications of it. It may say it will agree to send either the bill or its subject matter to committee or, in the alternative, make it a government bill.

There are many ways in which the government can influence private members' hour. It can restrict the right of the individual to make his point. Often a member puts down an item only to get a subject discussed, not necessarily to have a bill passed.

I strongly urge that Your Honour give very serious consideration to this question of allowing matters to stand at the request of the government. If a matter is to stand, it should be at the request of the member who placed it on the order paper, not at the request of the government. It will not then be quite as neat and orderly. The government will not be able to tell a member beforehand that it is all arranged. It will keep the spirit of the private members' hour, which is to allow backbenchers to put forth ideas.

[Mr. Peters.]

• (2232)

Mr. Pinard: Would the hon. member permit a question? He said a few moments ago that a parliamentary secretary had told him the government was not ready for a private members' bill. It was not I. I should like the hon. member to be more precise and tell us what bill was involved when that happened, and what parliamentary secretary said such a thing.

Mr. Peters: It has happened many times. I am sure it happens often in the course of the negotiations which take place. I understood the hon. gentleman to say the other day, when discussing the orders of the day, that there were a number of members on his side who were interested in speaking on a certain matter but who were not ready. That is fairly honest. There is nothing wrong about it. But I think the person who should make such a decision is the person in whose name the bill stands.

Mr. Pinard: I just want to say for the record that I have never talked with the hon. member about private members' business except this afternoon when I asked that the hour be postponed until tonight.

[*Translation*]

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, with your permission, are we going to continue or do we adjourn the debate?

Mr. Deputy Speaker: I think it was quite difficult to put aside the hour tonight and that all hon. members know that I have asked leave of the House not to see the clock for a while.

Mr. Lambert (Bellechasse): Mr. Speaker, this is a very important question. Many times I have wondered about the way we dispose of certain motions. Of course, we always agree, we always succeed in agreeing. That was not always all right with the hon. member who was frustrated in his hopes to comment on a motion. However, Mr. Speaker, I think that Standing Orders 19 and 49 are there to protect hon. members' rights, especially those who sit to your left because on the other side they have a majority and they can arrive at decisions whatever we are prepared to accept, because the majority always win in the end. I think it will be a good thing to keep those standing orders however difficult they are to interpret. Every hon. member reads them as he sees them, everybody thinks in his way. But Standing Order 19 has been read many times tonight and I think it should be considered very carefully. It reads as follows:

> . . . notices of motions, not taken up when called may (upon the request of the government) be allowed to stand and retain their precedence; . . .

The government decides. Does the government leave the decision entirely up to the parliamentary secretary, or does it decide after consultation with the hon. member concerned? If it is after consultation, then that automatically becomes something quite normal because for reasons that were mentioned tonight and do not need repeating sometimes a member, as has happened in my own case in the past, will not be present at the time a motion is called.

But then it says further on that if the motion is not called by the government it may, however, be renewed, but renewed, as I understand it, losing its rank, renewed but dropping to the bottom of the list. So, of course, the hon. member may have it renewed but he cannot hope to have it discussed because the standing orders say that private members' business will be taken up between 5:00 p.m. and 6:00 p.m. on Mondays, Tuesdays and Thursdays, and 4:00 p.m. and 5:00 p.m. on Fridays. The consideration of private members' business is suspended on Tuesdays and Mondays when it has reached a total of 40 times in a session. This means that if the list contains more than 40 items then there are many motions on the order paper which do not have any chance of being discussed. This is limited by a standing order.

Mr. Speaker, the interpretation of Standing Order 18 that you quoted earlier is something extremely important. The meaning of that Standing Order 18 must be looked into. All items standing on the orders of the day, except government orders, shall be taken up according to the precedence assigned to each on the order paper. Government orders shall be called and considered in such a sequence as the government determines. When the government stands a motion does it become a government order afterwards which could be called at its will? It is a matter of interpretation. I would surely like to be enlightened on that. If the government then has the privilege to call this motion as if it were a government motion, any protection that we have comes too late because it is certain that the government will eventually want to dispose of the motion.

● (2237)

In any case, to summarize, I consider that this matter should be examined more closely. We have a Committee on Procedure and Organization. It should be asked to deal with those matters instead of waiting for two or three years before presenting its report. We should go really to the bottom of things so that, when we have a sensitive situation like the one we had last week, we should truly know where to go. There are quite enough unclear issues for us to at least put things in perspective when we can do so.

Indeed, Mr. Speaker, if you had really wanted to apply our standing orders to the letter last week, there would have been some embarrassment because the parliamentary secretary had not made the reservation on behalf of the government in time. Such a distraction can happen to anyone. I do not want to single out the parliamentary secretary who is now sitting in his place. This is not at all what I want to do, but I want to say that our procedure should be more specific. This is why I suggest that the Committee on Procedure and Organization be asked to consider this matter carefully so as to protect the rights of members of parliament because this is why we are elected, to represent the people. Many motions and private bills have been put on the order paper at the request of the voters, of the people.

As a matter of fact, in my mail this afternoon I had a long letter from a Quebec City resident who asked me to make arrangements to have a motion for setting a specific date for elections discussed in the House. In his opinion, this can be done any time without any problem. But we who sit in this House know that it is not so easy to have the House of Commons discuss such a question. However he is right to say that this is a very important matter. Quite recently the hon. member for Winnipeg North Centre (Mr. Knowles) proposed a very important motion about which questions are asked nearly every day. It concerns pensions at the age of 60. The people are concerned about it.

● (2242)

And if hon. members were not allowed to deal with these motions, the people who have elected us to represent them would not be satisfied with us and could certainly wonder what we are doing in the House. So, Mr. Speaker, I suggest that since our debates are being televised, maybe the law clerk could explain to the viewers some of the finer points of our procedure. That is something which was asked of me last weekend. People wonder why this, why that, why such and such adjournment motion. People are asking us a great many questions. Therefore, if we want to keep the Canadian public interested, we shall have to shed light on these matters, make sure that they understand better and, what is more, co-operate more effectively in the administration of our country.

Having enunciated my suggestion, I need not repeat it, but I feel that in the meantime, we should as well keep our old rule book.

Mr. Deputy Speaker: Order, please. I thank all hon. members for their constructive remarks. If I begin by the last remark by the hon. member for Bellechasse (Mr. Lambert), I think that indeed the matter will have to be deferred, at some time or other, to the Committee on Procedure and Organization possibly to come to a review of the standing orders, and perhaps to some clarification. But before arriving at this point and perhaps before correcting the few contradictions which are to be read in the present standing orders, we should perhaps know what hon. members want.

[*English*]

The hon. member for Timiskaming (Mr. Peters) has questioned, I think, the intervention of the government in the standing of business, and he went as far as to suggest giving some right to the individual hon. member concerned for him alone to make a request to have his order stood. I do not think this is covered by the rule as it is now, but I think, if I understand the hon. member well, his concern is that when the government—and I suppose the same thing applies to the remarks of the hon. member for Bellechasse—makes a request to stand a motion, no hon. member has a guarantee that the member presenting the motion, or in whose name it stands, has been consulted or has given his authorization. This is one of the considerations.

When the hon. member for Vaudreuil (Mr. Herbert) first raised his point of order, his main concern was the fact that, on the other hand, some hon. members were abusing the possibility of having their orders stood. We have two extremes in this case, and I suppose the solution must be somewhere in between.

I think the point raised by the hon. member for Grenville-Carleton (Mr. Baker) is very valid, in the sense that what has developed over recent years has been for the convenience of members, and it would be regrettable if we were to apply the Standing Orders strictly, although there seems to be some contradiction between Standing Order 49(1) and Standing Order 19(1). I am not sure that the remarks of hon. members have brought a clear perspective to the Chair.

I am still very concerned about Standing Order 19(1) and its possible limitation. I am still asking myself about the phrase "at the request of the government". Is it a request to the House by the government, or is it a right of the government to stand any kind of order, or even a motion?

I am concerned about these questions. I will do some reading. I might have to invite the House leaders of the parties into my office, where we might have a further discussion on this question before I make a decision.

I have some alternatives in mind which could be considered. Is the fact that the government has been co-ordinating this recent procedure which has developed, bringing about some suspicion? Would there be a valid objective in suggesting that such programming of private members' business ought to come under the Deputy Speakership or the Chair in general? Should there be some kind of co-ordination by the Chair or Deputy Speaker who officiates at the drawing of the order of business for private members at the beginning of the session? I shall keep all these concerns in mind, and I am sure that tonight's discussion will help all of us find a long-term solution to the problem.

● (2247)

In the meantime I shall look at the Standing Orders and precedents, and may arrive at a ruling that would not limit the operation of private members' hour and would satisfy hon. members in giving some interpretation of these contradictions, if I can use these words.

I thank hon. members, and I feel that by this time the hour appointed for the consideration of private members' hour has expired. This House stands adjourned until two o'clock tomorrow.

At 10.49 p.m. the House adjourned, without question put, pursuant to special order.

HOUSE OF COMMONS

Tuesday, November 29, 1977

The House met at 2 p.m.

• (1407)

[*English*]

HOUSE OF COMMONS

STATEMENT CONCERNING ALLEGATIONS AGAINST MEMBER FOR BONAVISTA-TRINITY-CONCEPTION

Mr. Speaker: Order. Before calling motions pursuant to Standing Order 43, I am sure hon. members would be concerned about allegations published since the House rose last evening of improper practices by the hon. member for Bonavista-Trinity-Conception (Mr. Rooney), and since these allegations relate to administrative procedures which fall under my area of responsibility I am sure hon. members would want to be informed of any actions which I propose to take.

On the general question of the supervision of the staff of members of the House of Commons, both here in Ottawa and in the constituency office, I think hon. members are aware that over the last some two years, almost since the inception of the Standing Committee on Management and Members' Services, I have been greatly aided by that committee and in turn by consultation with the commissioners of internal economy in attempting to supervise in an orderly way the utilization by members of the House of Commons of the various allowances that are available to them in order to enable them to carry out their responsibility to the electorate.

• (1412)

In some cases we have found that we have been able to improve some of the practices, or at least alter them, we hope, in an approved way, and in other cases where suggestions have been made for relaxation of practices we have resisted them and maintained a vigilance which we feel is our obligation in attempting to strike the very delicate balance that is so elusive to us between, on the one hand, the vigilance that we owe to the public since we are spending taxpayers' money, and, on the other hand, the freedom that has to be exercised in view of the extraordinary duties placed on all members of parliament which require a regime here which asks of members of the House of Commons that they report on a monthly basis that they are conforming to the requirements both in respect of their own actions and in respect of personnel, and, of course, the long established practice that when that word is given by any elected member of the House of Commons it is accepted by the administration.

So I say that in attempting to find that proper balance between our vigilance with regard to the taxpayer and the extraordinary requirements in respect of the 264 members of the House, we feel we have been able to achieve something very close to the ideal, but of course we will continue the review. My point is that the review has been ongoing, in the hope that we have both come close to the ideal and established a regime which will enable us to maintain our vigilance.

In respect of the individual case in these particular circumstances, it is not for me nor, I am sure, for any other member of the House or of the public, to make a judgment in advance, and I do not do so. On the other hand, I feel sure that all hon. members would consider it my obligation in the circumstances, faced with the allegations contained in the article in the *Globe and Mail* this morning and made over the airwaves since the House rose last evening—I would consider it to be my minimum obligation—to ensure that a proper investigation is carried out. Therefore, after informing representatives of all parties this morning and the hon. member for Bonavista-Trinity-Conception (Mr. Rooney) of my intention to do so, I have authorized an immediate investigation by the RCMP into the allegations which were contained and published in various journals and over the radio and television in the last 24 hours. In my advice to the hon. member, of course, I have indicated that both before and after the announcement—I was attempting to reach his office but was unable to do so because of busy telephone lines over an extended period, so I have sent a note to him—if the hon. member wanted to discuss the matter with me, I would be available for him to do so.

ROUTINE PROCEEDINGS

[*English*]

INFORMATION

REQUEST FOR MEASURE TO ENSURE FREEDOM OF ACCESS—MOTION UNDER S.O. 43

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I have knowledge of a fact of urgent and pressing necessity which drives me to make a motion under Standing Order 43. Given the fact that it is almost two years since this House unanimously approved freedom of information legislation: and that since then, there has been an epidemic of concealment and deception indicating this has been a way of life of the government, much of it based on false claims of security, I move:

That this House requests the government to abandon any attempt to appeal the decision of Associate Chief Justice Hugessen in connection with the Keable inquiry and instead to immediately introduce into parliament, legislation providing for access to government information including a proper definition of "security', and "ministerial responsibility" in order to restore public confidence.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

TOURISM

PROPOSAL TO CREATE SEPARATE DEPARTMENT—MOTION UNDER S.O. 43

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, I rise under the provisions of Standing Order 43 to move a motion of urgent and pressing necessity. Because of the great importance of tourism to the economy of this country, and the urgent need to take constructive steps to overcome our large tourist trade deficit, which is increasing rapidly each year, I move, seconded by the hon. member for Parry Sound-Muskoka (Mr. Darling):

That the government create a separate department of tourism, with the powers which are necessary to restore the tourist industry to a healthy, profitable condition.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

INCOME TAX

REASON FOR FAILURE TO PROCEED WITH BILL C-56 OF LAST SESSION—MOTION UNDER S.O. 43

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. As the Minister of Finance appears to be embarrassed by the fact that Bill C-11 has not been passed by the House while at the same time in an interview reported in the *Financial Times* he stated that reference to the bill not passing is a very unreal statement because "when the Minister of Finance proposes a tax change, it is law, effective the night of the budget", I move, seconded by the hon. member for York-Simcoe (Mr. Stevens):

That the government House leader be asked to make a statement on motions as to why Bill C-11's father, Bill C-56, was not advanced for debate after its first reading on June 15 in the last session of this parliament and as a result seven months of debating time were lost since the March 31 budget which has resulted in the present Minister of Finance continually having to suck and blow as an apologist for the government's tardiness.

Mr. Speaker: Such a motion requires unanimous consent. Is there unanimous consent?

[Mr. Baldwin.]

Some hon. Members: Agreed.

Some hon. Members: No.

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AWARDS AND DECORATIONS

SUGGESTED AWARD TO SIR WILLIAM STEPHENSON—MOTION UNDER S.O. 43

Mr. Erik Nielsen (Yukon): Mr. Speaker, I should like to propose a motion under Standing Order 43 and I urge all members opposite to listen before shouting "no". Its urgency is due to the ailing health of the individual who is some 83 years old and who is the subject of this motion. My motion concerns a most singular and outstanding Canadian, Sir William Stephenson, who has been honoured by almost every western nation in the world save his own country, Canada.

Because he sought anonymity, held no military rank and wore no uniform after 1918—he never publicly displayed the decorations and medals awarded to him—and because he holds the British Military Cross, the 1914-1915 Star, the General Service Medal, the World War I Victory Medal, the French Commander of the Legion of Honour—

Mr. Speaker: Order, please. The standing order gives an opportunity to hon. members to explain the urgency of the matter. I think the hon. member might get to his motion.

Mr. Nielsen: —the Belgium Croix de Guerre with Palms, the U.S. Presidential Medal for Merit—Sir William was the first non-American to receive this decoration—and the British Badge of Knighthood, I move:

That this House urges the government to consider the award to William Stephenson of an appropriately high Canadian honour, perhaps a Companion of the Order of Canada or an honorary membership, in belated recognition of the singular and significant contribution made by this outstanding Canadian to the cause of the western world during the Second World War.

Some hon. Members: Hear, hear!

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

● (1417)

NATIONAL SECURITY

PROPOSED EXTENSION OF TERMS OF REFERENCE OF McDONALD INQUIRY TO INCLUDE ESPIONAGE ACTIVITIES—MOTION UNDER S.O. 43

Mr. Otto Jelinek (High Park-Humber Valley): Mr. Speaker, pursuant to the provisions of Standing Order 43, I rise on a matter of urgent and pressing necessity. Because by far the

largest threat to our nation's security is subversive activities within our country by foreign interests and not the activities of the RCMP, and because it is believed by many, including members of that force as well as Igor Gouzenko, former Soviet cipher clerk, that espionage activities dangerous to our national security continue to run rampant, particularly out of the Soviet Embassy in Ottawa where nearly 700 special travel permits in one year alone were granted by this government to so-called soviet diplomats and military attachés, a number of whom have since been expelled by the government for "activities which were incompatible with their status", I move, seconded by the hon. member for Leeds (Mr. Cossitt):

That this House instruct the Solicitor General to have the terms of reference of the McDonald Commission extended to include such subversive elements as the contents of the Featherbed file as well as related information which has been compiled over the years by the security forces dealing with any or all espionage activities in Canada by foreign interests which may be damaging to the security of our nation.

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

Some hon. Members: No.

* * *

FISHERIES

COMMENDATION OF MANAGEMENT PRACTICES FOR THE SEAL FISHERY—MOTION UNDER S.O. 43

Mr. Jack Marshall (Humber-St. George's-St. Barbe): Mr. Speaker, I wish to move a motion under Standing Order 43 on a matter of urgent and pressing necessity. Figures released by the Department of Fisheries and the Environment supporting increases on seal quotas for Canadians should lay to rest claims by the nattering nabobs of negativism who predict the extinction of the seal herd. Since a non-partisan amendment to the sealing regulations presented by the hon. member for Grand Falls-White Bay-Labrador (Mr. Rompkey) and myself will now insure the seal fishery will be free from harassment by those who try to prevent the seal hunt, I move, seconded by the hon. member for St. John's East (Mr. McGrath) and the hon. member for St. John's West (Mr. Crosbie):

That this House commends management practices of all those connected with the seal fishery who have demonstrated sound knowledge of conservation and harvesting practices.

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

Some hon. Members: Agreed.

Some hon. Members: No.

THE LATE TOMMY PRINCE

PROPOSAL TO HONOUR BY CREATION OF SUITABLE MEMORIAL—MOTION UNDER S.O. 43

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, I rise pursuant to the provisions of Standing Order 43, regarding one of this country's greatest war heroes, whose death on November 26 in obscurity and apparent poverty, epitomizes the lack of appreciation given to military people in time of peace. I move, seconded by the hon. member for Humber-St. George's-St. Barbe (Mr. Marshall):

That Tommy Prince, who achieved ten major military medals fighting for his country, be honoured by the creation of a suitable memorial, details or arrangements to be the responsibility of the Minister of National Defence after consultation with all those concerned, to commemorate the memory of this great soldier whose contribution ought to have the same national significance in Canada as that of his American counterpart, Ira Hayes, who will always be remembered by Americans for his part in raising the American flag over Mount Surabachi when the American marines captured Iwo Jima in World War II.

Mr. Speaker: Order, please. I have indicated in the past that motions of a congratulatory nature give the House a great deal of difficulty, not because they do not contain merit in themselves but because they are an open invitation for the use of motions under Standing Order 43 on matters of this kind which are hard for the House to deal with in a short period of time. I wonder about the wisdom of using that practice. I have let one go today and I do not think I should allow a second.

I think in view of the circumstances in which I had to delay the beginning of the question period by five minutes in order to make an announcement which affected some motions pursuant to Standing Order 43 and obviously some questions, that I ought to conclude the question period at five minutes past three. Oral questions.

ORAL QUESTION PERIOD

[*English*]

THE CANADIAN ECONOMY

REASON FOR CONTINUING HIGH LEVEL OF INFLATION—DATE WHEN LEVEL WILL REACH FOUR PER CENT

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, my question is for the Minister of Finance who was in his seat. Perhaps we could just give him a minute to come back. Here he comes.

An hon. Member: Just like inflation; he is back again.

Mr. Stevens: My question to the minister is very short. As inflation in Canada in the past three months has been running at an annualized rate of more than 8 per cent, more than twice the level in the United States, would the minister indicate why our inflation levels continue to be so high compared to those experienced by our main trading partner?

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, we have discussed that question on several occasions in committee as well as in the House. Of course our inflation rate is unsatisfactory and should be lower than it is at present. On the other hand, one of the factors of that inflation phenomenon is perhaps the value of the Canadian dollar which has reduced so quickly that the inflation rate has become somewhat unexpected. I would like to point out to the hon. member that the economic indicators published yesterday show a very real increase for the third quarter. I am surprised that the hon. member has not mentioned that fact.

● (1422)

[*English*]

Mr. Stevens: In furtherance of his answer, will the minister confirm or otherwise the statement in the *Financial Times* of this week for which he apparently was interviewed in the comfort of his office. He stated that he anticipated we will not achieve an inflation level of four per cent until 1980. If that in truth is his department's view, why has there been a postponement of two to three years for reaching that target in that this current year was when we were supposed to get down to the four per cent inflation level.

Mr. Chrétien: Mr. Speaker, I made a prediction that I hoped the inflation rate next year would be six per cent. It would be desirable to have an inflation rate of four per cent, but I never put a specific date on that. I know it will not happen next year unless we are luckier than we expect.

Mr. Stevens: In the same article to which I have referred, the Minister of Finance is quoted as saying:

> And in ten years time, the people will say: "Oh, gee, 1977—it was great."

Would the minister care to expand upon that statement? What does he think they will find great, the inflation rate of 8.8 per cent, unemployment of 8.3 per cent, the fiscal deficit of $8.2 billion, the trade deficit of $5 billion—

Mr. Speaker: Order, please. I am sure the hon. member will agree that question has some argumentive elements in it.

DROP IN LEVEL OF EMPLOYMENT IN MANUFACTURING—GOVERNMENT ACTION

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I have a question for the Minister of Finance. Manufacturing employment in Canada is roughly six per cent lower now than it was three years ago. Can the minister tell the House whether in his view that decline is attributable to the loss of our competitive position, a loss that will likely be $11 billion this year in our trade and manufactured products. Can he tell the House how he proposes to stop this trend which seems to indicate we are going to be de-industrialized if it continues?

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I will point out to the hon. member that during the third quarter, the annual rate has increased by 5.2 per cent which is very satisfactory. At present, since Canadians are receiving earnings which are closer to those received by Americans and since the Canadian dollar is at a more realistic level, we have reached, in my opinion, a more competitive position. This is why we have for 1977, contrarily to 1975 and 1976, a large surplus in our trade balance in relation with other countries.

* * *

[*English*]

TRADE

TARIFF NEGOTIATIONS AT GENEVA—REQUEST FOR BRIEFING OF MEMBERS ON PROGRESS AND POSITION OF NEGOTIATORS

Mr. John C. Crosbie (St. John's West): My supplementary question is to the President of the Privy Council, the Acting Prime Minister, who is also the head of a cabinet committee to whom Mr. Jake Warren and our trade negotiators report at Geneva. There is a great deal of fear among our industrial sector that our negotiators at Geneva have free trade in their opinions and views and will not listen to the problems of industry. Will the President of Privy Council tell us whether the government negotiators are going to be instructed to hang tough in their bargaining to protect manufacturing and jobs at Geneva. Will he tell us whether opposition critics will be given a full briefing on our posture at Geneva, what our objectives are and how the negotiations go as the year proceeds in 1978?

Hon. Allan J. MacEachen (Deputy Prime Minister): Mr. Speaker, I can assure the hon. member that it will be the intention of the Canadian negotiators to be tough at Geneva and to secure the best possible advantages for Canada. As the hon. member knows, there is under consideration at the present time, especially in the field of industrial products, an overall tariff plan which anticipates reductions in the levels of tariffs. It will be our intention obviously where such changes take place to ensure that they do take place with reciprocal advantage to Canada. Of course, the long term objective of the trade negotiations is to provide growth in general employment and in incomes, not only in Canada but among the trading countries. I believe the final point made by the hon. member is a good one. It would be useful to have the opposition critics briefed on the developing situation in Geneva and I will attempt to arrange to bring that about at a suitable time.

● (1427)

TARIFF NEGOTIATIONS AT GENEVA—SUGGESTION INDUSTRY BE INFORMED ON PROGRESS

Mr. John C. Crosbie (St. John's West): Is the President of Privy Council aware that those engaged in the manufacturing industry in Canada have a common complaint—they feel there is not sufficient feedback from the government about what is to happen in Geneva; there is no mechanism set up for this process during the negotiations. Would the hon. gentleman look into that aspect and arrange a mechanism so that these people can get some feedback from the government negotiators as the discussions go on?

Hon. Allan J. MacEachen (Deputy Prime Minister): Yes, Mr. Speaker, that is a concern of mine and of other members of the government. As the hon. member knows, an opportunity has been given to the representatives of industry to advise with regard to what changes beneficial to their operations ought to take place and a very large number of briefs has been submitted to the Canadian Tariff Committee which is the contact point. We are now at the stage of providing the type of feedback industry has been requesting. Consultations are under way, and will continue, to ensure that there is the type of feedback the hon. member has in mind.

* * *

ENERGY

NORTHERN GAS PIPELINE—MEASURES TO ENSURE CANADIANS GET SHARE OF MATERIAL AND LABOUR INVOLVED IN CONSTRUCTION

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, my question is for the Acting Prime Minister in his capacity as chief Canadian negotiator of the Alcan pipeline agreement. On September 9 the minister stated the agreement would result in direct expenditures in Canada of $4 billion and the creation of nearly 100,000 man-years of employment. That assumption is based on Canada getting 98 per cent of the pipe construction contracts and furnishing 88 per cent of the goods associated with the pipeline such as valves and compressors. In view of statements by some of the minister's colleagues with respect to open, competitive bidding, how does the government propose to ensure that Canada will get the share of the processing of the steel pipe and of the goods associated with the pipeline which was anticipated by him?

Hon. Allan J. MacEachen (Deputy Prime Minister): The hon. member is correct in saying that the pipeline agreement provides for general, competitive contracts with respect to the provision of goods. But there is also provision in the agreement which states that the construction and operation of the pipeline should be carried out in such a way as to optimize the industrial benefits to each country. I can assure the hon. member that there is no disagreement with respect to that objective, one which is underscored in the agreement itself. I would underline an important point. The National Energy Board laid down as one of the conditions of its approval of the application of the Foothills Pipeline Company the optimization of Canadian production. The Board has an opportunity to monitor the ongoing procurement plans of the company and this, it seems to me, is an additional assurance to Canadians that the benefits which I indicated will be realized; it is an additional assurance quite apart from the pipeline agreement itself in which the principle has been enshrined.

Mr. Douglas (Nanaimo-Cowichan-The Islands): Last Friday the Vancouver *Sun* claimed to have in its possession a document prepared by the Department of Regional Economic Expansion which allegedly submitted a brief to the negotiating team prior to the negotiation of the agreement pointing out that unless adequate controls were exercised there was every likelihood that instead of getting 98 per cent of the pipe manufactured in Canada it would only be around 67 per cent. This would involve a loss of some $600 million. In light of that, can the minister be more specific about what are the preferential terms which will give Canadians the major share, or almost all, of the pipe to be processed in this country if at the same time we are to follow the suggestions which have been made by his colleagues that competitive bidding by other countries will be allowed?

● (1432)

Mr. MacEachen: Mr. Speaker, the negotiations with the United States were conducted on the clear belief, which I still believe is well founded, that Canadian industry is fully competitive and able to take advantage of the opportunities provided by this pipeline. That is a fundamental fact. The phrase in the agreement "generally competitive" was meant to provide for occasions when what one might call unfair competitive practices might be brought into play by other suppliers. There is a provision in the pipeline agreement by which one country or the other may have the tenders looked at or examined. There is no doubt about that.

However, it seems to me that the most important additional assurance is the monitoring of the procurement policies of the pipeline by the National Energy Board itself, and this will be continued. It may be that the introduction of the legislation itself will overtake the provisions of the National Energy Board and that it will be possible to consider putting in that legislation a system of monitoring the procurement plans of the pipeline company.

With respect to the—

Mr. Speaker: Order, please. The subject of the question is a very important one but questions and answers have now consumed almost 10 minutes. I wonder whether I might permit the hon. member a brief supplementary and then a brief reply.

NORTHERN GAS PIPELINE—DATE OF DECISION ON SIZE OF PIPE

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Just a brief supplementary, Mr. Speaker. Has a decision yet been reached as to the specifications for the pipe? As is known, Canadian authorities have been asking for a 54 inch pipeline with thinner pipe; the Americans have been pressing for a 48 inch pipe. Has a decision yet been reached as to what will be the specifications for the pipe which is going to be used in the Alcan pipeline?

Hon. Allan J. MacEachen (Deputy Prime Minister): Mr. Speaker, I will attempt to be brief and to tell the hon. member that the first meeting of the technical group took place on November 16, and to my knowledge no decision has yet been reached.

Oral Questions

ROYAL CANADIAN MOUNTED POLICE

PERSON INFORMING MINISTER OF BREAK-IN AT PARTI QUÉBÉCOIS BUILDING—POSSIBILITY OTHER INFORMATION SUPPLIED

Mr. Bill Jarvis (Perth-Wilmot): Mr. Speaker, my question is directed to the Solicitor General and relates to the break-in at the premises where the Parti Québécois held their membership lists. Was the Solicitor General first informed of this break-in by individuals other than senior officials of his department or the security service?

Hon. Francis Fox (Solicitor General): Mr. Speaker, I made a complete statement on the subject in the House of Commons and I believe I dealt with the matter at that time.

Mr. Jarvis: That is exactly why we are asking the question, Mr. Speaker. Would the Solicitor General confirm that the individuals who first advised him of this break-in were former or serving officers of lower rank in the security service; and such being the case, will the Solicitor General explain why this information did not come up to him through the normal chain of command, particularly in view of the fact that he had made a specific request for reports on any incidents where the security service was operating outside their mandate?

Mr. Fox: Mr. Speaker, I would have to go over the statement that I made in the House. My own recollection at this stage is that it was brought to my attention by senior members of the force.

Mr. Jarvis: A final supplementary question, Mr. Speaker. Perhaps the Solicitor General will remember this. Will he tell the House whether the individuals who informed him of the PQ break-in also informed him of any other incidents, such as the "Operation Cathedral" or "Source 300"? If they informed him of any other incidents, would he explain why, having told the House about the PQ break-in, he did not tell the House about any other incidents of which he was informed by those same individuals?

Mr. Fox: Mr. Speaker, as I told the House earlier, the PQ incident was to the best of my recollection brought to my attention by senior members of the force. I did indicate to the House a number of times that, following the statement I made in the House on June 17 last, evidence of possible illegal actions had been brought to my attention. These matters were investigated by the force and the conclusion was come to that these matters warranted further investigation. That was the basis upon which the government decided to initiate a federal royal commission of inquiry into the procedures and practices of the RCMP.

[Mr. MacEachen.]

[*Translation*]

FINANCE

REQUEST THAT MORTGAGE INTEREST RATES BE REDUCED TO SIX PER CENT—GOVERNMENT POSITION

Mr. Eudore Allard (Rimouski): Mr. Speaker, my question is directed to the Minister of Finance. Considering that our economy is still staggering, that the Canadian dollar keeps falling down and that inflation is still rampant, would the minister recommend that the interest rate be brought down to 6 per cent as it was in the 40's in order to allow and support at the same time a policy of expansion in low cost housing so as to satisfy the needs of numerous low income workers?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I do not think the suggestion of the hon. member would be a very practical way of stimulating the housing sector for the time being because interest rates are not dictated only by the domestic situation in Canada.

* * *

[*English*]

HOUSE OF COMMONS

ALLEGED STATEMENT BY CONSUMER MINISTER REFLECTING ON COMMITTEE SYSTEM

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, my question is directed to the President of Privy Council in his capacity as Deputy Prime Minister. In light of the fact that yesterday the Minister of Consumer and Corporate Affairs said he had misgivings about giving evidence at the committee level and that "Commons committees are politically inspired bodies . . . less interested in rights and wrongs than in making political points", will the Deputy Prime Minister tell the House whether the minister, who yesterday showed that he lacked the courage to fulfil his responsibilities as Acting Solicitor General, spoke for the government when he degraded the committee system of this institution?

Hon. Allan J. MacEachen (Deputy Prime Minister): Mr. Speaker, I do not believe that the Minister of Consumer and Corporate Affairs made any statements that would be repugnant to any hon. member who is an active politician. We all know that committees of the House are political institutions and that politics occurs there. I am sure that is not new to the hon. member for Calgary North.

ALLEGATION CONSUMER MINISTER HAS SOMETHING TO HIDE

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, it may not be new to the hon. member for Calgary North but I am certain it is not new to the Deputy Prime Minister. May I put this supplementary question to him. In light of the fact that the Minister of Consumer and Corporate Affairs has refused consent to come before the committee to give any evidence, has the minister told the Deputy Prime Minister as acting head of the government, or does the Deputy Prime

Minister know, that the minister in question has something to hide and cover up?

Hon. Allan J. MacEachen (Deputy Prime Minister): No, Mr. Speaker, that minister has indicated his willingness to appear before the McDonald commission and the Keable inquiry. He is quite prepared to give evidence before these bodies which are attempting to get at the truth. With respect to the statement by the hon. member, it is my understanding that the Minister of Consumer and Corporate Affairs did not express a refusal to attend the committee; he expressed some doubt or misgiving. In fact, the press reports as to what was said are rather contradictory.

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ROYAL CANADIAN MOUNTED POLICE

REASON FOR ATTEMPTING TO STOP KEABLE COMMISSION

Mr. Eldon M. Woolliams (Calgary North): A final supplementary question, Mr. Speaker. Would the Deputy Prime Minister now tell the House, in light of his last answer, why it was that the government, with all its sources and resources, tried to stop the commission from finding out the true facts, so that a cover-up is still existing with reference to the same?

Hon. Allan J. MacEachen (Deputy Prime Minister): Mr. Speaker, the Solicitor General has already made very clear the reasons behind the government's intervention with respect to the Keable inquiry.

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● (1442)

[*Translation*]

REGIONAL ECONOMIC EXPANSION

REASON DEPARTMENT DOES NOT USE CANADIAN BROADCASTING CORPORATION FOR PUBLICITY

Mr. Jacques-L. Trudel (Montreal-Bourassa): Mr. Speaker, I wish to direct a question to the Minister of Regional Economic Expansion. Through the various private news media, whether it be on TV, on radio or in the papers, Montreal residents have been exposed for some time to an advertising campaign which his department is sponsoring to inform the public of its eagerness to help Montreal which is the economic core of the province and, through it, the province as a whole. My question is this: I find it strange that this advertising campaign is carried only over the private networks of the news media. I wonder why his department is not having its message aired over our state-owned network which is the CBC.

Hon. Marcel Lessard (Minister of Regional Economic Expansion): Mr. Speaker, I recognize that we are carrying out this campaign to promote the assistance program which we have especially designed for the Montreal area. We have offered the CBC to participate in this advertising campaign, but for reasons which we find hard to accept, the CBC has unfortunately decided to turn down our offer; this is why the great advertising tool the CBC is is not broadcasting our message over its radio or TV networks. It is fortunate, however, that privately-owned news media have deemed this program useful and decided to publicize it not only over their radio and TV networks, but also in the press.

* * *

[*English*]

LABOUR CONDITIONS

POSSIBILITY OF INQUIRY INTO LABOUR-MANAGEMENT MATTERS—GOVERNMENT POSITION

Mr. John A. Fraser (Vancouver South): Mr. Speaker, my question is for the hon. Minister of Labour. Over the weekend there was at least one radio broadcast which indicated the government was considering the establishment of a commission or an inquiry into management-labour matters generally in the country. Can the minister confirm or deny that report, or amplify it if need be?

Hon. John C. Munro (Minister of Labour): No, Mr. Speaker. Because of the notice the hon. member gave my office, I have some idea of the radio broadcast to which he is referring. There was reference to the possibility of an industrial commission under the labour code to look into certain questions regarding lay-offs in federal jurisdictions. It was based on a statement made by someone in the Department of Labour. Actually, that is the case. Many of the railway unions have been anxious for some investigation into the question of lay-offs. We have decided to look into that, more pertinent to the information which may be available from corporations in that regard. It is in the process of active consideration now.

Mr. Fraser: Mr. Speaker, I want to thank the hon. Minister for his answer. Could he tell the House if it is now possible for him to advise us as to when this inquiry will take place? Is this something which is to be delayed for some months, or is this a matter of almost immediate attention so far as his department is concerned?

Mr. Munro (Hamilton East): No, Mr. Speaker. It is a subject of immediate attention.

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ENERGY

NORTHERN GAS PIPELINE—ALLEGED LACK OF GUARANTEE TO PROTECT CANADIAN PARTICIPATION IN CONSTRUCTION

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, I have a couple of questions for the President of Privy Council regarding the pipeline. When I listened to the minister, I heard him use the following words: "We believe we are protected", "optimized" and "There will be a bill brought in eventually for monitoring purposes". I have looked at the agreement and there are no guarantees in the agreement signed by the President of Privy Council on behalf of the government and his

United States counterpart which would protect Canadian interests. That is one word which was left out. Are there no guarantees in that agreement?

Hon. Allan J. MacEachen (Deputy Prime Minister): Mr. Speaker, one of the terms of the agreement deals with the common objective of both countries to optimize industrial benefits. As the hon. member is aware, that is an assurance which can be carried forward through the operation of the agreement itself, and through the monitoring of the National Energy Board. Possibly it will be provided for in legislation which will come before the House, if necessary.

Mr. Alexander: Mr. Speaker, it appears the minister has answered my question unknowingly. My conclusion is that there are no guarantees within that agreement which would protect Canadian interests. We have heard that possibly we will be assured some content, and this and that will be optimized. During the time of negotiations, did the minister bring up the question of guarantees and/or preferential treatment with his American counterparts? I have information which indicates that the minister brought this up. If so, what were the answers given?

Mr. MacEachen: Mr. Speaker, I am surprised the hon. member seems to be advocating that we ought to have entered into an agreement with the United States guaranteeing markets, regardless of the price put forward by Canadian industry, when we were assured Canadian industry was fully competitive and all that was required was a provision which would preclude unfair competitive practices. I know perfectly well that the steel industry is rather satisfied, as is industry generally, with the results of the pipeline negotiations.

Some hon. Members: Hear, hear!

Mr. Alexander: Mr. Speaker, I do not need a lecture from the minister. I am asking him a very simple question. I am trying to find out whether he acted responsibly when he entered into the negotiations to bring about this agreement. Did the thought cross his mind that he should put before his American counterparts the concern we have in this country in terms of guarantees or preferential treatment? I am not saying they will both work. All I want to know is: did the minister have enough common sense to ask those questions, and what were the answers?

Mr. MacEachen: Mr. Speaker, I can assure the hon. member that in the negotiations between the officials of the two governments, Secretary Shlesinger and myself, the question of optimizing and maximizing Canadian industrial benefits were discussed. The concerns raised by the hon. member were considered. They were enshrined in the agreement which has been signed by both governments. I want to relieve the anxiety of the hon. member by telling him that he can be assured Canadian industry will participate fully in this rather immense energy project.

Mr. Alexander: I am more anxious than that.

[Mr. Alexander.]

LABOUR CONDITIONS

LOCKOUT OF BRITISH COLUMBIA TELEPHONE EMPLOYEES—GOVERNMENT ACTION

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, my question is for the Minister of Labour. It concerns the lockout of some 10,000 B. C. Tel workers in British Columbia during the past week. In that particular dispute, which is within the minister's jurisdiction, the report of the sole arbitrator, Dr. Noel Hall, was accepted completely by the union. The only matter which remains unresolved is the question of contracting out the companies attempting to remove a clause in the old contract. The result has been a fairly bitter dispute between the B. C. Tel workers and the company. Can the minister advise the House as to what he has done in order to resolve that dispute? Can he also advise why he has not as yet appointed an industrial inquiry commissioner under the Canada Labour Act?

Hon. John C. Munro (Minister of Labour): Mr. Speaker, dealing with the latter part of the hon. member's question first, it is not appropriate to appoint an industrial inquiry commissioner when there is a strike. That is not part of the dispute settlement process. It will not assist in getting an early settlement.

The hon. member is quite right. Dr. Noel Hall recommended a formula for settlement which was rejected by the company and accepted by the union. The union has used its right legally to indulge in a strike. My officers in Vancouver have indicated that they are available to both sides to mediate, which is the role required now, in an effort to effect a settlement. Both partics are aware that our officers are there and are experienced. Those officers can assist if the parties concerned want that assistance. If the officers are not wanted, they will not be of much assistance. I hope that assistance will be sought as soon as possible.

Mr. Leggatt: Mr. Speaker, given the fact that in this case the union has offered to settle the one matter in dispute, which is the contracting out provision by setting out over an 18 month period a study of that particular clause to determine what is in dispute; and given the fact that up to now the company has continued to reject even the idea of a study of the clause contained in the old contract, can the minister advise whether he has interceded with the company in terms of its local management or in terms of the owners of the company who happen to reside in New York under General Tel & Tel?

● (1452)

Has he interceded at either level to find out why this dispute is continuing over such a minor section of the old contract?

Mr. Munro (Hamilton East): The company is well aware of my reaction and that of my department to Dr. Noel Hall. We studied the report and we thought it was fair. We urged the company to accept it. They did not accept it. They advanced their reasons for not doing so, but that did not change our opinion with respect to what we perceived to be a fair and

reasonable report on the part of Dr. Hall. That being the case, the free collective bargaining system—a system that both parties support—has resulted in a strike. I still hope we will find an early resolution to this dispute. I have no other recourse but to entertain that hope.

* * *

EXTERNAL AFFAIRS

POSSIBILITY OF RESUMPTION OF URANIUM SHIPMENTS TO EUROPE

Hon. Mitchell Sharp (Eglinton): Mr. Speaker, I should like to direct a question to the Secretary of State for External Affairs. Because of the great damage that is being done to Canadian-European relations by the suspension of uranium shipments, can he assure us that these questions, which have been under discussion when Mr. Brunner was here from the European Economic Community, are now settled and that we are on the path to a solution?

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, I can assure the hon. member that we are on the path to a solution. That means that the matter is not wholly settled. During the talks with Mr. Brunner I was able to eliminate a number of the issues that have been preventing a resumption of shipments, but there are a number, some of which are of a technical nature but one or two which are substantive, on which Mr. Brunner could not give answers without consulting with his colleagues. He is now in the process of doing that. I will be meeting him in Brussels next week and I am hopeful that at that time some mutually satisfactory conclusion can be arrived at that will permit us to resume shipments.

* * *

AGRICULTURE

ALLEGED OVERCHARGING FOR BULK PURCHASES OF GASOLINE—GOVERNMENT ACTION

Mr. R. E. McKinley (Huron-Middlesex): Mr. Speaker, I have a question for the Minister of Agriculture. For some time now farmers have been charged up to 12 cents a gallon more for gas that they get in bulk tanks to use in tractors and combines than other customers who get their gas in bulk tanks and by that I do not necessarily mean service station operators. I want to ask the minister if he has made representations on behalf of the farmers in this regard and what answer he received or, if he has not made representations, why he has not.

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, some representations have been made to me over a period of time by farmers who have pointed out, as did the hon. member, that they can buy gas cheaper from a service station than by having it delivered in a bulk tank on their farm. It is an unfair marketing system that gas companies have. We have made representations to them. There does not seem to be anything we can do to make them change their minds.

An hon. Member: Yes there is.

An hon. Member: Nationalize them?

Mr. McKinley: In view of the fact that last year and this year agricultural income will be down probably by nearly 50 per cent, I think the minister should try a little harder to look after the people whom he has been appointed to look after.

* * *

ROYAL CANADIAN MOUNTED POLICE

AVAILABILITY TO PUBLIC OF TASCHEREAU PAPERS

Mr. Tom Cossitt (Leeds): Mr. Speaker, my question is for the Deputy Prime Minister, in the absence of the Prime Minister, and it is put to him also in his capacity as President of Privy Council. I would like to ask him, if members opposite would give me a moment to speak, a question which arises from the fact that the Taschereau papers on national security were not made public as scheduled within the last few months and instead were taken to the Privy Council and the Prime Minister's Office from the Public Archives. Is the government now prepared to follow the democratic process by allowing these papers in their entirety to be made available to the public and news media for scrutiny and, if so, when and, if not, what are the reasons for not doing so?

Hon. Allan J. MacEachen (Deputy Prime Minister): I can assure the hon. member that the government follows democratic processes in all its activities.

An hon. Member: When?

Mr. MacEachen: I am not up to date on the papers to which the hon. member refers. I will take the question as notice and answer it as soon as possible.

* * *

FISHERIES

DATE GROUNDFISH FISHERIES MANAGEMENT PLAN AVAILABLE

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, I wish to direct my question to the Minister of Fisheries. In view of the interest in Atlantic Canada, both among inshore and offshore fishermen, in fishing quotas for 1978, would the minister indicate whether he has yet finalized the Atlantic coast groundfish fisheries management plan and whether our quotas for next year will be decreased, will remain the same, or will be increased, and when we may expect the groundfish fisheries plan to be made available in the House.

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): Mr. Speaker, firm recommendations have not yet been made to me. However, the plan should be available in a

matter of days. I might tell the hon. member that in some cases a decrease will take place for conservation reasons and in other cases there will be an increase.

May I say in relation to the comment from the hon. member for St. John's East, that we have traded away nothing.

Mr. McGrath: You have given it away.

Mr. Crouse: I have one brief supplementary question for the minister. In view of the fact that in the near future representatives of the fishing industry will be meeting in Ottawa with the minister and with a panel of cabinet ministers to discuss a food strategy for Canada, at which time there will most likely be a discussion on the underutilized species and stocks presently being caught by foreign fleets within our 200 mile zone, will the minister indicate whether he has any plan for the Canadian industry to harvest these stocks, thereby providing employment opportunities for Canadians at sea and in processing plants offshore?

Mr. LeBlanc (Westmorland-Kent): Yes, Mr. Speaker, we have plans. Not only do we have plans but we have realized them. This year we supported industry ventures into this area. In fact, we were associated with the most successful, the one that has discovered shrimp stocks in northern Newfoundland waters, and we are assessing the size of this stock. We also went into a joint arrangement with Canadian and foreign companies' vessels to take and to market some of the squid products off our shore. But I might remind the hon. member that if we want to have access to some of the markets to which we presently do not have access, surely we should not completely close the zone to foreign fishing fleets.

* * *

EXTERNAL AFFAIRS

URANIUM EXPORTS—POSSIBILITY OF AGREEMENT ON SAFEGUARDS

Mr. Allan Lawrence (Northumberland-Durham): Mr. Speaker, I have a question for the Secretary of State for External Affairs in relation to the answer he gave a few moments ago. I am sure the minister is aware that he worries some members of the House when he talks about some provisions of Canada's safeguards being eliminated in respect of these discussions with ECC which have not yet been finalized. I am not asking him now about the proposals still under negotiation. I am asking him to indicate to the House as briefly as he can which items have been eliminated in respect of Canada's safeguards.

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Perhaps I used the word "eliminated" inadvertently. What I meant was that they had been resolved satisfactorily between the two parties. We had come to an agreement with regard to such questions as technological transfers and some others of an immensely complex technical nature which I would not be able to articulate meaningfully—I do not know about the hon. member—without the paper in front of me. Those were the matters which, when I used the word "eliminated" I meant we narrowed down to areas of continuing discussions while others have been agreed upon. I can tell the hon. member that the fundamental question which still remains to be resolved regards the conditions under which we would resume shipments for an interim period while INFCEP studies are going into full fuel cycle evaluation.

• (1502)

This is the issue. As I think the hon. member knows, the Europeans are asking for an interim arrangement of limited duration, and we are seeking to find a means through which we might be able to do that without closing the door to the outcome of the INFCEP negotiations or indeed backing off from the fundamental principles of our nuclear export policy.

ISRAEL—POSSIBLE CHANGE OF POSITION ON RIGHT TO OCCUPIED TERRITORY

Mr. Heath Macquarrie (Hillsborough): Mr. Speaker, I should like to direct a question to the honourable and lucid Secretary of State for External Affairs. Noting that at the United Nations General Assembly last week Canada voted with Israel, the United States, El Salvador and no one else against a motion condemning continued Israeli occupation of the territory of other sovereign states and considering that we voted with the vast majority on October 28 opposing Israeli settlements in occupied lands, can the minister advise if this latest vote represents a change in Canadian policy and, if so, why such a change occurred and if it is now the view of the Canadian government that we should legitimize the right of military conquest?

Hon. Donald C. Jamieson (Secretary of State for External Affairs): No, Mr. Speaker, there is no change of policy. In so far as the vote against the resolution was concerned it was done basically on two premises, the first being that the resolution called for withdrawal from all occupied territories. We have always taken the position that the English text referring to occupied territory was the appropriate one in this case. Second, of course, it called for recognition in a certain context of the Palestine Liberation Organization which, once again, we have not as Canadian policy designated or acknowledged as being the so-called rightful spokesman for the Palestinians. There has been no change of policy, but there has been a growing irritation, quite frankly, on my part at what I regard as these rather senseless United Nations resolutions at this time which are doing nothing to advance the goal and the main objective which is, of course, to get the parties to Geneva.

Some hon. Members: Hear, hear!

LABOUR CONDITIONS

GUARANTEES FOR PARTICIPATION OF CANADIAN LABOUR IN CONSTRUCTION OF NORTHERN GAS PIPELINE

Mr. Erik Nielsen (Yukon): Mr. Speaker, I have a question for the Minister of Labour with respect to the pipeline. Some questions about this have been asked already. Can the minister put to rest the assertion which was made by the leader of the Teamsters in Alaska who said he had been assured by the international president who in turn had said he had been assured by U.S. politicians that 2,500 jobs on the Canadian section of the pipeline would be going to United States Teamsters, thus depriving Canadians of those jobs? What guarantees are in place to assure Canadian labour content, and how are those guarantees going to be controlled so that Canadian labour will be assured of the work?

Hon. John C. Munro (Minister of Labour): Mr. Speaker, I, too, am aware of the stories the hon. member has heard. I checked them out through our officers in Vancouver who contacted the appropriate people to find out how valid the stories were. They said there was no validity at all to the suggestions to which the hon. member is referring in terms of protestations that Alaska Teamsters are going to take the jobs.

* * *

ENERGY

NORTHERN GAS PIPELINE—DATE OF ESTABLISHMENT OF SINGLE CONTROL AGENCY

Mr. Erik Nielsen (Yukon): Mr. Speaker, the Minister of Labour did not reply to the question about how this is going to be controlled but I will direct my supplementary question to the Deputy Prime Minister and ask him about the labour provisions in the pipeline agreement and the other provisions. He has mentioned already that there were meetings held last November 16, I think he said, with respect to specifications of the pipe. When is the single regulatory control agency, which is part of the government's plans, going to be set up? It seems to me that that control agency should be participating in that kind of discussion.

Hon. Allan J. MacEachen (Deputy Prime Minister): Mr. Speaker, the hon. member raises a valid point. We are presently working on the legislation, and we hope to introduce it into the House of Commons as soon as possible. It was my hope that it would be introduced prior to the Christmas adjournment, but I am not sure we can make that deadline. However, we will have legislation brought forward just as soon as possible.

Point of Order

PRIVILEGE

MR. WALTER BAKER—ALLEGATIONS RESPECTING MR. ROONEY

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, as you know, I filed with you a notice with respect to a question of privilege concerning the matters to which you alluded earlier involving the hon. member for Bonavista-Trinity-Conception. Subsequent to that we had a House leaders' meeting, to which Your Honour referred and at which you announced your decision, on which there was agreement to call in authorities for an investigation. In view of that matter having been dealt with at this time in the way in which Your Honour described earlier, I wonder if my question of privilege might be held in abeyance for a time.

Mr. Speaker: I recognize the action by the hon. member for Grenville-Carleton to protect his right to rise at a future time on a question of privilege. The matter will stand in abeyance pending the investigation.

* * *

Mr. Cossitt: Mr. Speaker, I rise on a point of order. With deepest respect, I do not question a ruling of the Chair but I seek clarification on a certain point. A while ago I asked a question of the Deputy Prime Minister and he agreed to look into the matter, and in due course, I presume, make a report—in view of the fact that he was apparently not aware of the circumstances or the full details. I did have a supplementary question concerning a very important fact which I thought should go along with it, and I felt the Deputy Prime Minister should also be prepared to look into it, namely, that Gouzenko—

Mr. Speaker: Order, please.

Mr. Cossitt: Mr. Speaker, I was one of two members who was denied a supplementary.

Mr. Speaker: Order, please. The hon. member for Leeds will recognize that several of his colleagues were not recognized for questions today, and that some did have supplementaries which they wished to pursue. The Chair is in the difficult position of attempting, on the one hand, to distribute the sharing of the question period as widely as possible and, on the other hand, to permit hon. members the opportunity to pursue subjects with some diligence. In some cases, particularly cases where the answer is that the minister has not been briefed on a matter but will provide information at a later date, certainly that seems to be one case in which it would be inopportune to proceed with supplementaries.

There were other questions. I think particularly of the hon. member for Northumberland-Durham who sought to pursue a matter by way of a supplementary question. I could think of others if I thought about it for a minute. The fact of the matter is that several members were permitted only one question today. That is a decision I have to make. If we were to permit members second and third supplementaries at all times as a matter of course, we would find that only eight or nine

members could participate in the question period. That seems to be more undesirable than the difficulty we now face.

Mr. Oberle: Mr. Speaker, I rise on a point of order similar to that raised by the hon. member for Leeds. For two days I have been attempting, under Standing Order 43—which is a Standing Order providing for the discussion of matters of urgent and pressing necessity—to get Your Honour's eye. I also attempted throughout the question period to ask a question.

I understand the difficulty which Your Honour faces in recognizing all hon. members who wish to question the ministry on matters which are all important. However, it appears to me that when a member seeks the floor to raise a question of urgent and pressing necessity, and Your Honour does not recognize him for that purpose, it would be acceptable to recognize the hon. member during the question period because some of us do want to refer matters of urgent and pressing necessity to ministers, to this House and to the public. In this particular case it is a matter which urgently requires the attention of the ministry because it affects the lives and safety of Canadians throughout this country with regard to air traffic.

Mr. Speaker: I can help the hon. member to resolve that problem if he can help me to resolve the corollary problem, which is that when members put Standing Order 43 motions, and when they are not recognized later in the question period, many hon. members have felt they have been discriminated against in the past. It is a very difficult decision to make.

ROUTINE PROCEEDINGS

[*English*]

ELECTORS PRIVILEGE ACT

MEASURE TO IMPROVE COMMUNICATION BETWEEN MEMBERS AND CONSTITUENTS

Mr. Bob Kaplan (York Centre) moved for leave to introduce Bill C-406, respecting confidential communications between elected representatives and their constituents.

Some hon. Members: Explain.

● (1512)

Mr. Kaplan: Mr. Speaker, this measure would simply reinstate a bill from the last session which would ensure that constituents would be protected in confidences made to their elected representatives.

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

[Mr. Speaker.]

PARLIAMENT OF CANADA

MEASURE RESPECTING DISCLOSURE OF FINANCIAL INTERESTS BY PERSONS CONNECTED WITH PARLIAMENT

Mr. Heward Grafftey (Brome-Missisquoi) moved for leave to introduce Bill C-407, respecting the disclosure of financial interests by senators, members of the House of Commons and certain other persons.

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

* * *

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today: Nos. 322, 370 and 468.

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

[*Text*]

NATIONAL CAPITAL COMMISSION—PERSONNEL EMPLOYED FROM PRIVATE EMPLOYMENT AGENCIES

Question No. 322—**Mr. McKenzie:**

1. Has the National Capital Commission obtained (a) part-time (b) full-time employees from private employment agencies in (i) British Columbia (ii) Alberta (iii) Saskatchewan (iv) Manitoba (v) Ontario (vi) Quebec (vii) New Brunswick (viii) Nova Scotia (ix) Prince Edward Island (x) Newfoundland and, if so, in each case, how many?

2. Are such employees paid from supplementary estimates and, if not, from what estimates are they paid?

3. By province, what was the (a) average hourly rate paid to employment agencies (b) average hourly rate paid to employees (c) total amount paid by the National Capital Commission in (i) 1975 (ii) 1976?

Hon. André Ouellet (Minister of State for Urban Affairs): 1. Since April 1, 1977 the National Capital Commission has obtained temporary help from private employment agencies in Ontario to the following extent: (a) Thirty-four persons have been used on a part-time basis. (b) Four persons have been used on a full-time basis for periods longer than six months.

2. The costs involved are paid from the Commission's annual budget.

3. (a) The average hourly rate paid to employment agencies was:

	Ontario	Quebec
(i) 1975-76	$5.30	Nil
(ii) 1976-77	$5.81	$6.10

(b) Not known by N.C.C.

	Ontario	Quebec
(c) (i) 1975-76	$139,895	Nil
(ii) 1976-77	$112,882	$458

DIAND—REGIONAL DIRECTOR GENERAL, YUKON

Question No. 370—**Mr. Epp:**

1. (a) What is the annual salary of Mr. Phil Fontaine, the newly appointed Regional Director-General for the Yukon (b) what is the length of his tenure in office?

2. (a) As Regional Director-General, how many programmes will he be in charge of administrating (b) what amount of government funds are being administered by each programme?

3. What programmes will Mr. Fontaine be in charge of administrating for the Atline Band in Northern British Columbia and what amount of government funds are to be administered in each programme?

Hon. James Hugh Faulkner (Minister of Indian Affairs and Northern Development): 1. (a) $27,900—$34,900. (b) Indeterminate.

2. (a) Five. (b) Local Government, $2,055,000; Economic Development, $779,700; Social Development, $2,184,400; Education, $1,500,000; Finance and Administration, $372,-100.

3. Local Government, $89,800; Economic Development, $20,000; Social Development, $17,000; Education, $5,000.

NATIONAL DEFENCE—MARITIME FORCES, REFITTING OF DESTROYERS

Question No. 468—**Mr. Jones:**

Are four destroyers being towed to Quebec for refitting and are they to be taken back to the Maritimes to be put into service and, if so (a) for what reason (b) could the destroyers be refitted in one of the four major ports in the Maritimes and, if not, for what reason?

Hon. Barney Danson (Minister of National Defence): (a) and (b) No Canadian Forces destroyers are being towed to Quebec for refitting. However, a contract for refitting four destroyers was awarded to Canadian Vickers Ltd., Montreal over the period December, 1976 through April, 1978 after competitive tendering to the following shipyards: Halifax Shipyard, Halifax, N.S; Saint John Shipbuilding & Dry Dock Co. Ltd., Saint John, N.B.; Davie Shipbuilding Ltd., Lauzon, Que.; Marine Industries Ltd., Sorel, Que.; Canadian Vickers Ltd., Montreal, Que.

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

Some hon. Members: Agreed.

Canadian Economy

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Speaker: Perhaps this is an opportune time to advise the House that, pursuant to Standing Order 40, three questions will be raised at six o'clock this afternoon as follows: the hon. member for Halifax-East Hants (Mr. McCleave)—National Harbours Board; the hon. member for Winnipeg North (Mr. Orlikow)—Labour Conditions; the hon. member for Humber-St. George's-St. Barbe (Mr. Marshall)—Transport.

GOVERNMENT ORDERS

[*Translation*]

BUSINESS OF SUPPLY

ALLOTTED DAY S.O. 58(11)—ALLEGED MISMANAGEMENT OF THE ECONOMY

Mr. Eudore Allard (Rimouski) moved:

That this House deplores (a) that the government has shown a lack of foresight and leadership in respect of the flooding of the Canadian market with foreign goods, particularly in the areas of footwear, textiles, clothing and furniture, which has contributed a great deal in weakening Canadian industries and resulted in a number of layoffs;

(b) that the votes allocated by the government to the Canada Works programs are not sufficient to create enough jobs to overcome the massive and persistent unemployment which is especially severe among the 18 to 30 age group seeking permanent employment, regardless of the fact that a relatively large number of projects have been approved;

(c) that no serious action has been taken to reduce interest rates which are the major cause of unjustified price increases and to fight effectively against inflation; and

(d) that in spite of the fact that the present administration has very candidly acknowledged that the economic methods now in use are no longer suitable, the government, because of its weakness in the face of economic and financial dictatorship, persists in applying the same obsolete economic methods which leave the Canadian population to contend with the same economic problems.

He said: Mr. Speaker, I thank you for having read this very elaborate motion. I believe this automatically saves me the trouble of reading it myself.

Mr. Speaker, for the last five years I have had the great honour of representing one of the most beautiful constituencies of the country, that of Rimouski—

Mr. Pelletier: Sherbrooke!

Mr. Corbin: Madawaska-Victoria!

Mr. Allard: —It is much better than either of those! Also, for five years, I have heard this government use all sorts of diversions to mislead the population of Canada into forgetting its inability to keep its promises of a fair and appropriate well being for all citizens. Indeed, Mr. Speaker, the December 24, 1970 issue of the *Globe and Mail* quoted the right hon. Prime

Minister (Mr. Trudeau) as telling Canadians that inflation no longer existed in Canada. This was in 1970. In the fall of 1975, former finance minister John Turner said the following: Canada must meet two great economic challenges: to fight against the persistent and well rooted inflation while maintaining a satisfactory level of production and employment. On October 20 of this year, the Minister of Finance (Mr. Chrétien) said this in his economic and fiscal statement:

> We must realize that these are difficult times for Canada both economically and politically. But these are also challenging times because Canadians must rededicate themselves to the building of a stronger, more prosperous and more united country.

In the December 9, 1974 issue of the magazine *Les Affaires*, Bank of Canada Governor Gerald Bouey suggested that inflation is caused by a rapid growth of external and internal demand and that our country was beginning to reach the limit of its production capacity.

● (1522)

Mr. Speaker, this statement is quite ridiculous and to claim that demand is higher than production is a real nonsense since for many years, in almost every area, we have known production surpluses which we cannot distribute because consumers do not have a sufficient purchasing power to be able to buy Canadian manufactured products.

The March 3, 1975 issue of *Business Week*—and as you all know, it is a very esteemed magazine—reported that the real problem arose rather from the fact that inventories of unsold products were reaching unprecedented sizes. As a result, they mentioned that this mini crisis, or rather the terrible crisis we are still facing at present would get worse. When one considers statistics, one readily realizes that those statements were quite justified, which brings us to the evidence, Mr. Speaker, that the problem was not as the governor of the Bank of Canada described it on December 9, 1974 when he said the demand was too strong for our lagging production.

As I said, he was completely off the track because the real problem is not to produce but to consume. As a matter of evidence, with a percentage of 10 to 15 per cent of unemployed all year long, our warehouses are full of all kinds of products. Faced with such a production, the consumer can only buy these products with his eyes because his desire to consume depends essentially upon his ability to pay.

It is undeniable that faced with this situation which commands that action be taken as soon as possible by the government, the only attitude to be taken by members of this famous House is to make frank joint efforts without any spite or any partisanship with a view to finding a solution as soon as possible. Besides, those problems we are facing are very important and they would be easily solved if the government and Parliament members would take their responsibilities.

I suggest, Mr. Speaker, that the measures put forward by the government to fight inflation and unemployment and to stimulate the economy are not good enough considering the present state of our economy.

[Mr. Allard.]

As a matter of fact, Canada has never found itself in such a dramatic situation since the great depression of the thirties. Statistics show that since 1933 the consumer price index has only dropped twice, in 1939 and in 1953. Consumer prices have steadily increased for more than 20 years.

As for our dollar, it is only worth half the value it had barely 20 years ago. What about consumer prices? A little example, Mr. Speaker: last September, the consumer price index increased by more than 0.6 per cent and reached a record level of 163.4 per cent compared to the 1971 level, or an increase of 8.4 per cent since last year. Indeed, Mr. Speaker, it is useless to say that in the past six years the cost of living has increased inordinately.

For the information of hon. members I will say that I have here a few percentage figures which I will spare you because everyone is pretty well aware of them. However, I would like to mention a couple: the overall index to December 6 for the last six years registered increases of 1 per cent, 2 per cent and even 3 per cent a year. So it can readily be seen that the necessities of life have reached unbelievable prices compared with what they were a few years ago and, in addition, how small wage earners are being crushed by inflation. Since price increases are mainly—I stress mainly—being felt in vital products it is impossible to escape that devastation. Unfortunately, low income people are of course once again the ones most affected because they must spend nearly all their income on consumer products, food for one thing.

The people of Canada, Mr. Speaker, are wondering whether the government of Canada will one day be able to bring inflation down with the economic methods it is now using. Personally, I doubt it. People are really wondering now whether it seems to want to go that way. Prices are going up at a staggering pace and salaries generally remain at the same levels. Small wage earners are most affected and they are anxiously wondering when that terrible situation will end.

Mr. Speaker, you will agree that patience has its limits. Frankly I doubt that workers can tolerate such a situation much longer. I feel it is high time the government really got down to doing something if it wants to avoid the major problem which could disrupt the whole economic structure of this country. Indeed, old people, the disabled and unemployed are concerned to see the cost of living go up steadily without being able to get a similar increase in their pensions and incomes.

On behalf of the old people of my riding and the Gaspé area I ask the government to take immediate steps to ensure the security and freedom of workers, farmers and all families, and more stable jobs for our outstanding youth who wants nothing more than being able to partake in the development of this beautiful and great country of ours.

Mr. Speaker, given the measures announced by the Minister of Finance (Mr. Chrétien) on October 20, I find that the government has missed a good opportunity to take a well defined position in relation to the unemployed aged from 18 to 30 and those from 45 to 65 who find themselves between two ages—too old to find a job and too young to get old age

security pension. What about farmers' sons who want to take their turn after having seen the difficulties and troubles caused to their fathers by the government's adverse policy? What about the public debt now? For the 1977-78 fiscal year alone we will have to pay $2 billion in interests only. Can someone really tell me what the federal government is doing to stop that heavy drain on taxpayer money?

● (1532)

When will the collapse happen? When can we expect aid policies for municipalities at grips with impossible issues because they have no money to build sewer and water systems? When will we have pensions at 60 for workers willing to retire? When will we have the guaranteed minimum income promised during the 1974 election campaign? Judging from the mini budget of last October 20, this government has no solution except a flood of words which get lost in a bottomless ocean. We are always told the same story, that there is no magic solution or magic wand.

Mr. Speaker, I can recall quite vividly the 30s when people throughout the world, except in Germany perhaps, had to tighten their belts. At that time, I worked for five cents an hour, 10 hours a day, that is fifty cents a day. I can recall that a full day's work would hardly buy a gallon and a half of gasoline.

Many people ate only soup, fish and potato peels. Suddenly war broke out. Overnight the federal government found its magic wand and produced billions of dollars to defend the so-called liberties against people elsewhere in the world who were made to believe they were fighting for the same liberties. Suddenly, after a few years, the major battles came to an end and we had only sporadic skirmishes. Gradually our leaders put away their tricks and magic wands and they tightened a few holes in the Canadian taxpayer's belt. Because they are always tightening the same belt, very soon there will be nothing left on which to tighten that belt. That is where we are, Mr. Speaker, and yet for many years the Social Credit Party has been proposing solutions to slacken the belt instead of tightening it.

Mr. Speaker, the present government pretends not to hear and hypnotized by high finance, it prefers to tighten our belts instead of loosening them, and soon its stubborn refusal to use the magic wand of 1939 will lead it and the people of Canada to an impending bankruptcy, unless events similar to those of 1939 restore its magic touch, its motivation to provide the economic lifeblood essential to the normal growth and development of a people that is anxiously waiting for the magician and his magic wand.

Mr. Speaker, on several occasions, and pursuant to Standing Order 43, I made several representations on behalf of industry, namely the Quebec furniture industry, which has simply been taken over by foreign interests. Indeed, last year, furniture imports in Quebec increased by 26.3 per cent which resulted in the lay off of 3,000 Canadian furniture workers.

As regards colour television sets, on January 29, 1976, I moved a motion under the provisions of Standing Order 43 asking for stricter controls on such imports. Indeed, at that time, almost half of all colour TV sets sold in Canada, or 46 per cent, were imported, mostly from Japan and the United States. Then, I remember very well, the Fleetwood Company, the only colour TV manufacturer in Quebec, had just announced the layoff of 150 workers. Then, Mr. Speaker, why is the government waiting until the last minute to act? As regards the footwear industry, last May 19, I moved in the House of Commons a motion pursuant to Standing Order 43 asking the government to restrict shoe imports. In fact, statistics show that in the last 12 months, 21 shoe factories have closed down in Canada, resulting in the loss of 2,500 jobs, when we have the highest unemployment rate in 37 years. As a result of the lack of foresight and leadership of the present government, imports have monopolized 56 per cent of the market, with only 44 per cent being left to the Canadian industry.

Mr. Speaker, I also wish to make a quotation. We are often told here that it would require a magic wand to change our natural resources into the money required for the development of our country. I have here, Mr. Speaker, an excerpt from an article entitled "The Issues as I see them" published in the *Maclean's* issue of September 15, 1935, by the Right Hon. William Lyon Mackenzie King, and I quote:

> Let me protest once again, as I did in Parliament, against handing over to a private institution the control over the nation's currency and credit. Once a nation parts with the control of its currency and credit, it matters not who makes the nation's laws. Usury, once in control, will wreck any nation. Until the control of the issue of currency and credit is restored to government and recognized as its most conspicuous and sacred responsibility, all talk of the sovereignty of parliament and democracy is idle and futile. To give back to the nation what it has lost will be the goal relentlessly pursued by the Liberals.

Mr. Speaker, this was more than 40 years ago. Apparently, the Liberals have lost, have forgotten what their famous predecessor had told them so well. And as he said, 40 years later, we are on road to ruin. And yet, we, Social Crediters, have never been in power.

In a speech made before the Union commerciale mauricienne on November 1959, the former minister of finance Donald Fleming said this:

> I want to emphasize that the Canadian government has no control whatsoever over the money supply. It may not increase nor reduce it.

Mr. Speaker, why does the federal government, with its power to create money, surrender its powers to a private monopoly and then go and borrow what Parliament can create itself while paying interests so high as to cause the country to go bankrupt? As a matter of fact, between the end of the Second World War and 1975, or in the last thirty years, the federal government has had a deficit for seventeen years in a row. This year, the deficit is estimated at around $8 billion. At the same time, those who have the privilege to create credit, the private organizations, will have net assets of $25 billion. Therefore, if I know how to count, a $25 billion deficit plus $8 billion makes a $33 billion deficit, that is we are short $33 billion.

● (1542)

Mr. Speaker, Canada's debt in 1964 was $25,750 million and in 1967 it had reached $30,034,801,000. By the end of 1976, the direct public debt had risen to $96 billion, that is $60 billion for the federal government, $25 billion for the provincial governments and $11 billion for the municipalities. And these figures do not include the $24 billion guaranteed by the various levels of government for the funding of public corporations. Besides, last November 16, an item in *Le Devoir* read, and I quote:

Wood Gundy statistics showed that the financing of the public debt had reached in August 1977 the level of $1,450 million, or $875 million for the federal government, $333 million for the provincial governments, $4 million for Ontario municipalities and $80 for Quebec municipalities.

And it goes on to say:

In the first eight months of this year, the Canadian public debt has increased by nearly $13 billion.

Meanwhile, our 11 chartered banks expect to increase their assets by more than $25 billion by the end of December. From all that, one may readily infer that the direct public debt charges have increased. As a matter of fact, in the last five years, they have increased by 120 per cent, that is 135 per cent at the federal level and 100 per cent at the provincial and municipal levels. The share borne by every Canadian worker has gone from $444.44 for the 1971-72 fiscal year to $822.92 for the current fiscal year. Besides, for last year alone, those charges reached $7.9 billion.

Mr. Speaker, we, of the Social Credit Party of Canada, have claimed for years that the creation of new liquidities does not necessarily create inflation. We say that if Parliament wishes to change the way our banking system works, it is surely empowered to do so. Besides, did the speech from the throne not say the following, and I quote:

High rates of unemployment and inflation are clear signals of the inadequacy of economic strategies appropriate to simpler times.

Those are the very words found in the Speech from the Throne at the opening of the session. While implying that problems cannot be solved by present procedures, the federal government seems to be delighted in staying on the beaten path. It is blind and deaf, I imagine, for it is indifferent to appeals from everywhere, for satisfying needs and desires of the Canadian people, in an enormously rich country. Nevertheless, the Canadian government runs into debt because of its weakness in the face of financial and economic dictatorship—it reminds me of a big hooked fish which cannot fight back, it is drowning, it will eventually be drowned—in using these same economic procedures, which of course have been obsolete for several years.

Mr. Speaker, there is no doubt in my mind that the financial system is no longer adequate. It has to be changed, even though those who are opposed to any change in the present system call "inflation money" any new money issued by the Bank of Canada, which is a property of the state. As is undoubtedly known, the value of money is related to its quantity and its circulation velocity, compared to the needs felt by the population. During the war there was no problem in raising the financial resources to protect the integrity of the nation. I sincerely think that if the country is teeming with workers and well stocked in materials—and Canada is—we should not experience the current difficulties—workers and materials should be put to use.

For us Socreds, anything that is physically possible and desirable can be made available financially. As you can see, Mr. Speaker, the motion we have brought forward is right on the dot, because apparently our governments are getting increasingly caught in the current economic quagmire and can find no way out. I would like to quote a few figures on the present unemployment situation. From 1953 to 1970, employment remained relatively stable except in the 1958-61 period, where unemployment soared. Since 1975 however, unemployment has been of astronomical proportions. From 8.4 per cent in 1975 it went up to a record 8.7 per cent. In August 1977, there were 838,000 people looking for work, and we have not yet gone through the worst months of the year.

Turning to inflation, we have recently seen unexplainable increases in food costs. Fortunately, price increases had levelled off during 1975 and 1976, so we were given some kind of a break, but they have been increasing again, sharply, since the beginning of 1977. To my knowledge, food accounts for the biggest price increase in 1977. As I said, this is partly due to higher costs of such items as vegetables, fresh fruit, coffee, some dairy products like milk and butter, pork and so on.

Mr. Speaker, although the rate of unemployment among workers below 25 decreased slightly from 14.8 per cent in August to 14.5 per cent in September, the proportion of employed in that age group—young people out from university and students aged 18 to 26—is really disappointing. As I said, the rate of unemployment is much higher this year than at any time since world war II. For workers over 25, there was a deseasonalized rate of 5 per cent.

The Acting Speaker (Mr. Ethier): Order, please. I am sorry to interrupt the hon. gentleman, but his allotted time has expired. He may continue with the unanimous consent the House.

Some hon. Members: Agreed.

Mr. Allard: Thank you, Mr. Speaker. I am grateful also to my hon. colleagues. I shall try to conclude as soon as possible so that other hon. members may also make a contribution.

As I was saying, unemployment is especially hard on our young people who are between 18 and 25 years of age. This is an unfortunate situation, for these young people are ready to contribute a lot of services to the public. They have the necessary training to do their part in developing our country, and they are those who in the future will look after the training of our young people. As for unemployed women in the labour force, the rate edged up from 7.3 per cent in August to 7.5 per cent in September.

Mr. Speaker, the statistics show this to be an all time high for September 1977. In fact, the rate for September of this

year was 7.5 per cent compared with 6.5 per cent in September 1976.

● (1552)

Statistics Canada estimates for the week ending on October 15, 1977, indicate an unadjusted level of employment of 9,844,000, for an increase of 19,000 over September. The increase was 24,000 for men 25 years of age and over, but there was a 5,000 drop for those between fifteen and twenty-four. It remains practically unchanged for women in these two age groups.

To conclude, Mr. Speaker, I want to thank you once more for your attention, and I hope that the representations that have been or will be made from this side of the House will be welcomed by members on the government side who have a majority, and that action will be taken.

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I would like to take a few minutes to give an official answer to the opposition motion by the hon. member for Rimouski (Mr. Allard) who has delivered a long speech about the Canadian economic situation and the solutions that his party has been proposing for a long time to solve the economic problems that all modern economies are facing.

Obviously, it is very useful to have such debates. We had a very long one, which lasted eight consecutive days, in October when the House resumed its proceedings and, as we know, Mr. Chairman, all that debate turned around purely economic matters. I, as Minister of Finance, being the main spokesman for the Canadian government on economic matters, insisted on speaking early in the fall on the economic situation and giving my own assessment as new Minister of Finance of the state of the Canadian economy in my budget speech, with due consideration for the new circumstances now prevailing, as the economy was not performing according to the predictions of my predecessor, the hon. member for Rosedale (Mr. Macdonald). Obviously, we have problems of long standing and an unemployment rate which is unfortunately too high. We also have an inflation rate which is disappointingly high but can be accounted for. At the time when I spoke on the budget, on October 21st of this year, we were in a very difficult situation. The second quarter of the year, as far as economic growth is concerned, had been negative. And that is why at that time, Mr. Speaker, I presented that budget.

Economic problems are complex. When the hon. member for Rosedale presented his budget early this year, he predicted some decrease in the unemployment rate as, in his view, 250,000 new jobs should have put a curb on the unemployment rate. Now, looking over the present situation, we find that the Canadian economy for the year 1977, according to the latest figures, has generated not 250,000 new jobs, but 292,000 which is a tremendous performance, some 20 per cent over what the hon. member for Rosedale had predicted.

Although the Canadian economy has created more than 292,000 new jobs since the beginning of this year the unemployment rate is a little higher than we expected. This is due to a situation which is not within our control. In fact it is quite normal in a modern society, that the participation of Canadians in the labour force should increase at a much faster rate. Nowadays it is common occurrence in our Canadian economy that two or even three salaries accrue to the same family, while generally speaking women traditionally used to stay home. Now, as soon as the children go off to school, most of them try to join the labour force.

This is why we are finding ourselves in this situation of having created 292,000 new jobs since the beginning of the year, and still having a higher rate of unemployment.

What is interesting for example in the October statistics in comparison with those of September is the fact that although the seasonally adjusted unemployment rate was 8.3 per cent, for the heads of family's category, that is the breadwinners, the unemployment rate went down from 5.1 to 4.8, a significant drop which changes the general notion we have about the unemployed being the man in the family. For this specifie category of unemployed there is a slight decrease. Of course 4.8 per cent is already too much, but this means that 4.8 per cent of heads of families are jobless. While the usual interpretation generally given to the unemployed refers to that section of the unemployed labour force, very often today the unemployed is the second or third person in a family to earn a salary. We must admit that, with the provisions which have been adopted in the last ten years, the economic impact of unemployment in Canadian families has been somewhat reduced by a raise in unemployment insurance benefits for example and other social benefits which have been sometimes highly criticized by certain sectors of the economy on the basis that it is too expensive for the country. But on the other hand this insures a certain level of income in families, even if one of its members has unemployment problems.

Obviously, in the province of Quebec, which is represented by the hon. member for Rimouski (Mr. Allard) and myself, the situation gives us serious concern. Last October there was a substantial drop in the unemployment level in Ontario and while traditionally the gap between the two provinces has always remained fairly stable, last October, it widened in an alarming way, a fact which is not altogether foreign to the unstable political situation which prevails in Quebec at this time. I would like to say again to the House that in such circumstances, we had better hold a referendum as early as possible in the province of Quebec so that in any case this matter is settled in the near future.

The thing which surprised me greatly and I would like to mention it, Mr. Speaker, is that when CBC reported on the first anniversary of the P.Q. election they produced all sorts of statistics. But in that same poll, the people of Quebec had the question put to them—unfortunately CBC did not see it fit to mention it in its broadcast. It seems that they have made that information public but not in that program. Quebecers were asked the following question: would you like the referendum to be held within six months, a year, two years or later? 67 per cent of respondents would rather have it within six months or before the end of this year. I think that survey was taken in October this year. This proves that if we really wanted to carry out the wishes of the Quebec people who were told during the election campaign a year ago that there would be a referen-

dum within two years after the election of the Parti Québécois, we should hold the referendum as soon as possible in order to settle this matter.

● (1602)

Personally I have nothing against asking the question. I hope it will be put to the people as soon as possible. I am happy to see that when I mentioned the problem earlier Socred members supported me, and I see that the hon. member for Joliette (Mr. La Salle) has decided to help me make the French-speaking representation here unanimous in its desire to have a referendum held as early as possible in order to solve this problem. I thank the hon. members who supported me in this regard. Personally I think this would make quite a difference. Why? Because in such circumstances, it is quite difficult for the people who plan to invest to make a decision when they do not know exactly how big or small the market will be. I have said it over and over again, there is nothing more nervous than a million dollars. It has no colour and is speechless. Investors want to know where they can make profits, and should they fear a loss, they will go elsewhere where the prospects, in their opinion, are better. Now we would make great strides if we could solve that problem.

Very often a matter comes up—and the hon. member for Joliette (Mr. La Salle) will soon participate in this discussion and will probably raise it—the question of the federal contribution to the Quebec economy. I would therefore like to take this opportunity to refer to the response of the Canadian government during the last year. Faced with the election of a party devoted to the separation of Quebec, on November 15 of last year, we decided and we took the position that we would continue to operate as a Canadian government and do everything within our power to improve the economic situation in Quebec, notwithstanding this rather negative new factor.

In the last months, we have often heard of soft sectors in Quebec. I would like to take a few minutes of the time of the House to talk about it and deal first of all with the footwear industry. The hon. member for Richmond (Mr. Beaudoin), I see him now in the House, made representations to me a number of times in this respect. Other members from both sides of the House also made representations to me, the hon. member for Joliette (Mr. La Salle) the hon. member for Compton (Mr. Tessier), the hon. member for Sherbrooke (Mr. Pelletier) and the hon. member for Drummond (Mr. Pinard). All these hon. members are concerned with those problems and I wish I had been in a position to make a statement on this matter this afternoon. However, since this is a very complicated problem which also involves communications with foreign governments whose exports enter Canada, I do not think I will be able to make that statement before Thursday. However, a decision has been made and the policy will be known no later than this coming Thursday.

By the way, I would like to thank the Parliamentary Secretary for the Department of Industry, Trade and Commerce (Mr. Loiselle) who has spent long hours working on this problem. As for the textile industry, much has been said about the situation in Quebec. Unfortunately, the Quebec government has consistently tried to give the impression that any development in that area resulted from their coming to power. I would like to keep the record straight. I was appointed Minister of Industry, Trade and Commerce in September of last year, and I announced a new textile policy around November 20, I think, which was two or three days after the Quebec election. Anybody who knows something about governmental administration is aware that this kind of decision cannot be taken within three days. I have worked a lot on that. I did it in a new way, following the creation of a committee with the Department of Industry, Trade and Commerce made up of members of labour unions, and industries and representatives of the three provinces involved; Quebec, Ontario and Manitoba. Last November we decided to restrict textile imports to their 1975 level.

I have been blamed on several occasions by members of the opposition in this House, because some importing firms were not happy, but we have done this in keeping with such measures we were allowed to take pursuant to international legislation and we have extended these quotas to the end of June 1978. Moreover, a few weeks ago, the new Minister of Industry, Trade and Commerce (Mr. Horner), and myself, made a joint announcement to the effect that we had taken the necessary steps to extend the protection given to the Quebec textile and clothing industry for a three-year period.

And all that in accordance with the international laws regulating international trade. We did it at the request of the industry, in co-operation with the labor unions and governments involved, and we had taken the initiative long before the Parti Québécois came to power. Indeed, in that respect may I be allowed, Mr. Speaker, to mention the excellent work of several members who never stopped pressing me about that, particularly the hon. member for Sherbrooke (Mr. Pelletier), the hon. member for Compton (Mr. Tessier), the hon. member for Drummond (Mr. Pinard), the hon. member for Gamelin (Mr. Portelance), and many more, who constantly came back charging in defence of the textile industry. And now for the first time in the history of the textile and clothing industry in Canada their industry will benefit for a period of four and half years, from a policy of stabilisation.

Of course, those industries will have to modernize—they have already started to do so—to be able also to increase their competitiveness. But what really pleased me—I see the hon. member for Portneuf (Mr. Bussières) who also made many representations to me; I apologize for forgetting him—what pleased me is the fact that they told me every time that they were prepared to accept the competition from European countries and the United States but they were unable to compete with countries like Taiwan, Hong Hong, Singapore, the Philippines, where wage levels are absolutely non-competitive. I am not saying that we should not let in imports from those countries but what we have tried to do is to strike a balance between imports and exports because imports are necessary to maintain pressure on prices and keep inflation down, and imports are often a good discipline factor in that area.

On the other hand, if you destroy entirely the local industry one day you become entirely dependent on imports and then our efforts are hamstrung. We must maintain a balance between the two, and we hope to do pretty well the same thing for the shoe industry but in a different way because the problem is different.

And I would like to remind hon. members of other actions we took concerning the economy in the province of Quebec because in spite of the many efforts of the federal government there was a deterioration of the situation and the provincial government in Quebec is not generally well disposed towards the federal government these days.

Let us consider the shipyards: it is one of the most difficult industries to maintain in any modern economy nowadays. That is easy to understand. Since there has not been any significant growth in the international economy in the last four or five years, the need to build new ships is not so great, and the Japanese shipyards succeeded last year in capturing about 85 per cent of the market. I quote from memory and may be a little off, but not by much.

Faced with that situation and aware that shipyards were in trouble, we managed last spring to increase shipbuilding grants from 12 to 20 per cent, which made it possible to maintain a certain level of employment in shipyards across Canada and also in Quebec. Furthermore, there is in Sorel a provincially owned corporation. We were able to negotiate with the Polish government the building of several ships, which ensures employment for two years. Such construction is completely financed by the Canadian government. All that was done to maintain a provincial Crown corporation, and, Mr. Speaker, those are all the thanks we got for that. When the Canadian ambassador to Poland, who had negotiated the contract, accompanied the Polish Minister of External Trade and Navy to Quebec City, he was told that he was not welcome. This was a very nice way to thank a faithful servant of the state who had worked in the interest of Quebec workers. However, I was very happy, since the hon. member for Joliette and myself come from the same general area, that at least, in spite of the lack of courtesy of the provincial government, because of the circumstances, the union leader was kind enough to apologize to the Canadian ambassador to Poland.

I would also like to talk about Canadair, another activity of the Canadian government which is extremely profitable to Quebec, but we do not hear about it very often unfortunately. As soon as I was appointed to the Department of Industry, Trade and Commerce, I was given a file about which no decision had been made and which was on the whole rather ticklish and dangerous since it was designed to give Canadair a credit margin which would allow it to start building a plane called *The Challenger*, formerly known as the *LearStar,* which is a long distance executive jet. This was a dangerous proposal, and to make a decision, I admit in all humility that it took some daring, but we did make it. Because of that decision, Canadair has now increased its employment level from 1,600 to 3,200. These jobs are highly technological. Canadair got at least 125 orders, which guarantees an order book of $600 million.

In the world of aviation, this is considered an almost incredible success, since we have sold 125 units even before the prototype is completed, which proves that our decision concerning Canadair has greatly benefited the Montreal area and, most important, that with the help of the federal government, Canadians can show some initiative, and they are now in the forefront of a market which is becoming increasingly interesting. We have outdistanced all our competitors in this field. I was as at the Paris Air Show and I noted some bitterness among our competitors about our achievement. In fact, I believe that we sold 19 of those planes to one customer at the Air Show. This airplane costs about $5.5 million, which is a rather large amount.

Mr. Speaker, those were the points that I wanted to raise, but I would like to go on and deal with the general economic situation in Canada. Yesterday, Statistics Canada announced that in spite of a weak second quarter, a regression compared to the first quarter of the year, there was quite an interesting recovery during the third quarter, with a 1.3 per cent increase in the gross national product for that period, which represents a 5.3 percent increase in the gross national revenue at the same annual rate. This is encouraging. Our problems are not over but this is very encouraging at this time. While in my comments on the economic situation I expected a 2 per cent growth for the present year, with that unexpected recovery in the third quarter, Statistics Canada predicted a possible 3 per cent increase, which means that I had been somewhat conservative in my predictions last month.

Now I wish to refer to the measures we have taken to stimulate the economy. We now have before the House Bill C-11 providing investment incentives in the private sector that was introduced in the House early in January and has not yet been passed. I find it absolutely incredible, all the more as the opposition, especially the Progressive Conservative Party, has been extending the debate on that bill for the last four weeks and will vote for it, while hundreds of decisions by businessmen throughout the country are still pending because the opposition refuses to pass the bill.

● (1612)

[*English*]

I think it is unacceptable that hon. members opposite should vote for a measure at second reading and then drag their feet. I am told that this week my office has received at least 50 phone calls from businessmen inquiring about when Bill C-11 will be passed. I would like to tell them today that it has not passed because the official opposition has been dragging its feet. We have been debating this bill for four weeks and we have managed to pass only three clauses in a bill with a total of 116 clauses. Is that the way the people of Canada want the business of this nation to be transacted? Not at all. It is because of the opposition that we are not moving ahead.

In Bill C-11 we propose other exemptions. Yesterday, the hon. member for Gatineau (Mr. Clermont) was not completely

satisfied because we are increasing the allowable expenses of employees from $150 to $250. However, that is another incentive for employees. We will be increasing exemptions for every taxpayer by 7.2 per cent on January 1. That is included in Bill C-11. In January and February, seven million taxpayers in this land will be allowed a tax cut of $100—and the opposition is dragging its feet.

Mr. Crosbie: You are giving Doyle $3.5 million.

Mr. Chrétien: The hon. member for St. John's West (Mr. Crosbie) is dragging in the old political problems he had in his province. He could not stand the heat of being minister of finance there, so he quit. I do not want to be distracted by the hon. member's nonsense, so I will carry on. I would like to speak about the performance of our economy. The post-controls period will be extremely difficult; the results of controls will not be perfect—but we can see that the Canadian position is improving substantially.

Mr. Crosbie: You double-crossed the Canadian public.

Mr. Chrétien: Two years ago our trade balance was nil. Last year we had a favourable trade balance of $1 billion. This year we have a favourable $2.4 billon trade balance.

Mr. Crosbie: We have no problems at all?

Mr. Chrétien: We have problems.

Mr. Crosbie: You are one of them.

Mr. Chrétien: There are some people like the hon. member for St. John's West who had to quit their jobs. The hon. member knew he could not stand the heat as minister of finance in his province. The hon. member tried to replace the leader of the Liberal party in Newfoundland. He could not do that, so he tried to replace the leader of the provincial Tory party. He could not do that either, so he gave up.

We have some problems, but I think it is important that we stop the "gloom and doom" mentality. I think we have to speak about the positive elements. I am not running away from our problems. I have said that there are too many unemployed in the land, and we are trying to do whatever we can. The hon. member from St. John's thinks he has all the solutions, but he had no solutions when he was minister of finance in his province.

I think we have to be realistic about the economic situation. There are some positive elements. The controls have reduced the pressure of the compensation factor. Canadian people now realize the folly of trying to take too much out of the economy. The result of taking too much is that price increases are too high. The present voluntary settlements are very much in line with settlements in the United States. That is extremely positive, because in 1974, 1975 and 1976 settlements were too high and we were losing our competitive position. The fact that the Canadian dollar is at a more realistic level at this time is another positive element.

[Mr. Chrétien.]

The Acting Speaker (Mr. Ethier): Order, please. I regret to interrupt the hon. minister, but his allotted time has expired. He may continue, however, with unanimous consent. Does the minister have unanimouss consent to continue?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I have no intention of agreeing to allow the hon. gentleman to carry on, because the last five times I have spoken in this House hon. gentlemen opposite have not done me that courtesy. I have no intention whatsoever of allowing the minister to carry on.

Some hon. Members: Shame.

An hon. Member: You are not a gentleman.

Mr. Crosbie: The Minister of Finance (Mr. Chrétien) is leaving now. He does not want to hear the hard truth. When I watch the Minister of Finance, I ask myself how many ministers of finance can dance on the head of a pin. The present minister is the seventh minister of finance since 1963. We have averaged one every two years since 1963—and the seventh minister is a shambles, just as the other six were. The economy of Canada is in a shamble as a result of their policies. They are a group of shamblers. The best description for the Minister of Finance—who has come back into the chamber—is that he is the sanguine Minister of Finance: nothing bothers him. An 8.3 per cent rate of unemployment does not bother him. An unemployment rate in Newfoundland of over 17 per cent does not bother our friend from Shawinigan: he is sanguine. He is like the Prime Minister (Mr. Trudeau): he is unperturbed; he is positively not disturbed by the unemployment and economic conditions in Canada and the shambles his government has created. People in Shawiningan may be satisfied, but they are not satisfied anywhere else in Canada.

● (1622)

As we have learned from the remarks of the Minister of Finance, he is unaware and unworried about the country. He is positively uxorious with respect to members of the opposition and people in Canada who dare to be critical of his fumbling way with the economy and of where this government has led us. As an illustration of the government's policy, I should like to refer to a speech made by the Minister of Finance in Calgary on September 13, an excerpt from which was quoted by George Bain in Ottawa *Today* on October 20 as follows:

> They (foreigners) know that Canada is riding through the current world economic difficulties in comparatively high fashion.

The people of Canada will be glad to know we are riding along in high fashion. The 29,000 unemployed in Newfoundland, and the hundreds of thousands of other unemployed in Canada, will be glad to know they are going along in high style, according to the minister. The quote continues:

> But Canadians do not have the same buoyant feeling . . . Instead we bitch.

That is, any Canadian who dares to feel disgruntled about the state of the economy, about unemployment or rising prices and the state of our industries, is a bitcher. Anyone who dares to criticize this sacrosanct government, this sanguine and satisfied minister from Shawinigan, is a bitcher. There is a lot to bitch about, Mr. Speaker. The minister devoted 20 or 25 minutes of his 30-minute speech to Quebec. I thought this was a debate on our national economy, not just Quebec. It was a pump-priming speech, a backwoods speech that dealt with Quebec, for the most part, and not with the rest of the country. The minister is not concerned enough to answer this resolution which deals with Canada as a whole, not just the province of Quebec.

The minister said that when he succeeded the Secretary of State for External Affairs as Minister of Industry, Trade and Commerce, he came across a file that had not been dealt with. I though it was going to be the Featherbed file, but it was the Canadair file. A decision had not been made, and the minister criticized his predecessor, now the Secretary of State for External Affairs, and the Minister of Energy, Mines and Resources (Mr. Gillespie) for not making a decision on Canadair when they held that portfolio. They did not have the intelligence, the nerve, the guts nor the gumption of the minister, he implies. When he saw the file, he dealt with it. If he dealt with it then, his predecessors left him a shambles to deal with—but it is very unfair of him to criticize his colleagues in that manner.

Let me now deal with the income tax amendments which are before the House. A budget was brought down in March, but the government did not introduce income tax amendments until three or four weeks ago. The House has not spent three or four weeks debating those income tax amendments. They do not relate only to the budget of March, 1977, but also to the mini-budget that the minister was afraid to bring in properly. Instead, he introduced it in the Address in Reply to the Speech from the Throne in the middle of October. The minister is stretching the truth. He is a flexible Minister of Finance—flexible with the truth. There have not been four weeks of discussion on the income tax measures, but they will get a lot of discussion. In any event the income tax legislation is not the solution to the problems of Canada. That is recognized by the Canadian people.

In concluding his speech, the minister made a final, telling comment. He said he was delighted, positively overjoyed, frantic in his feverish delight because the Candian people are now recognizing the folly of getting too much out of the economy. Again it is the fault of the Canadian people, not the fault of the federal government. He did not say that the government has now recognized the folly of trying to get too much out of the economy. Apparently it is not the government with its huge, swollen deficits—not the government that is asking us to approve their borrowing of $9 billion; rather, it is the poor Canadian people who are trying to get too much out of the economy. That epitomizes the policy of this government. We are in this trouble because the government has attempted to get too much out of the economy and has not left enough for the private sector to give it some incentive. I can leave the remnants of the minister's speech, Mr. Speaker, and pass to a few remarks of my own dealing with the resolution before the House.

Before getting into more general matters, I should like to deal with the question of imports. I discussed this last night with the Minister of Agriculture (Mr. Whelan). The government of France has passed a law or regulation to prevent the importation of seal pelts into France. Apparently, Brigitte Bardot is such a powerful figure in France that in the twinkling of an eye—and I will not say what else she might have twinkled—they are going to bar seal pelts from France. If this government has any guts or gumption, Mr. Speaker, they will bar the importation of French champagne, because they brutalize the grapes by pounding them with their feet when they make it. It does not matter what the reason is, we should not allow the French to stop the importation of our seal pelts without taking action. I am referring to the French in France. I do not want anyone to think I am referring to the French Canadians of Quebec. If the French in France stop the importation of our seal pelts, let us stop importing their champagne. I am sure we can make our own in the Niagara peninsula that is just as good. In any event, I never liked that bubbly stuff.

We know that Canadian industry is entering an extremely difficult period. Canadian manufacturers and Canadian industry are nervous about what is going to happen in Geneva because they have no confidence in this government. I do not know if they will maintain this opinion through 1978 because the Prime Minister and his ministers will be chucking them under the chin, giving them a pat on the back and rubbing them behind the ears for the next few months to get them past the election, hoping they will forget how they were treated in the last few years. Canadian industry is worried about what is happening at Geneva because they know the negotiations are in the hands of professional free traders. Although they have put in briefs to the Canadian Trade and Tariffs Committee, they know they have been treated casually. The people doing the negotiations believe in free trade and are not worried about what will happen to the Canadian manufacturing sector. They know the negotiators are civil servants who say that we must have adjustments and must rationalize.

I laughed when I saw hon. members opposite pound the tables when they heard of the announcement on footwear and leatherwear that is to be made on Thursday. They had better be vigilant, because the people representing us at Geneva are free traders. The manufacturing sector in this country is not getting any feedback from the government. We have a nervous Minister of Industry, Trade and Commerce (Mr. Horner) at Geneva. This is no time to have a nervous minister. A report in the *Globe and Mail* of November 25 begins as follows:

> It was a nervous Jack Horner who opened a two-day seminar—

We do not want a "nervous Nellie" riding up to the EEC with a lot of apologies. Further on, the article reports:

> On footwear, Mr. Davignon volunteered to try to think of ways in which Canada could attack excessive imports from the Far East without attacking traditional European imports—

Do we need someone from the EEC to tell us how to protect our imports? The Minister of Industry, Trade and Commerce was delighted that a member of the EEC volunteered information on how to do it. Then he made two invidious comments which show how much he thinks of the manufacturing sector of this country. The article reports him as follows:

I think if Canadians could get over the market distribution systems, they would find themselves competitive and able to do business in this market.

That is a piece of wampum, Mr. Speaker; it means nothing. To say, "If Canadians could get over the market distribution system" is just as portentous as some of the statements made by the Secretary of State for External Affairs and has just as much meaning. Later in the article, he is quoted as saying:

The Canadian businessman perhaps isn't as aware of the changing world market patterns as, say, the Europeans.

He patronizes our industry. Even with the pitiful record of his ministry in regard to doing anything to develop the industrial sector or an industrial strategy for Canada, he patronizes our businessmen. The article goes on to say:

Nor is he much worried about dislocations in Canadian industry that might be caused by freer trade.

Hon. members opposite who were pounding the tables today had better keep their eyes on the Minister of Industry, Trade and Commerce. He is not worried about dislocation in Canadian industry that "might be caused by freer trade." If the minister is not worried, a lot of people in Canada are. One of the people now getting worried is the Prime Minister (Mr. Trudeau). He said in Charlottetown that he was going to call a federal-provincial conference on the economy. Well, he has to call something. He realizes that it is not just the national unity issue; the economic crisis is now the major issue. For the next couple of months we can all talk about the fact that there will be a conference on the economy. For the next couple of months after that we can talk about the fact that there was a conference. By that time he hopes we will have forgotten the problem and we will be in the middle of an election.

● (1632)

What is the conference going to discuss? The Prime Minister said:

—not one industrial strategy for all of Canada, but a series of strategies.

This government has laboured for ten years to come forward with an industrial strategy for Canada. It has not done so yet. Now the Prime Minister is going to pluck a series of strategies out of his head. How pitiful! Who is going to swallow that bunkum? I again quote:

He said structural changes in the economy will be needed because "there can be no immediate turnaround of our fortunes." . . . In the maritimes for example, fundamental changes are needed in fisheries administration.

He is an instant expert on that because of his infrequent visits to the maritimes.

Campbell said in an interview later that the top priority at the conference should be an attempt to get a consensus on whether Canada should be a free trader or a protectionist instead of having the current "hodgepodge."

If this conference is going to decide whether Canada should be free trade or protectionist, my God, it should have been held months ago. The negotiations are under way now at Geneva, and 1978 is the year of decision. The Prime Minister patted Premier Campbell on the back and said what a fine fellow he was and what fine suggestions he had made. Now Premier Campbell says that the conference is going to get a consensus. Are we free trade, or are we protectionist, rather than the current hodgepodge? That means this conference is going to be useless. If that is what it decides, it will be too late. Our free traders and our academics are going to be in Geneva and reporting back to this free trade of the Minister of Industry, Trade and Commerce. They will be making decisions about which Canadian industry will not be advised. That is one of the main problems our industry is complaining about.

The Prime Minister is a year or two late with his conference. He is going to change the structure, now, of the Canadian economy. Why did he not do it when he had the wage and price controls? He did not do it during the last two years. However, with an election coming he wants us to believe he is going to cure it all and change the structural efficiencies he has done nothing to change over the last nine years. The Prime Minister made a statement over television at the beginning of 1976. He mused about whether Canada was going to have a state society and state socialism. He was critical of the business community. That fanciful musing of his cost Canada at least 1 per cent of our gross national product. By indicating what he believed, he scared off business investment in Canada. Economists estimate this cost a $4 billion increase in the gross national product in Canada in that year alone.

This is the gentleman who is going to be so friendly and so nice to business in the next few months. He is going to put the bureaucrats down while he tries to lull them, getting ready for the next election. There is no industrial strategy, and none is being developed. There are no plans. There is no mechanism for consultation with industry while these negotiations go on in 1978. They have been given a chance to put in their brief to the Canadian Trade and Tariffs Committee. They have been patted on the head and told not to worry that they are too protectionist, that there has to be some rationalization and there has to be this and there has to be that. It means a loss of industry and a loss of jobs, but they are told not to worry. There is nothing set up now to keep them in tune as 1978 proceeds. No wonder they are worried!

The President of the Privy Council (Mr. MacEachen) is chairman of a cabinet committee to deal with these negotiations. Mr. Jake Warren reports to him. God help Canada if he does the kind of job on these trade negotiations that he did on the pipeline. He left Canada naked and defenceless in the pipeline negotiations. There is nothing in that agreement which states that Canadian materials and Canadian pipe are to have the advantage. There is nothing like that. In fact, the exact opposite is true. Therefore, the President of the Privy Council will have to pull up his socks and do a lot better job or we will be left naked in the GATT negotiations at Geneva. Today he did promise that he is going to arrange for some briefings for the opposition.

A month ago I wrote to the Minister of Industry, Trade and Commerce asking him a simple question. He is just as slothful as someone who has been a minister for 20 years, yet he has been a minister for just six months. He is as worn out and vacuous as if he had been there since 1963. He cannot even answer a letter from the official opposition critic of industry, trade and commerce saying whether briefings will be arranged or not. He cannot even reply and say I can have permission to see a brief which the Newfoundland government submitted. The hon. minister is too busy travelling. His boots were made for walking. Maybe his boots were made for crossing; I do not know what it was. He is not around enough to even do me the courtesy of answering a letter that was sent to him on October 25.

Mr. Pelletier: You get exactly what you deserve.

Mr. Crosbie: Go ahead and caterwaul.

Mr. Douglas (Bruce-Grey): Tell us about the crossing he has done.

Mr. Crosbie: I have not the time to tell this group what I would like to tell them. There is another problem which the Minister of Industry, Trade and Commerce should look at. I have here a letter from R. A. Beamish Stores, of Ottawa, dated November 21, and another letter dated November 3 from Woolworth's and the Retail Council. They ask the minister to make a decision on what the import situation is going to be in 1978 and the last half of 1978 with regard to textiles and clothing. The letter of November 3 points out that their buyers are already completing their buying for the fall of 1978 in textiles, hosiery and shirts. They are awaiting a decision by the minister's department that was promised them for the end of August. They are now told that the decision on these import quotas for next year will not be made at the end of 1977. The letter explains the problems it puts the whole retail clothing industry in because they do their buying nine months or a year ahead. Instead of giving them a decision on that, the minister is cavorting around Brussels, Geneva, or the fleshpots of Europe, wherever they might be.

Mrs. Campagnolo: Fleshpots?

Mr. Crosbie: I do not know if Geneva and Brussels are the fleshpots, but they are pots, anyway, in Europe. The November 21 letter from R. A. Beamish Stores states that commitments by retailers are made on many classifications of merchandises 9 to 12 months ahead of the required delivery, particularly with regard to offshore resources. They need to know what the rules are that are going to govern 1978.

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

Mr. Crosbie: Is there unanimous consent—

Some hon. Members: No.

Mr. Crosbie: Are you sure?

Some hon. Members: No.

Mr. Crosbie: Are you positive?

Some hon. Members: No.

Mr. Crosbie: Why don't you get up on your feet and talk yourself?

Mr. Knowles (Winnipeg North Centre): Don't you like a good show?

Some hon. Members: No.

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

Mr. Max Saltsman (Waterloo-Cambridge): Mr. Speaker, I hate to interrupt the citizen participation group. However, I am very pleased to get the floor and to say a few words about the motion before us. It is very easy for members on this side, certainly those in my party, to support the opening paragraphs of this Creditiste motion, although the last paragraphs pose some difficulty. On the whole, it is an important motion for our consideration. One thing that strikes me about this particular motion is the extent to which it reflects a problem in Canada generally and in Quebec in particular. Over the years I have been impressed by hon. friends to my left. In many ways, they reflect a grassroots sentiment in the province of Quebec. I tend to listen very carefully to the kinds of grievances they raise in this House, for that reason.

It is an indication of how serious the situation is in Quebec, in terms of employment, and how important it is for us to deal with it within a national context. If we do not find some way of creating jobs in Quebec and dealing with this question of the labour-intensive industries, the clothing industry, the shoe industry, the furniture industry, then Quebec itself will find a way. It may not be language which is the chief grievance of the point on which confederation hinges. Rather, it may be the extent to which those who guide the national economy are able to create jobs, not only in the rest of Canada but in the province of Quebec, particularly at this time. If we fail to do that in this assembly, the Parti Québécois will promise it in Quebec.

● (1642)

What the Parti Québécois has to do is to make the case that unemployment in the province of Quebec arises because of the failure of the federal government. It may be noticed, that I am not as partisan as I usually try to be in terms of condemning the government for its failures, because the issue is more important than that. It is not the government which will be held responsible; it is the Parliament of Canada which will be blamed for failing to find ways of alleviating the unemployment being experienced in the province of Quebec.

A lot of that unemployment arises from the competition of imports. If we do not find some way of dealing with this matter here, we are, in effect, handing the Péquistes the kind of instrument they need when they go to the people of Quebec with their referendum. What they will say is, "The federal

government cannot help you. You have nothing to lose, so you might as well vote for us. If we had the powers the federal government possesses, we would solve your problems for you." The powers I am referring to are the powers to regulate the economy and decide on the level of imports, tariff protection and many other things such as money supply. That is what they want out of sovereignty, and that is the kind of case which will be made in favour of separation.

What this all means, then, is that to a very large extent our country will have to become more protectionist than it has been in the past, at least until we solve our unemployment problem. Most people do not care for the word "protectionist". When I asked the Minister of Industry, Trade and Commerce (Mr. Horner) during a committee meeting recently to give the committe an indication of the direction in which our negotiators in Geneva were going, whether toward freer trade or more protectionism, he replied that they were "going for fair trade"—whatever "fair trade" means.

In the party to which I belong, which I think has favoured free trade rather than protectionism, we have come to the conclusion that given the present unacceptable levels of unemployment in this country, our society must take a more protectionist stance. In fact, we must protect our industries. Some members to my right have talked about Canadians being hewers of wood and drawers of water, but even that option is not open to us. We have traditionally sold off our raw materials to the disadvantage of our manufacturing industry. But our raw materials are no longer finding ready sales on world markets.

At one time we used to pride ourselves that when nickel was required, buyers would have to come to Canada—there would always be a demand for nickel. But today people do not need as much nickel, and when they do need it, they are not obliged to come to Canada for it. At one time we could pride ourselves on unlimited oil supplies and gas supplies. That is no longer the case; we import more than we export. One could go through a whole range of materials which encouraged us to say: We have all these natural resources, and since that is the case we need not worry about creating jobs in the manufacturing industry. We can sell them off. There is an unlimited demand.

Well, Mr. Speaker, there is no longer an unlimited world demand for these resources, and the consequence of our policies in the past involving the export of our natural resources has been to deplete a great many of those resources. More over, the depletion of such resources has forced us to locate them in places which involve greater cost, making them less competitive with other areas of the world. Even that option, then, of being hewers of wood and drawers of water is not open to us.

It is fine to talk about free trade, and if there was genuine free trade in the world perhaps it would be an option. The problem is that in many ways we have been the most open society of all. I do not wish to say we have been the most foolish society, but in some ways we have been foolish. We have entered into trade agreements and to a large extent have

honoured our commitment to free trade only to find that other countries have hidden behind what they have called non-tariff barriers. There are all kinds of institutional structures in virtually every country of the world which inhibit free trade. Yet many of these countries pretend that they favour free trade.

I listened with great interest to a presentation by the Electrical and Electronics Manufacturers Association. It was pointed out that virtually every country in the world protects its electrical manufacturers. The industry is seen as an instrument of national development and protection is accorded in many ways. Contracts or specifications are written in such a way that no offshore bidder can succeed. Often it is the government which is the buyer. Delays take place. Experience has shown that even when Canadian bids are competitive in quality and price, foreign markets are not open to them, while we, on the other hand, are not opening our market to them domestically. So we are playing the game by saying that everybody can bid, but other countries are not playing that game; they are saying that everybody can bid, but their own industry gets the contracts. Many countries protect their basic industries, and there is no free trade in those particular industries. There are still countries which say: We let your raw materials in. We do not put any tariff on them. That is because they need those raw materials. But when it comes to manufactured goods, they are not letting them in.

However, that is not the only problem facing our manufacturing industry. I am simply saying that we are living in some kind of fools' paradise if we think we can go to these conferences and negotiate areas of free trade, making concession in the belief we will get free trade. The history of our experiments in free trade in this country does not lead one to be very hopeful about the prospects. Let us consider a number of things which have happened. Years ago—I am sorry I do not have the exact date, but it was some 30 or 40 years ago now—under pressure from the agricultural community in Canada we went to free trade in agricultural implements. That was the pressure governments were under in those days. The idea was that, as Canada had a very efficient agricultural implement capacity, we would get a share of the North American market and there would be enormous benefits not only for the farmers but for the manufacturers.

If one considers a company like Massey-Ferguson, probably one of the largest in its field, we see there is a pattern under free trade. What they did was to leave their labour-intensive, non-technological production here in Canada. As new ideas were developed and greater sophistication was involved in the production of farm machinery, the necessary development took place in the United States. The argument was that production centres should be located closer to the agricultural market in the American mid-west. Why could it not have been one of our western cities if southern Ontario was not a good location from the viewpoint of transportation.

Surely, if there had been any kind of national planning at all or any idea how industry should be developed in this country, we could have established that machinery industry in the west.

The west was perfectly capable of undertaking that kind of work. In fact, it is doing some of that work at the present time. We would have had substantial manufacturing facilities in the west and it would have made sense in terms of the product and its ultimate use. We failed to do that. The consequence is that we are importing far more machinery than we export. To my knowledge, there is not a large tractor manufactured in Canada any longer, though at one time there used to be.

Consider the auto agreement, another agreement we made with the United States involving limited free trade. The point of this agreement was that we were to get our share of the North American market to the extent we purchase automobiles in Canada. That would roughly be the measure of our share. When I raised questions about this, as did others, in the early days of the agreement, successive ministers of industry, trade and commerce would pooh-pooh us. As a matter of fact, the very man who wrote the report outlining how serious our deficit has become was one of those who supported the minister, though I guess that is his job. It was pointed out at the time that the Canada-U.S. auto agreement was benefiting Canada; that in fact we were getting more than our share of new investment and production. As they said at the time, the facts were there to demonstrate that that was so.

● (1652)

I went on to argue that it was inevitable in the initial stages of an agreement that investment would be lumpy. In other words, you cannot erect half a factory, or half a rolling mill, or half an assembly line; there would be a big spurt in investment which would make it look as though we were getting more than our share. The real question to be asked was: What happens on the second round of investment when the market grows and expansion is required? Where will that expansion take place? Will it take place in Canada, or will it take place in the United States? In those days, the unemployment rate was pretty low, so another question which I raised was this: If both countries were to get into difficulty economically and had high unemployment, since the automotive corporations were almost entirely foreign-owned—essentially American-owned—where would they invest? Would they create employment in Canada, or would it be in the United States? Would the United States government sit by—though, why should they?—and allow their corporations to create employment opportunities outside of the United States rather than inside? Obviously, the American government could not do that; no popular, responsible government could.

That is exactly what has happened, Mr. Speaker. Over-all, our deficit has increased and the situation does not look as though it will get much better. It may have to be sweetened a little because the deficit is too much now, but in the long run we are not going to benefit. We had an alternative in those days, as we did for all these industries. The alternative was to create a Canadian automobile industry. This was one of the threats which we used to negotiate a Canada-U.S. auto agreement, that we might go it alone. But we decided to take the other option, and now we are paying the cost. We still have to create a Canadian automobile industry if we want to be sure that we will get our fair share of automobile production in North America. There are problems within this. For example, we may not have the variety of choice which we have now. But do we really need a variety of choice? After all, how many models of a car must we choose from in order to satisfy the consumer?

The Canadian economy has had very little attention paid to it by government. I think no other government in the world has abdicated its responsibility to manage the economy and to plan for the future as much as the governments of this country. They simply said that the private Canadian owner should do this job. Or, as more often has been the case, that the foreign owner should do it. We have no complaints to make—at least, we should not have—about the Americans. They did not come rushing in here and force us to do things. It was the policy of the Canadian government to invite them in and to pin our hopes on foreign ownership doing something for our economy.

As a consequence of this, we have an industrial structure which is one of the most unproductive in the world. But it is not the output of people working in our plants which is down; it is the way our industry is structured that makes it so unproductive. This is the problem with which we must deal, and is why we need to go through a period of protection.

I hope that any period of protection will not become permanent, something we will have forever. Rather, we should use this period to restructure our industry, make it stronger and then discontinue protection. The unfortunate case of Canada has been that although protective measures have been brought in in the past from time to time, no one really worried about using that period of grace to restructure Canadian industry. Instead, everyone got nice and fat, lazy and complacent, and then we had to face another crisis. Therefore, it seems to me, Mr. Speaker, that those who have some responsibility to work out a national economic policy have very difficult choices to face. As the minister said to me in committee, we should not talk here about being fair. "Fair" is a very nice word and I like it as much as anybody else, but what does it mean? I think we must face the harsh reality that, as a result of the mismanagement of the past, Canadian industries which provide many of our jobs will have to be protected for some time to come.

In a speech the other day, my leader said that when we go into the next election the main plank of this party will be to create one million jobs in the immediate future. I know it is very easy to say that, but it is not an easy thing to do. How do you create one million jobs? Well, Mr. Speaker, there are a number of things you can do. You can encourage industry in certain ways. You will not create jobs in the mining industry. Neither will you create many jobs in the resource industries. You must create the bulk of these jobs in the labour-intensive industries. Or if you do not create jobs, Mr. Speaker, you will have to save jobs. If we had saved some of these jobs, we would not be in our present troubles. We must create jobs in industries like textiles, shoes, furniture manufacture and electronics. Trying to go through the drill of saying that our negotiators in Geneva will attempt to work out a package it seems to me is unrealistic.

• (1702)

[*Translation*]

Mr. Bernard Loiselle (Parliamentary Secretary to Minister of Industry, Trade and Commerce): Mr. Speaker, there is obviously some element of truth in the motion put forward by hon. members from the Social Credit Party of Canada. However, recognizing the situation is not in itself a proposal for economic recovery, let alone bringing it about. As could be expected, we heard hon. members opposite indicate they had doubts as to the results our negotiators in Geneva could obtain in terms of economic recovery or the industrial restructuring in Canada. We heard members opposite complaining or wondering whether we should be free traders or protectionists. We heard the hon. member for St. John's West (Mr. Crosbie) use harsh words, but he gave no worth-while data to support his suggestions. He criticized the Prime Minister for stating last week in Nova Scotia he intended to propose a series of industrial strategies rather than a single strategy for industrial development in Canada. That in my view is the only avenue open to us, because at a time when it is increasingly clear that no industrialized country will make an unqualified commitment to free trade, each nation should favour a sectorial approach.

When the Minister of Industry, Trade and Commerce (Mr. Horner) speaks of fair trade, I do not believe this is a meek, senseless phrase, quite the opposite. I believe we must first make an assessment of our individual industries, to identify the areas where our manpower is centered. And after an in-depth study in co-operation with labour and management, the government should decide whether there is a future for such or such an industry.

As I stated recently, to the amazement of some businessmen in Sherbrooke, we must ask ourselves such questions as whether in 1990 we should have 250,000 or 150,000 jobs in the Canadian textile industry. And if the conclusion was the textile industry could not be expanded in terms of manpower, we should honestly face the situation and tell ourselves: Well, what do we do now with the workers who would normally be directed toward this industry, and in the event where it would become necessary to reduce the number of employees already engaged in the industrial sector, what will we do with those who will be forced out of this sector? But, I was not saying that the textile industry must be done away with, on the contrary, and the government committed itself through measures announced more than a year ago to support this industry so that being protected by tariff measures, it will be able in three or four years to restructure itself in such a way as to become efficient, competitive and productive. We will announce on Thursday a policy concerning the footwear industry involving new tariff barriers and new protection for our local industry. However, both industry and unions must not conclude that they will be protected indefinitely and need not concern themselves about productivity within their own industrial sector.

In my view, the three parties, government, industry and labour will have to agree on the best way to make that industry more efficient. Now, I have mentioned two industrial sectors, Mr. Speaker, as we must realize in putting those basic questions, we, as a responsible government, have adopted a sectorial approach. My minister talks about "fair trade", because later it will be possible for us to appoint and set the terms of reference of our negotiators in Geneva in keeping with that sectorial evaluation we are now dealing with.

In spite of that, we must not overlook the fact that there are shortcomings. We have talked about the textile and shoe industries, but I think we should also determine to what extent it is possible in Canada to further process our raw materials, as in the case of the autopact which the hon. member on the other side mentioned before, and I think that our only differences lie in the data on which his assertions are based. The Minister of Industry, Trade and Commerce (Mr. Horner) recently commented on Broadbent-type figures and I think that he was rather right, because I have been wondering myself about those figures and data put forward by the leader of the New Democratic Party, and nowhere, even not among people in the business, were his assertions confirmed. People will rather rely on figures used by the government. So I think we should at least start from the same data if we are to seek an appropriate solution.

Mr. Speaker, there is another industry which is now declining in Canada. I refer to tourism. At least we have good news, following negotiation and interventions of various ministers of our federal government. We are allowed to believe that the American government will amend their law which deters Americans from holding conventions in Canada. The tax exemption will apply throughout the whole North American continent, and there will be no more restrictions for us, in the sense that Americans will be allowed, like before, to hold conventions in our country, which will contribute to job creation in Canada.

In spite of that good news, we also have to wonder how we should assist our tourist industry. Some statistics show that in areas where "inputs" in the industrial sector are the least expensive, Canadian hourly salary is still 70 cents higher; and in the tourism industry the work "input", in areas of Canada where the "input" is the least costly, is still 70 cents an hour higher than in the cheapest areas of the United States. How could we be competitive? We have this question of minimum wages. I am the first to want and to wish that Canadian workers could get higher salaries but we have to accept the rules of the game. If our tourist industry is to follow the minimum wage rules, how can we justify the tips and money made on the side by the people involved in this very sector, which they do not declare although it is for them a source of income. I believe that in this area, the Department of Industry, Trade and Commerce which has jurisdiction over tourism announced the appointment of an advisory committee made up of representatives from various groups, of people involved in the tourist industry, and of people from all across Canada, which will be responsible for making an in-depth study aimed at strengthening this industry. Besides, we believe that transportation costs in Canada have had a negative effect on the

development of tourism in our country. This is why our department has recently made representations to the Canadian Transport Commission asking them to accept charters in Canada in order to open up all of our regions to Canadian tourists. It is unbelievable and unacceptable that it should be less expensive now to go to Europe, either London or Paris, than to go from Montreal to Vancouver. Now I feel it is absolutely necessary that we act in this direction and some measures have already been taken.

● (1712)

As concerns tourism infrastructure, it comes under provincial jurisdiction. But already, through our department and that of Regional Economic Expansion, the federal government, through special agreements, has made large sums of money available to the provinces for tourism development. I hope that the Quebec government will soon be able to sign such an agreement with the federal government so that the province will benefit from the moneys available.

This is very important because when we speak about tourism, we must keep in mind the sophistication of that industry. In Europe or in some areas of the United States, there are well organized routes. Unfortunately, here in Canada, because of the enormous distances, there are no such routes where a tourist can spend perhaps two or at least one week, while seeing attractions and enjoying various activities.

Mr. Speaker, if you consider the situation in the province of Quebec, I think that most criticism about the inaction of the federal government comes from the provincial government. I think this is quite untrue. I shall prove it by giving another example of federal intervention through its policy in the petrochemical field. This industry is highly concentrated in my area and were it not for the one-price policy in Canada, the petrochemical industry in Quebec would not only be in the doldrums but on the way out. Thanks to the one-price policy that enables us to benefit from the natural resources of Alberta, of the Northwest Territories and Saskatchewan, we can not only hope to maintain that industry but also to see it prosper. This is a good example.

Now let us consider our shipbuilding policies. Recently, the government stated in that respect that it would soon announce a series of measures in favour of our shipyards. This is again a labour intensive industry. I think that this is another example, where we have decided to consider a particular area and tried to put forth a series of measures which will be announced later in order to help already existing industries and perhaps also promote the creation of subsectors in this industry.

Mr. Speaker, I think that it may be all to easy to say that everything is going badly, but you only need to compare our unemployment figures with those of other countries to see that things may not be any brighter elsewhere and that in Canada we might after all have suffered less from what may be called the economic recession of the years 1973, 1974, 1975 and 1976. We still hope that there will be a recovery starting this year and that it will go on into 1979.

What I am asking the hon. members of this House is precisely to support the government in its efforts. The Minister of Finance (Mr. Chrétien) mentioned earlier that we are still debating Bill C-11 relating to income tax in Canada which contains a series of measures to give Canadian consumers a higher purchasing power and our industries an incentive to reinvest at home. Finally, as I think it must be said, if we want a real economic recovery to take place, when dealing with industrial structures, Mr. Speaker, I think all this can be achieved only in a good climate which we must entirely create ourselves. The first people who should have the responsibility to create this climate of trust are members of this House. When there are worthwhile proposals in bills presented by the government, and the proof of it is that this government has been in power for a long time, members of the opposition should consider it as their duty to support them and not let the debate drag on as they have done for several weeks in the case of Bill C-11.

Mr. Speaker, I would like to deal with the notorious issue of interest rates which is often used as the bone of contention by our Socreds colleagues. I will not elaborate on this subject but I should like to say that it sounds a little oversimplified. I will just remind you of our right hon. Prime Minister's remarks that when the government lends money, it has to do just like everybody else, just as any Socred member who borrows from a bank: namely to pay an interest rate to the institution from which it borrows.

Whether under a Liberal, Conservative or Social Credit administration, I do not believe that donations will appear in Canada or that people will agree to grant free loans to governments either federal or provincial and I suggest that paragraph (c) of the motion put forward by the Social Credit party is not specific enough at least from an economic point of view.

After dealing with negative points, let us come now to the good ones. I share a bit more the views of Social Credit party members when they speak of the Canada Works programs. Mr. Speaker, perhaps we should reconsider them. It is true we spend a lot of money and we approve a great number of good projects and I wonder whether we could not obtain even more lasting results through these programs and in turn, give more support to municipalities even though these programs come under the provincial jurisdiction. Perhaps with the consent of the provinces we could help municipalities ease the tax burden on taxpayers, thus giving them a better purchasing power.

Having said that, I urge Social Crediters to carry on and it must be remembered that in my caucus I am among those who are working to that end. In conclusion Mr. Speaker, I believe that the government to which I belong has certainly done many other things to help most disadvantaged areas through the Regional Economic Expansion program. Under this program which has been implemented a few years ago and amended in order to better meet the sectorial approach we wish to take, recently the Montreal region has become a designated area in some specific areas in labour intensive sectors, which will ensure in the long run a strong and basic

structure to the Montreal region and to my own region, of course. I do not think one can discuss at length the work of the Department of Regional Economic Expansion but I believe it is always to our credit as a government to point out the very positive action this Department has taken.

Finally, if we are to help regions and create employment in industrially weak sectors, we should consider the ongoing decentralization program of the provincial government. The federal government will decentralize many jobs which we will move from Ottawa to areas such as Sherbrooke, Shawinigan, or Quebec City. I think that shows the federal government has a clear intention which means: Look, we are participating where there are needs, where there is a lack of jobs and steady jobs.

Of course, if jobs are created through sending civil servants to such areas, there is a multiplicating effect. If 150 jobs are moved to the Sherbrooke area, this number can easily be multiplied by four, because of the services created by these jobs. I think today's Social Credit motion related to important points. This motion illustrates, of course, that they are willing to participate and I encourage them in making efforts to make propositions, as they certainly have this capacity, and if they meet difficulties in doing it all by themselves, I invite them to consult us and we shall encourage them.

Mr. Roch La Salle (Joliette): Mr. Speaker, as the other speakers who preceded me, I would also like to make some remarks on this motion which certainly lends itself to many observations. When we read at the very beginning of this motion, and I quote:

> That this House deplores (*a*) that the government has shown a lack of foresight and leadership in respect of the flooding of the Canadian market with foreign goods, particularly in the areas of footwear, textiles, clothing and furniture, which has contributed a great deal in weakening Canadian industries and resulted in a number of layoffs;

I think, Mr. Speaker, that comments made by other members of this House all have some value.

● (1722)

I noticed also that the Minister of Finance, who was speaking on behalf of the federal government, attempted by a series of statistics to justify the present situation and, of course, he had to admit that there were still unsolved problems. Yet, he tried to tell the House that considering the rate of unemployment, the percentage in relation to heads of families was not all that bad after all.

I would have hoped, for example, that the Minister of Finance had talked about that rather impressive percentage of young people among the one million unemployed in this country, and I would have liked him to echo the same concerns that we and others express, that is the concern of the young people who get discouraged, the discouragement of that youth just out of university or school and still waiting for a Canada Works project. Indeed, the motion calls for increased votes. I deeply appreciate in the present context the moneys approved for those projects under which young and not so young people are hired for a given period. But we are not going to build the future of this country with such projects.

The government has no industrial strategy after being in power for 13 years. They talk of implementing a series of industrial strategy measures area by area or province by province. But why did the government wait until it had been in power for 13 years before talking about this today? I read in the papers that the Prime Minister (Mr. Trudeau) might call an economic summit or conference next February. The Premier of Ontario pointed out that he has been calling for such a conference since last October, but it does seem that after the meetings with the provincial premiers, an economic summit will probably take place. But they had to wait until the difficulties facing the Canadian people day after day were such that they had to come up with new measures, and they tell us that we are not going to solve the problem by criticizing the federal government, but there is always a minimum of decency. I believe that we, in the opposition, must prove that this government has failed in many areas, and I think it is our duty to prove it with all the comments we can make and we will certainly not have a hard time proving such a fantastic failure.

The Minister of Finance also spoke rapidly about the prices and wages commission, or rather about anti-inflation measures. I would like to recall for a few minutes that anti-inflation measures certainly did not bring about the anticipated success. I would like to demonstrate how these measures upset many people because of the lack of good preparation right from the start. We remember very well how far the federal government deliberately misled the provinces, the unions, the employers and the Canadian people as a whole; we remember that the government—

Mr. Loiselle (Chambly): This is not true!

Mr. La Salle: I am told that this is not true. I think we were promised that no such measures would be implemented. The government was elected on a false representation in 1974. The measures were implemented a few months after the federal election but the 90-day preparatory freeze had been skipped. Such a proposal which was in our program was offhandedly rejected. With this the government would have obtained the cooperation of the unions, the provinces, the businessmen, the business world and of all the important sectors in our economy to establish together some criteria and consequently to apply restrictions which would have enabled the government, with the cooperation of these essential sectors, to meet its objective, namely to slow down inflation.

As a result of that failure, the board had to make discretionary decisions, and operate on a day by day basis. Mr. Speaker, the best way to demonstrate the ineffectiveness of those measures and the serious problems they caused to many workers is to mention Abex Industries Ltd. in my own riding's main urban centre, Joliette. In July 1976, the union had signed an agreement with the employer providing increases of 17 per cent for the first year and 11 per cent for the second year, and

the company was ready to take into account some adjustments in various departments of that industry.

In July 1977, the board made known its decision and reduced from 17 to 15 per cent and from 11 to 6 per cent the increments agreed to between the union and the company. As a result, with Christmas fast approaching, those workers have to pay back to the company about $800 on average, that is a 42 cents an hour reduction. I realize the board has many cases to review but in this one the decision comes a year later. Mr. Speaker, here we have workers who certainly need their money as much as everybody else on the eve of the holiday season, yet they are forced to repay anywhere between $600 and $1,000—an average of about $800. What will happen there?

Certainly the union is not ready to accept the board's ruling lying down and it is even considering work stoppage in that industry, in my own riding, and God knows we cannot afford to lose working hours in that area. I would say, Mr. Speaker, that the board has failed to pave the way by seeking the acceptance and cooperation of various departments and only succeeded in upsetting everybody and falling far short of its objective which is to alleviate inflation.

And on top of that, we have such problems. This is only one example out of hundreds and maybe thousands across the country where the workers are not satisfied and where the company has a definite edge. It can say: We are not refusing the salary increase you asked for. The company agrees and the board must bear the odium of the refusal. Now I would say, Mr. Speaker, that the lack of preparation, of planning and of essential co-operation, where the government could not possibly have cared less about getting that essential cooperation, has created a problem—among thousands—that I single out today because it concerns people who came to see me to tell me their troubles. In that case, how can we, Mr. Speaker, accept that invitation to support the government's efforts that was again extended to us a moment ago. Of course, the government has made some efforts, but because of this lack of badly needed planning and those proposals or projections which proved utterly wrong, do not ask us to extend our support of this government or ask the people to trust it. In the present circumstances, we would not think of accepting this invitation.

This motion also deals with the government's lack of foresight and leadership. Of course, Mr. Speaker, it deals also with the government's intention to develop an industrial strategy, to initiate new measures, to try to remedy all the setbacks that we have met. But how can be explained the lack of effective measures to safeguard the industries mentioned here today. Also, I can give you some evidence of that in my own constituency. A couple of days ago, I received a letter from a shoe factory in L'Assomption stating that for the coming year, the situation was disastrous and the order book so thin, that they were operating at a 50 per cent capacity. Production would have to be stopped in the spring if things do not change.

● (1732)

This is another case of an industry which employs a certain number of people and which is facing enormous difficulties. The minister tells us there will be a statement on Thursday, something like the one made a year ago about the textile industry, and that it will improve the situation in the footwear industry. But, Mr. Speaker, we have to ask one question of the government: Why has the government waited until these industries—be it the textile industry, the footwear industry, the furniture industry or the mining industry—are in trouble; why did the government not decide 10 or 12 years ago to implement the industrial strategies that it is talking about today? How is it that the government did not feel the need earlier to call on the provinces and all the economic sectors in the country to help it establish long-term policies for the protection of our Canadian industries?

Some will also say that the Department of Regional Economic Expansion, with its great generosity, invests money every day. But these efforts aim only at correcting a failure caused by the lack of an industrial strategy. Social legislation has even been mentioned. The Minister of Finance (Mr. Chrétien) has talked about employment insurance arrangements, but, Mr. Speaker, it is not with such arrangements that we shall be able to build a strong, united and well organized Canada. All this forces us to deplore in this House the lack of initiative, foresight and planning on the part of this government.

Of course, the Minister of Finance says that the referendum in Quebec should be held as soon as possible, but how can this have any relation with the lack of action and the present economic situation? I think, Mr. Speaker, that we should not hear any more, and I do not wish to have to repeat this again, that it is not only since November 15 of last year that the Canadian industry has been in difficulty, but that the situation has existed for many years. At least four or five years ago, our former leader, the hon. member for Halifax (Mr. Stanfield), travelled throughout Canada to warn Canadians about the danger facing us because of inflation and unemployment, and he was called a pessimist, Mr. Speaker.

Never did the government see any necessity or justification to seek the views of that hon. member who had proven his competency in economics. No, it would rather reject that solution for political reasons and now we are forced to have our Prime Minister travel about the country. I do not say he is wrong in doing so but this obligation brings him today to meet the ten provincial premiers and to consider an economic summit which should have been held several years ago. Had the government had the shrewdness that all governments should have, we would not be discussing today difficulties which are confronting Canadians and which generate also many sufferings for the population which has long since been waiting for corrective action.

They will say also that we need to discuss a renewed federalism. Saturday night I was listening to the Minister of State for Federal-Provincial Relations (Mr. Lalonde). He was committing himself to something knew. Recently I also heard the Prime Minister rejecting such an approach and saying: beware lest you let yourself be carried away in a third way or option. Yet, Mr. Speaker, the Pepin-Robarts Commission

makes no bones about this third option which is becoming essential between the status quo, the centralizing approach we have on this side in Ottawa, and the proposal put forward by Quebec. It seems obvious that we must choose between those two extremes. So in the hearings it is holding throughout Canada, the Pepin-Robarts Commission feels the need to mention the decentralization of some powers or some jurisdictions to interest the provinces, have them participate in the setting up of a major policy for the future, a long term policy. Provinces of course have resented being left aside.

And some were wondering earlier why they are talking about a referendum in Quebec. We might wonder why Quebecers feel they should ask that question again. There are reasons to that; it could as well be because of the lack of measures. My hon. friends opposite will no doubt recognize that during the last provincial election in Quebec, the mismanagement, poor planning and lack of security in the dairy industry have cost the provincial Liberal party a countless number of rural ridings.

Yet that had nothing to do with the provincial government. It was a federal policy which was going to cost dearly to the Liberals. I recall hearing some provincial Liberals mention that that policy was going to cost them dearly, be it in the textile or the shoe industry. Layoffs did not start to decrease right after November 15, Mr. Speaker. In the mining industry, as was mentioned recently its's the same. So, Mr. Speaker, that situation irked the people in Quebec very much, so that they are asking themselves again: Can the federal government help us? Can it give us a good place in which to live in this country? I would like to answer: Why, sure! It is not too late yet, but with some changes and an entirely new flexibility within the federalist system.

I think that if the federal government really wants to do something in that direction, Mr. Speaker, they should stop saying in this House that the Quebec government is making fun of the federal government. They should be above that. Of course, the federal government has been and will always be at loggerheads with the provincial governments, but this is nothing new. One only has to go back to the Duplessis era, or recall the battles fought under the administration of Messrs. Johnson, Bertrand, Bourassa, Lesage. So this is nothing new.

Besides, the first ministers of other provinces have been very critical of the federal government's performance. This is a further reason, Mr. Speaker, to hope that the government will bring together not only the provinces but also the unions and the businessmen so that they may all seek answers to our economic problems. To be sure, the government alone cannot find those answers and cannot devise those measures. On that basis, I dare hope that our impartial representations will be considered, and I also hope that the government will seek the required talents in every economic sector to develop long-term policies and give back to the Canadian people the jobs which will restore their dignity. I hope so for our young people as well as for those who are not so young.

Mr. Speaker, I almost forgot to mention that sometimes we are told that we have no solutions to offer. I think that with one million unemployed, it would be very interesting to consider the possibility of allowing people of 60 to get the old age security pension without making it compulsory. We would enable at the same time younger people to enter the labour market and those who need a well deserved rest to withdraw from the labour market and be replaced by the young people who are going to the bad through lack of job opportunities. I am not saying that the government has not made any efforts, but I repeat that such efforts have been entirely inadequate. Therefore we urge the government to respond in accordance with our requirements.

Mr. Léonel Beaudoin (Richmond): Mr. Speaker, I readily support the motion introduced today by the hon. member for Rimouski (Mr. Allard) on behalf of the Social Credit Party of Canada.

I support it with eagerness because, at the risk of repeating myself, the economic situation is disastrous. Why? I feel that both opposition and government members know the answer. I feel it in a very obvious way. It is worse than an economic tragedy, unemployment is a social disaster. The Minister of Finance (Mr. Chrétien) can say as often as he likes that the economic situation is not desperate, he minimizes the facts of life. What kind of government have we at the present time? A government that uses the constitutional issue as its stock argument.

● (1742)

We see from time to time the minister pointing his finger at the wicked Quebecers. The hon. minister says that our situation is not desperate, that is what he said no later than last Saturday, during an oyster dinner arranged by the Liberal Association of the Hull district, not "dull" district. According to the Ottawa newspaper *Le Droit* on November 21 1977, the minister said, I quote:

Our situation is not yet desperate.

I truly hope it is not desperate but maybe it is time to start thinking about it. And the minister goes on saying that he had been to Israel and that, according to him, in the mind of the Israelians:

Canada was really the Promised Land.

I would like to remind the minister that Israel is still at war in spite of President Sadat's visit. I would say, Mr. Speaker, that here in Canada, in a totally different context, the situation is nearly as desperate as in that part of the world, maybe not in the same way, but for some people who have been unemployed for a year now the situation seems as hopless as in those countries. While some people are eating oysters, thousands of workers lose their jobs in the footwear textile, clothing and furniture industries. If the minister could at least send his oysters to the unemployed, this would enable them to eat their fill and care for themselves a little.

Unfortunately, the government is too busy with those who took power in Quebec, it is too busy with the official opposition which is after the RCMP. All this witch hunt is ridiculous and it does not solve in any way our economic problems. The

motion which has been put forward today by the Social Credit Party of Canada through my hon. colleague from Rimouski (Mr. Allard) and which is under study criticizes the present government, which has been here since 1968, for their lack of foresight and leadership. The economic situation has steadily deteriorated since 1968. According to the final report of the Prices and Incomes Commission published in 1972, the unemployment level in 1969 was at 4.6 per cent for the whole country.

In Quebec, it was 7.2 per cent in the Maritimes, Atlantic provinces, 7.8 per cent. In 1971, while Canada had a 6.4 per cent unemployment rate, this was 8.2 per cent in Quebec and 9 per cent in the Maritimes. In October 1977, there was 15 per cent unemployment in Newfoundland, almost 11 per cent in Quebec and more than 8 per cent in Canada as a whole.

These figures show unemployment has been on the increase for the last ten years. In other words, we have been plagued with the signs of a recession for the last ten years.

What has this government been doing? In 1969-70, it let Canadian banks raise their prime rate to a prohibitive level, increasing the cost of living, the cost of homes, automobiles, tractors, heavy equipment, inventories of every description. In 1971 that same government introduced the capital gains tax, which significantly hinders short term investment.

Its regional development investments did not bring about the anticipated results, nor did its Anti-Inflation Act. All this shows that the economic techniques used no longer work. The Keynesian intervention techniques used by the major capitalist countries are no longer working.

Before turning to possible solutions, let me recall the unhappy situation we are now in. First of all the situation in the footwear industry, because the minister stated in his speech he would make an announcement Thursday next in terms of improving the Canadian footwear industry. I commend him and thank him for that. In the constituency of Richmond, we were very much concerned about this, and I believe the Minister of Finance and the new minister from the Conservative party, my hon. friend from Crowfoot (Mr. Horner), can solve the problem.

Because governments could not foresee the massive imports of footwear, textiles and clothing earlier this year, the former industry, trade and commerce minister, the now Minister of Finance, reduced textile imports to the 1975 level. But in 1975, those imports had already increased more than 40 per cent relative to former years. Adding the quotas for this year to those of 1975, the minister only prevented further deteriorations from happening in future years, although we cannot even be sure of this.

This government has never tackled the problem at its origin, it only tried to deal with it superficially. Is the government afraid to assume its responsibilities? Is it afraid of big finance barons who control everything including the political system? Its behaviour might make us think so. We do not ask the government to perform miracles but only to assume its responsibilities in the system from which it feeds itself and not continue to perturbate our economy. What should we say of the government in a situation where textile product manufactures must close down? Not only the footwear industry cannot compete on foreign markets but its Canadian market is invaded by foreign exporters whose products are nowhere near as good as Canadian products. In several cases shoes imported into Canada from low wage and developing countries are synthetic products and leather imitations.

According to a report presented to the Anti-Dumping Tribunal by the Shoe Manufacturers Association in July 1977, the production volume for the first quarter of 1977 has decreased by 19.1 per cent, which means that 19.1 per cent fewer jobs are needed in that industry. Orders for the coming months were decreasing by 40 per cent, and it is fortunate that the minister announced this afternoon that he would do something, because according to the Anti-Dumping Tribunal, if orders decrease by 40 per cent every six months we shall wonder who is going to work in that industry!

The government also mentioned that salaries paid make it hard to compete with foreign countries. I mean salaries paid in Canada make it hard to compete with foreign products. Salaries paid in Canada are certainly higher than in Taiwan, Korea or other developing countries.

Mr. Tessier: Or even the United States!

Mr. Beaudoin: My colleague from Compton said even the United States and I thank him. It might be true in some cases.

I point out to the government that salaries paid in the footwear and textile industry are not higher than the Canadian average. We cannot expect Canadians to work for $1 an hour. Wages paid in Canada can have an influence on foreign markets but that does not prevent our industries from selling on the Canadian market. The American government does not hesitate to set important quotas on the exportation of their products to our country and even on products they import from developing countries and which they dump on Canadian markets. I think the government should look after that immediately.

The Canadian economy, particularly in Quebec and in the Maritimes, is facing other difficulties. A paper entitled "Le Québec contemporain" published by the Union régionale des Caisses populaires de Montréal indicates that the disparities between eastern Canada and the other provinces are getting ever more serious. From that paper we can conclude that the weakness of the economy is not due to the lack of production by workers or lack of interest by small businesses, but to a major structural deficiency in the economy of eastern Canada.

Other facts demonstrate the short-sightedness of this government, because the money spent by the government for programs such as Canada Works and Young Canada Works, as mentioned in our motion today, is not sufficient and in many cases will favour laziness and encourage people to depend year after year on unemployment insurance.

Many of those people are being raised on unemployment insurance handouts. We will get nowhere with such stupid

programs. I think that those amounts are inadequate and are only band-aids applied on a dying person. They cannot change the situation. We are giving money. The central government with money borrowed at 9¼ and 10 per cent, 9¾, 8⅜, the last loan of the federal government was at 8⅜, the government is doubling its debt every 7½ or eight years. That is nonsense, Mr. Speaker.

And yet, Mr. Speaker, there are solutions since some people find them. Why is the federal government unable to find any? The constitutional crisis and the consequent economic uncertainties are not conducive to the recovery. The election of the Parti Québécois government has certainly put off many investors. All hon. members will have to take part some day in the development of a new legislation on national unity. If we could bring about more political stability, it would really help the economy but the reverse is truer still. Economic weakness automatically leads to political instability.

Let us consider for a moment how the Parti Québécois took office on November 15, 1976. It seems very simple to me. Medium and small investors in the province of Quebec had already lost confidence in the Bourassa government and they expressed their lack of faith at the polls. When we see our governments accuse each other, we have reasons for feeling hopeless! I believe the PQ would like the situation to grow even worse in the province of Quebec, with more unemployment. The worse the situation gets in Quebec, the more likely the pre-referendum campaign is to succeed. This will mean more problems calling for more solutions. A change of attitude on the part of governments will therefore be necessary and co-operation will be a must.

In addition to political reasons, credits for emergency programs are not sufficient. What about interest rates which are among the main causes of inflation? Interest rates are too high and they deter manufacturers from investing more in their own plants to increase their production. The federal government does not lend enough money to our industries to enable them to be more competitive on the marketplace. They prefer to grant interest-free loans to other countries without any guarantee this money will benefit Canadian industries. Why not give the Canadian people substantial sums of money in the form of a guaranteed annual income in order to increase the consumer's purchasing power on the home market? We really are in a slump. We should avail ourselves of the opportunity provided by this motion introduced by the Social Credit Party of Canada to ask ourselves what should be done from now on to make as many Quebecers and Canadians as happy as possible.

Certains ministers of the Lévesque cabinet expressed some interest in the restructuration of the economy. The federal government must take its responsibilities and co-operate with the other levels of government. The Canadian Constitution must be rewritten and dispel any uncertainty. The banking system must also be reconsidered and any useless confrontation between provincial and federal governments must cease. Let us put an end to those useless constitutional fights, let us stop wasting our time on scrutinizing the RCMP. The House of Commons wasted three weeks to find out what has been happening with the RCMP since 1970. I am not trying to be malicious but I think the official opposition of the Progressive Conservative Party has a lot of responsibility in this area—

Mr. Caouette (Témiscamingue): It does not put any bread on the table.

Mr. Beaudoin: —and talking about the RCMP does not put any bread or butter on the table and it greatly helps the Parti Québécois prove that the federal government is wrong and it greatly helps those who want to split Canada in two. I think we should take a candid look at ourselves, particularly my friends on my right, and stop that witch hunt that leads us nowhere, and only sets people against our system of justice.

I wonder, Mr. Speaker, where were those people who criticize the RCMP when we had crackpots in Quebec putting bombs everywhere, when we were picking up victims at night or in the morning because those bombs had gone off? Where were those self righteous people who say that is because of the RCMP? The papers in Quebec are full of it. You only have to read *La Tribune* or some other papers. They think the RCMP is making all that noise. The culprits are forgotten and the responsibility is shifted on those who want to have that carnage stopped. I believe this foolishness has been going on for too long. All sorts of pilgrimages are being made to Quebec. Political parties go to Quebec City to prove how well they understand Quebeckers. You just have no idea how well they understand them. However, when it is time to vote or to hold an electoral campaign, they blame the present government for having implemented bilingualism across Canada through the public servants who are supposed to be bilingual to serve people in both official languages. They point the finger at the government, Mr. Speaker.

I went to Edmonton with the Committee on the Constitution. I met an old lady of 71 or 72 and wanted to talk to her in French as she had an earphone. The chairman of the committee told her: "Mr. Beaudoin is a Francophone and he will speak to you in French." She said simply: "He represents the French Canadian race and he is the greatest bandit that I have ever met." Can you imagine that? Then another witness said that Trudeau is a dangerous man. He had implemented bilingualism in Canada and this was dangerous. I believe that we should start talking to each other calmly. If we want to have a working federalism, we shall have to think about what we say and think carefully before asking any questions.

There are many left wingers at the present time. I do not have to prove this, we are starting to see it in the newspapers. I am not talking about members of the Parti Québécois, I am talking about left wingers who are infiltrating the Parti Québécois or the Quebec government and the federal government and who try to cause all sorts of problems. They cause one problem after another.

For our part, when we ask questions in the House about the RCMP without any proof, we are cooperating with those who are trying to divide Canada, and then, a large number of people, of which 60 per cent cannot speak one word of French,

make a little trip to Quebec and choose a president. I have nothing against choosing a president. Mr. Speaker, this is all related to the economy. The greater the concern about the future of this great country called Canada, the more investments will go down and unemployment will go up. As I said earlier, the government cannot work any miracles. So, a president was elected and his last words to the Quebeckers, to the province of Quebec, to Quebec Canadians were: As far as I am concerned, I don't speak French and I am not interested in learning it. For him, it is not an official language. Then, we come here and we should all behave like saints and the RCMP should never go astray. I think that the RCMP should be above the law in some cases relating to the country's security, but it should especially be above the representatives of the people in some cases, because if justice does not prevail over politics, we are going to the dogs, Mr. Speaker.

This comment applies also to our Quebec colleagues. As the federal government, the Lévesque government has set up an inquiry commission into the RCMP activities and all the while, the real economic and politic problems are forgotten. Let us be serious. Let us sit down together, representatives of the provinces and of the federal government, and if our meeting must last three months, so be it, but let's do something positive.

In conclusion, Mr. Speaker, I would like to say this: my wife and I have ten children, and it is in our interest, I think, that Canada should grow, just as it has done in recent years, and I think that as soon as we start showing a greater sense of responsibility in our statements, things will turn out better. Now the time has come to do away with frivolities, with opposition for the sake of opposition, with opposition for political gain. I think that the situation is too serious for that. Discontent has reached a critical point, especially between the two founding races of Canada, between French Canadians and English Canadians. I think that this thing has been carried far enough and that we must stop destroying each other, even here in this House. We must cooperate more with the provinces if we want good results.

● (1752)

[*English*]

Mr. Martin: Mr. Speaker, may I call it six o'clock?

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

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

Adjournment Debate

NATIONAL HARBOURS BOARD—ALLEGATION ACTION IN ANTICIPATION OF PASSAGE OF LEGISLATION DAMAGING MORALE OF EMPLOYEES

Mr. Robert McCleave (Halifax-East Hants): Mr. Speaker, the other day in the House of Commons I followed up a question I had originally addressed to the Minister of Transport (Mr. Lang) with regard to Bill C-6 which would transform a Crown agency, the National Harbours Board, into a ports authority. I had an answer, and then I had a debate with the parliamentary secretary, and I must tell the hon. gentleman that he outshone me. He did extraordinarily well and I did extraordinarily badly the last time we hooked up. Nevertheless, I shall try his mettle again. At any rate, the minister, his boss, said he was not pre-judging the will of parliament and that the department was merely carrying out pre-planning as far as possible and indicating to people in the employ of the National Harbours Board the opportunities which would be available to them under the proposed ports commission.

Following the exchange that evening I had calls from various people and visits from various other people, and I am now in a position to know that what I thought was happening is much more serious than I had imagined. It is serious, at least from the standpoint of those who are employed by the National Harbours Board and some of those who have been brought in from private industry to fill positions of extraordinary responsibility.

For example, I heard of one case where, under the screening process now being adopted, a man was found inadequate to occupy the position that he held formerly if he were to be transferred sideways to the new ports structure. On the other hand, he was asked to stay around for a while so that he could instruct his gifted successor on how to carry out his responsibilities. When things like that happen, Mr. Speaker, you have to wonder if the world is upside down, cockaloop or what.

In any event, I said I would return to this question and perhaps this is my last chance to speak on the subject, but I speak on it because we are dealing with a human issue. Once the decision was made to disband the National Harbours Board and appoint a ports commission and instead of having a Crown corporation, to have a body which was under the wing of the minister, I am still wondering why this could not have been done by some sideways transfer rather than putting all of these people, as I said the other day in my question to the minister, in the position of competing against themselves and others for their own jobs.

● (1802)

I do not think the minister wants to downgrade parliament or to denigrate the role of this place, but I think the procedure being used goes beyond the "pre-planning wherever possible" phrase which the minister used, and gets into a new operation, and in that sense I think the minister is outside the law. As a result I have no hesitation in bringing his gifted parliamentary secretary into the House this evening.

The other point is: Who set up the deciding group in what really becomes a competing faction within the Public Service

of Canada? I did not say the "civil service" but Public Service in the sense that the National Harbours Board group is being pitted against the ports group within the Department of Transport. I do not know what assurance can be given that people can be guaranteed that they do not get shafted, to the favour of some other group.

Let me put it this way, Mr. Speaker, if I have one minute left. Years ago I wrote an exam on marine law, believe it or not, which is rather close to this particular topic. I walked out of Dalhousie Law School on that afternoon more bloodied than bowed, or perhaps I should say both bloodied and bowed, and decided I would never write an exam for a job again. So far I have stuck very religiously to this. I know people both in the National Harbours Board and in the marine division of the Department of Transport who would share exactly that philosophy. They went through this job writing business about 30 years ago and they just do not want to get themselves mixed up in it now. Unfortunately, I think they are being mixed up in it.

I think it would have been much simpler if we had had some act of parliament which would have transferred, melded or wedded these groups together, rather than putting them in the position of fighting with each other for positions, I gather fighting very bitterly and to the detriment of a great Crown agency which is still in existence.

[*Translation*]

Mr. Charles Lapointe (Parliamentary Secretary to Minister of Transport): Mr. Speaker, it is with renewed pleasure that I find myself again sizing myself up to the rhetorical talent of the hon. member opposite and I will concede that I will not dare compare my listener's ratings with his! Surely, with this new equipment monitoring us, Hollywood contracts will have to go to my colleague on the other side.

Coming back to serious matters such as this issue of hiring for the future Canadian Harbours Commission, I will endeavour, Mr. Speaker, to try and explain to the hon. member what exact procedure is being followed. The hon. member must certainly recall that last November 24, the Minister of Transport (Mr. Lang) whom I am honored to represent, informed this House that he had asked the employees of the central administration of the National Harbours Board and the personnel of the Harbours and Piers Division of Transport Canada to apply for the new positions created in the Canadian Harbours Commission so that Transport Canada may confirm their new assignments when Bill C-6 is passed.

What the hon. member is now saying, Mr. Speaker, is that those people, some of whom are not legally part of the Public Service, except when it comes to restricted competitions, are asked to compete with each other for their own jobs. So if the hon. member thinks these employees apply for competitions to fill in their own positions, such is certainly not the case.

Most of the positions and services of the Canadian Harbours Commission are new, since most of their attributions and responsibilities will be transferred to 20 autonomous harbours commissions once this bill is passed. Consequently, Mr. Speaker, the attributions and responsibilities of these new positions put them at different levels and classifications for which it is necessary to recruit candidates through competitions so that the employees of the central administration of the National Harbours Board may be eligible and also to abide by the principle of promotion based on merit within the civil service.

[*English*]

Also, I should like to point out that the Public Service Commission has the exclusive right to appoint personnel to these new positions, a right it does not have for personnel currently employed by the National Harbours Board under the current legislation. Yet, the Public Service Commission and the Department of Transport have agreed to open the initial area of closed competition for these new Canadian ports commission positions to only those employees of the National Harbours Board, and ports and harbours personnel of the headquarters division and its regional components, in order to give them every possible advantage in qualifying for these new positions.

Some hon. Members: Hear, hear!

LABOUR CONDITIONS—LAY-OFFS BY CANADIAN NATIONAL—UNION REQUEST FOR INVESTIGATION—GOVERNMENT POSITION

Mr. David Orlikow (Winnipeg North): Mr. Speaker, a week ago I directed a question to the Minister of Labour (Mr. Munro). I asked him whether he would give favourable consideration to the proposal by the Canadian Brotherhood of Transport and Railway Workers and appoint a commission to look into the effect of the Canadian National Railways laying off 6,000 of its employees in recent months. The minister replied by indicating that he had talked to representatives of the railway workers and decided not to appoint a commission to look into that question, but was considering a commission which would look into the lay-off of employees everywhere. Such an inquiry is necessary, but it will do little to help the large number of workers laid off by the CNR.

It is not an accident that the CNR has laid off people. It is part of a new policy, for which the Minister of Transport (Mr. Lang) is responsible to some extent. He believes in a policy of user pay and profit first, and service to the customer and the welfare of the railway employees last.

• (1812)

In the not too distant past, in the last year or so, workers represented by the Canadian Brotherhood of Railway Transport Workers have lost 2,600 jobs, and other union workers employed by CNR have lost 3,400 jobs. Four out of five of the jobs lost have not been lost because of loss of business but rather because of the arbitrary decision of the CNR to show profits at each of its five profit centres, and to cut back on service wherever they cannot show a profit. Each of its profit centres must show profit, and the way that will be accomplished is to cut the service which has been traditionally

supplied by the express service, to cut back or to cut out telecommunications, and to let maintenance go to hell.

The railways are moving more merchandise than they ever have moved before; freight movements have increased every year, and yet the number of employees has been reduced each year from a high in the 1950's of 160,000 employees, down to less than 100,000, about 95,000 people now, 25 years later.

The cutback in express service means that the users, people who want to move merchandise in less than carload lots, will be forced to use the alternative of either trucks or air. I do not have to tell members of the House that both trucks and aircraft use much larger amounts of fuel, of oil and gasoline, to move merchandise than do the railways. So the CNR, in order to be penny wise is being pound foolish in terms of the country as a whole.

What this desire to show a profit means is that the CNR will concentrate on providing service in such high density areas as Ontario and western Canada, but in the Maritimes or in eastern Quebec the service will be poor, to say the least. There is evidence that because merchandise will not move until a freight car is completely filled, it will wait anywhere from 15 to 30 days.

Another feature of the CNR cutback in service, which has led to the reduction in staff, is the complete failure of the CNR and CPR to give thought to safety. Investigations made by the Canadian Transport Commission in 1970 and 1972 demonstrated that completely. There has been an alarming rise in accidents caused by poor track conditions. In 1972 the number of derailments was three times that in 1959 and nearly double that in 1969, according to studies done by the Canadian Transport Commission.

In comparison to modern railways systems, Canadian railways show an unusually high rate of accidents and casualties. In 1972 Canadian railways, that is, the CNR and CPR, experienced 12 times the number of derailments, three times the number of collisions, and six times the number of collisions and derailments that occurred on French railways per train-kilometer. The losses in life injuries were also heavy; 15 times higher than in France among railway personnel, and 70 per cent higher among passengers. The same trend prevailed in 1971 and 1973.

● (1817)

I believe it is the responsibility of the Minister of Transport to see that the railways operate efficiently, that they provide service to the people of Canada, and that they take time and effort and spend money to see that the kind of accident experience we have had in recent years stops. They have not done that, and I call on the Minister of Transport to exercise his responsibility and see that the CNR does the job it should be doing.

[*Translation*]

Mr. Jacques Olivier (Parliamentary Secretary to Minister of Labour): Mr. Speaker, first I would like to thank the hon. member for Winnipeg North (Mr. Orlikow) for his question. Initially, the question asked was about the advisability of appointing a commission of inquiry to look into the 6,000 lay-offs of Canadian National Railways employees.

The problem was submitted to us after discussions with the representatives of the Canadian National Railways union and it was decided that we had better deal with the general question of lay-offs in Canada.

I think the hon. member is concerned with one specific union or one specific industry. What we want is an over-all view of the present lay-off situation.

I will give a very specific example: Recently INCO decided on drastic and immediate lay-offs. Another example is that of Northern Telecom which has reduced its payroll recently.

I think the department had rather make a general study of lay-off procedure, and appoint an industrial commission of inquiry to provide ways and means to protect industry and labour unions from situations such as those which have developed lately.

Once again, Mr. Speaker, I would like to remind you that as far as we are concerned the issue is not only our Canadian National Railways, it is a far more general one. What we want in the final analysis is to deal with the problem which the CN people and many other Canadians have been facing, and carefully examine all specific cases before adopting a general policy which will enable us, in the future, to cope with situations such as the one which confronts us now.

[*English*]

TRANSPORT—SUGGESTED INCREASE IN FEDERAL SHARE OF COST OF IMPROVING TRANS-CANADA HIGHWAY IN NEWFOUNDLAND

Mr. Jack Marshall (Humber-St. George's-St. Barbe): Mr. Speaker, after many approaches to the Minister of Transport (Mr. Lang) on the drastic need for a highway strengthening program in Newfoundland I want to attempt again to elaborate on my question of November 22.

In his reply the minister again refused to consider the provision of a more generous cost-sharing arrangement than the original 50-50 offer. I wonder why he is so adamant in his decision when he is so aware of the basic facts of Newfoundland's needs and if he believes in the objective of providing for the development of Newfoundland through a basic transportation system to gain social and economic benefits. Developing our rich resources would benefit not just the province of Newfoundland but Canada as a whole.

What has happened in Newfoundland? The basic facts show that we are now at a critical stage of our domestic transportation system. We are at a point in time when a fundamental decision has to be made as to the basic requirements of the transportation infrastructure for the benefit of the province.

In Newfoundland we had a rail passenger service which was taken away. This was justified by serious losses. The federal government built a fourth-standard Trans-Canada Highway, with false political fanfare. There was then provided a bus passenger transportation service, which is now losing more

money than the original train service. Our rail freight service is deteriorating to the point where even CN has forsaken its own rail service and is increasing its use of road transportation. At present 20 per cent of the trailer-truck service is supplied by CN or its charters because it is more profitable for CN to operate by truck over the Trans-Canada Highway since it is absolved of the maintenance burden. The CN is abandoning its own rail system. What we have now is an inefficient passenger service, an inefficient freight service, and a fast deteriorating rail system.

Let us look at the rationalization of DREE support under highways agreements. The department is supposed to help develop our have-not provinces, but it emphasizes un-co-ordinated policies. DREE is providing new secondary roads in my district and in others on a 90-10 basis, for which we are grateful. I admit that it is helping to provide infrastructure to support the development of our energy potential, our fishing industry, our national park and other industries which we hope will come on-stream. But we are neglecting, hypocritically, the important link between Port-aux-Basques and Corner Brook, Deer Lake and Stephenville triangle which is so basic in the over-all development of our province and which forms the most vital part of the trans-Newfoundland corridor.

● (1822)

The cost of bringing the Trans-Canada Highway to Newfoundland is $240 million, a cost which the minister knows Newfoundland cannot afford on a 50-50 basis. Under the general development agreements of DREE, a province and the federal government can enter a contract to do almost anything. I cannot therefore accept that this vital and critical need cannot be fulfilled under such an agreement on a 90-10 or 75-25 basis.

Our deteriorating transportation system, both by rail and road, is causing serious effects on the viability of our main industries, pulp and paper and others, which are being hurt because of our distance from off-shore markets.

I would not be so adamant about this if we had a decent rail service, Mr. Speaker. Rather than improving one or the other, however, we are abandoning both. Jobs are continually lost because CN is abandoning rail for rubber, with the result there is a creeping paralysis of both modes.

I can only ask the minister, through his parliamentary secretary, to look at the problem realistically. In order to achieve results from our rich resources in Newfoundland we must have a rationalized, common sense appreciation of what we need to develop, and in Newfoundland we can develop in the Canadian interest. I can only plead with the minister to reconsider his position and to provide the funding commensurate with Newfoundland's requirements and, for the purposes of this exercise, to agree to Newfoundland's request, either through his department or DREE, to finance a highway strengthening program for the province and the country on a more equitable basis.

[*Translation*]

Mr. Charles Lapointe (Parliamentary Secretary to Minister of Transport): Mr. Speaker, even though I am aware of the serious problems affecting the Maritimes, especially in the transport area, and even though I agree with the hon. member for Humber-St. George's-St. Barbe (Mr. Marshall) that quite often in the Maritimes it is faster to hitchhike than to take the train, I do not entirely agree that everything is inadequate in that part of Canada.

I do not see how one can say that everything is inadequate and wrong in the transport area, which, by the way, is not very kind for the provincial ministers of transport, and say for example that the DREE agreements with the provinces, under which federal and provincial investments in transport are financed on a basis of 90 and 10 per cent, are fine. I do not see how one can say that this is good and everything else is bad and wrong.

I should like to remind the hon. member what the Minister of Transport stated in reply to his question on the operating and the maintenance of highways in the Maritime provinces. I should like to remind him that this, under the Canadian constitution, is clearly a provincial responsibility. The federal government has indicated its willingness to extend financial assistance if necessary to provincial governments directly or indirectly, in order to improve their highway systems, provided this assistance is in line with a number of national objectives.

It is clear, Mr. Speaker, and the federal government recognizes this, that the standardization of minimum weights for trucks and the related regulations would represent a very significant benefit to the federal government and the provincial governments concerned. The hon. member is certainly aware that the government accepted in May of this year to spend up to $125 million over the next three years to improve transportation services in the Maritime provinces. Of course, a large share of these funds, some $100 million, will be spent on a main road upgrading program, under a 50-50 cost-sharing agreement between the federal and the provincial governments, something which is not to the hon. member's liking.

● (1827)

[*English*]

Upon receipt of a joint request from the responsible maritime provincial ministers this summer, the minister reviewed program proposals and could find no new factors to alter the original view that a 50 per cent federal share of the eligible costs is appropriate in reflecting the extent of "national" interests in the program.

In summary, Mr. Speaker, it is to the mutual benefit of all concerned that the provinces finally accept the government's offer, in this time of fiscal restraint, and that program proposals for improving major highways get under way immediately.

Mr. Deputy Speaker: The motion to adjourn the House is now deemed to have been withdrawn.

Motion withdrawn.

Mr. Deputy Speaker: I do now leave the chair until eight o'clock tonight.

At 6:29 p.m. the House took recess.

● (2002)

AFTER RECESS

The House resumed at 8 p.m.

GOVERNMENT ORDERS

[*English*]

BUSINESS OF SUPPLY

ALLOTTED DAY S.O. 58(11)—ALLEGED MISMANAGEMENT OF THE ECONOMY

The House resumed consideration of the motion of Mr. Allard:

That this House deplores (a) that the government has shown a lack of foresight and leadership in respect of the flooding of the Canadian market with foreign goods, particularly in the areas of footwear, textiles, clothing and furniture, which has contributed a great deal in weakening Canadian industries and resulted in a number of layoffs;

(b) that the votes allocated by the government to the Canada Works programs are not sufficient to create enough jobs to overcome the massive and persistant unemployment which is especially severe among the 18 to 30 age group seeking permanent employment, regardless of the fact that a relatively large number of projects have been approved;

(c) that no serious action has been taken to reduce interest rates which are the major cause of unjustified price increases and to fight effectively against inflation; and

(d) that in spite of the fact that the present administration has very candidly acknowledged that the economic methods now in use are no longer suitable, the government, because of its weakness in the face of economic and financial dictatorship, persists in applying the same obsolete economic methods which leave the Canadian population to contend with the same economic problems.

The Acting Speaker (Mr. Turner): Order, please. At six o'clock the Parliamentary Secretary to the Minister of Consumer and Corporate Affairs had the floor.

Mr. Alan Martin (Parliamentary Secretary to Minister of Consumer and Corporate Affairs): Mr. Speaker, when I was approached just prior to the supper hour with the suggestion that I might join in this debate today on this opposition motion I thought to myself, not another debate on a subject relating to the economy! It seems to me that we in this parliament have been spending an inordinate amount of time, on opposition days and in the middle of a very prolonged debate on the income tax measures sponsored by the Minister of Finance (Mr. Chrétien) which are currently before the House, in playing the game of navel gazing. One of the problems of being a parliamentarian is that, all too often, we get lost in the trees of our existence here in the House of Commons and do not stand back enough and take a good look at what is going on in the country, at the positive things which are happening.

The hon. member for Rimouski (Mr. Allard) is a member for whom I have a very high regard. I know he has been a very successful entrepreneur in years gone by and that he has always maintained a very positive outlook in terms of his business abilities. But having looked at the motion he has put forward, I thought it would be in order to review just where we stand today and what the leaders of this country are saying about our economy. Therefore, over the supper hour, I took a little time to dig through some current files, the latest news reports and so on.

It must be rather disappointing for the opposition, particularly for the official opposition, to find that the news today is becoming increasingly brighter. Because if there is one thing, Mr. Speaker, that they do not want, it is for the news to be brighter. They flourish on bad news. Wherever they go they seem to dwell on bad news. If they are not climbing on to the backs of the RCMP, they are talking about the bad state of the economy. Because respected public figures such as the Leader of the Opposition (Mr. Clark) and the leader of the New Democratic Party (Mr. Broadbent) continue to take this sort of approach, eventually people begin to believe that there are a great number of problems in existence. People start to look at these problems as though they were spelt in capital letters and the positive aspects were spelt in small letters.

I suppose to some extent the media also become involved in this game. Good news is never really news as such. What is of interest and what perhaps sells newspapers is the kind of news that is negative news. Bad news is more exciting than good news.

I should like to put on the record a few of the positive things that are happening in Canada today. I do not need to go very much further back than yesterday when none other than the Governor of the Bank of Canada, speaking to the Canadian Club in Toronto, said that in his view the pessimistic expressions we continue to hear from the media are simply out of date. This ties in with what people are thinking and saying.

I have talked to a number of ordinary workers and business people in the last few weeks in my riding and have found that the mood is very much one of optimism, that a positive outlook is being taken. It seems to me the fact that the Governor of the Bank of Canada, in an important speech, emphasized the positive aspects of our economy and the prospects for the coming year or so, is something we should not ignore. The opposition will ignore it, of course, because it is not in the opposition's interest to talk about good news. Politically speaking, I suppose the only two occasions in this century when they have managed to convince Canadians they should give them more seats in the House of Commons than the Liberal party, were, first, in the midst of the depression. I suppose the bad economic news of the time encouraged Canadians to look for an alternative to the government in power in 1930. It did not last very long—some five years. Unless we on this side talk about the good news it will not be talked about because it is not in the interest of the opposition parties to promote it.

● (2012)

The Governor of the Bank of Canada has indicated that, in his view, the Canadian economy is adjusting. He is saying, even from the conservative position he occupies, that inflation could move to a level below that which prevails in the United States, with the proviso, in his words, that Canadians must act sensibly. There is a message here which all segments of our

society should learn whether they are responsible for setting prices or wage rates. I have in mind particularly the period after April, 1978, when controls are dismantled.

The important thing is that the outlook is positive. In the opinion of the governor of the bank we have come back a long way from where we were. Inflation is down, increases in labour costs are more in line with those occurring in other countries, and governments generally are beginning to exercise firmer control over their expenditures. The governor has also indicated that the rate of monetary expansion is being reduced. He emphasized, too, the benefits which Canada has derived in terms of the export trade from the decline in the value of the dollar. Here is one important Canadian who has been prepared to state publicly that he sees a solid basis for a more satisfactory rate of growth and output in the coming year.

All Canadians realize that unemployment rates are high, and there is no indication that they will decline substantially in the next while. This is an area to which governments will need to address themselves constantly. There are no magic solutions. Increased productivity will have a bearing on this situation. We ought to be talking more about employment rather than unemployment, and recognize that more and more Canadians are entering the work force. In considering the INCO situation, for example, great emphasis has been placed upon the fact that the current jobless figure may move as high as 15 per cent of the work force in Sudbury. But very little has been said about the 85 per cent of INCO workers who will continue to be employed in that important industry.

Consumer confidence is essential. Hopefully, this is one area in which Canadians have bottomed out, in lack of confidence. The signs are that they are looking to the future with a greater degree of optimism. There are indications that auto sales will rise substantially in the next six months. The outlook for home buying and appliance sales is good. Fewer people intend to travel outside Canada, a trend which will have an important bearing on our tourist deficit. Canadians seem to be responding to the situation and making plans to travel more in this country.

The trade balance is now favourable. I was looking at some figures for the United States where there is a serious imbalance. The separatism issue in Quebec will present a problem for some time to come. It has already adversely affected investment in the province and has a bearing on the over-all investment picture in the country. We shall have to live with this situation and work our way through it; there are no overnight solutions.

This country has been given praise internationally for the way in which inflation has been controlled over the past few years. The impact of price and wage controls has been regarded by the majority of Canadians as an important foundation upon which we shall be able to move ahead in the years to come.

Recently some people have been concerned about an article which appeared in a very reputable financial paper, *The Economist*, predicting all kinds of bad things for Canada in the coming decade. As against this, there appeared an article in the equally reputable *Financial Times*, probably the leading financial paper in the U.K., expressing great optimism with regard to Canada's future and potential. In it the separatist threat is minimized. On the other hand *The Economist* magnifies that threat. The *Financial Times* is positive about our energy prospects, an area into which 44 per cent of future capital investment in this country will go.

This morning there appeared before the Standing Committee on National Resources and Public Works representatives of Atomic Energy of Canada. Their replies to questions put to them by the revered member for Nanaimo-Cowichan-The Islands (Mr. Douglas) gave us some idea of the extensive plans which are being prepared for future nuclear generating stations in Ontario. We can say what we like about the use of nuclear power to meet our energy requirements, but each of these generating stations represents a tremendous capital investment leading to the employment of many thousands of Canadians. The same can be said of the northwestern natural gas pipeline, construction of which will begin in the eighties—the largest project ever undertaken by private capital on the North American continent.

These are positive aspects of our economy, and our young people in particular ought to know about them. Today all forms of the media are emphasizing the negative aspects far too strongly. Unfortunately, they are taking up the approach being made by the opposition parties in whose political interest it is to push this type of news in order to grasp headlines for themselves.

A week or so ago the Minister of Industry, Trade and Commerce (Mr. Horner) was in my riding speaking to a group of about 80 people at one of our town hall meetings. Normally the people of Scarborough West do not give standing ovations to anyone, but they gave the Minister of Industry, Trade and Commerce a standing ovation that evening after his off-the-cuff delivery and his answering of questions.

• (2022)

Some hon. Members: Hear, hear!

Mr. Martin: The main reason for that standing ovation was the positive news he was conveying about where this country was going and its potential for the future.

Opposition parties indicate that the government is doing nothing or very little in an attempt to bolster the economy where it is weak. The Export Development Corporation is an incredible organization, to use as an example, to defeat this argument. In one year alone it has assisted Canadian exporters to gain contracts in 29 countries. In the 15 year period from 1961 to 1976, it helped finance export contracts in 66 countries. All these individual contracts and sales involved jobs for many Canadians.

There has been a suggestion that INCO is exporting work to other countries. In the case of the project in Indonesia, that equipment was produced in this country and financed by the Export Development Corporation. It was responsible for 3,000 man-years of work in Canada. How can that be interpreted as

exporting jobs? It was exporting products manufactured here. In the case of Guatemala, the equivalent number of man-years was 1,037. Surely the opposition parties are not against that type of employment. That is not being said directly, but there has been an indication that it should not be done. There has been an indication that rather than manufacturing equipment and selling it in Indonesia and Guatemala, we should be producing and stockpiling nickel in Canada that cannot be sold.

At the present time there is a problem in Sudbury, but at the same time tremendous work is being generated as a result of the export of equipment to INCO projects internationally. The New Democratic Party almost condemned INCO the other day in this House. That company raised over $900 million in five years in private capital markets. This capital was raised in six countries, and involved dealing with 27 banks. Surely Canadians should be proud of this kind of thing, rather than looking upon it as something evil and generating bad news. The average young Canadian will have to look on business and the generation of profits as something which is healthy.

Business must do a better job of selling itself in the coming years. I believe that business is finally realizing that Canadians need to be told about the benefits of profits. When money is made in a company, people will continue to work and products will be sold. When money is lost and products cannot be sold, people are put out of work.

There are problems in the manufacturing sector. Various industrial strategies must be developed. The current move of the Prime Minister (Mr. Trudeau) in travelling around the country in order to have private conferences with the individual provincial premiers makes a great deal of sense. The leaders of the two levels of government can sit down quietly and discuss basic issues. The Prime Minister has indicated that there may follow a major conference of first ministers to explore further the current problems relating to the economy.

An hon. Member: It is a little late.

Mr. Martin: It is not a little late. The Export Development Corporation will assist in financing $2 billion worth of export contracts next year, as against $50 million only eight years ago. Is that a little late?

Some hon. Members: Hear, hear!

Mr. Martin: There are no positive suggestions emanating from that side of the House. If hon. members opposite cannot run the RCMP out of the country, they will work on something else.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

Mr. Martin: They are desperate for an issue, and in their desperation they spend three hours every morning huddled like the members of a football team which has not yet won a game, in order to figure out what to ask in question period in order to grab the next headline.

Some hon. Members: Right on!

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

Mr. J. Robert Howie (York-Sunbury): Mr. Speaker, I have no problem in agreeing with those parts of the motion before us which criticize the inadequacy of the government's program to overcome the massive and persistent unemployment which is especially severe among the 18 to 30 years age group. In the course of my remarks I am going to make some suggestions as to how the government can improve its performance in my constituency, my province, and particularly in Atlantic Canada.

Clearly our objective must be to recover and maintain the real economic growth potential of our Canadian economy while achieving full employment and stable prices. This is a most worthy objective. It is an extremely good goal, and even if it is not achieved, by moving in that direction we can greatly improve our economic performance.

For the past decade our economic performance has deteriorated. There may be more than one million Canadians out of work this winter, and inflation continues to sap our economic strength.

One of the most disturbing bits of news has been the drop in productivity and our competitive international trading position. Our $10 billion deficit on trade in manufactured products has been caused in part, although not totally, by Canada's failure to keep abreast of technological improvements.

A deterioration in our trade position is perhaps the most important shift which has taken place in our economy. We are consuming more than we are producing, and we are borrowing foreign money to make up the difference. I feel there must be a massive effort to assist Canadian business through tax incentives to attain technological breakthroughs in fields where we have an inherent advantage. Clearly, with the resources of people and money available to us, there is a need for selectivity in this program. There is a need to concentrate on areas where we have an inherent advantage. These fields include agriculture, our fresh water supply, the resources of our three seas, and those industries drawing upon our mineral, chemical, and forest wealth. Farm machinery and mining equipment are examples.

An imaginative taxation policy can do much to induce small and large businesses to improve their technology, and its application to industry, to increase our gross national product and, through planning, to enable Canadian products to re-enter and expand in the trading markets of the world. It is essential Canada restores its technological advantage in the production of goods for export if we are to maintain our present standard of living and create good jobs for Canadians without serious social disruption.

The federal government programs of Canada Works, Young Canada Works, and Local Initiatives, have been important

weapons in the attack on unemployment. I want to give them full credit for the jobs created and the achievements made.

So far the federal goverment's programs in New Brunswick have helped to keep the situation from getting worse, but they have done very little to identify the real causes of unemployment and to remedy them. One of the basic causes of chronic unemployment in New Brunswick is the transportation system. Another is the failure to focus the attention of all departments of government on the same problem. For example, a retrenchment in air passenger travel and cargo capacity was announced by our national airline last spring, without prior consultation with the Minister of Regional Economic Expansion (Mr. Lessard). In fact the concept of using air transportation as a development tool in the Atlantic provinces was never discussed by our national airline with DREE. I pressed this matter with the president of Air Canada at the meeting of the Standing Committee on Transport and Communications in June and I invite the minister to read the minutes. Bus transportation is also cut back in New Brunswick.

● (2032)

The main feature of rail-passenger equipment is its age. In rural areas surrounding our cities there is a great need for a form of public transportation moving people to and from work and to buy goods and services. I would like to see a feasibility study done to determine the viability of a rural-urban bus service to perform this function and to identify possible routes in New Brunswick.

If I had to put my finger on one thing in which the government of Canada could invest to improve employment opportunities in New Brunswick and the other Maritime provinces, I would put my finger on transportation. I would recommend to the government that transportation be regarded as a development tool in all the Atlantic provinces. I suggest that in applying this principle it look at air transportation, rail transportation, bus transportation, water transportation, and all weather highways as a comprehensive modern transportation system that should be put in place in the Atlantic provinces by the Government of Canada as an investment in the economic development of that region. Vast improvements in the quality, scope, and performance of public transportation are essential in all parts of New Brunswick.

The programs of LIP, Canada Works and Young Canada Works have their functions as labour absorbents for a short term application. They do not and are not intended to go to the root of our economic problems. I suggest, however, that the Department of Employment might play a greater role in identifying—as I have attempted to do in my remarks—the root causes of unemployment and in recommending to appropriate branches of government at all levels the necessary strategy to deal with these problems. In my view the proper vehicle for mounting a meaningful attack on the disparities that exist in the Atlantic provinces is a federal-provincial conference convened by the Prime Minister of Canada (Mr. Trudeau) and the premiers of the respective provinces. If we are to carry out this strategy and focus the attention of all departments of government on the problem, the ultimate answer will require the personal direction and dedication of the Prime Minister of Canada.

[Mr. Howie.]

At the same time, I believe we can make some real progress in identifying areas within each department of government which can and should provide a service for other departments of government, and avoid costly duplication, the tremendous expense of hiring outside professional and other services, and consulting with experts outside departments of government.

The ability of all departments of government to focus on any one problem in our economy, like that of regional disparity, leaves much to be desired. For example, the Department of Regional Economic Expansion has expended millions of dollars in Atlantic Canada with some degree of success in building the economy of that area. But as DREE takes one step forward in establishing new industries, the lack of a cohesive and progressive transportation policy erodes its effect.

We know that at this time there is much evidence that the government proceeds like a whole series of separate empires. These empires often compete with each other. Sometimes they even conflict with each other. For example, the user pay concept for transportation is in direct opposition to the use of transportation as a developmental tool envisaged by the Canadian premiers at their meeting this year in St. Andrews, New Brunswick.

The government seems to lack an over-all strategy in approaching the problems of Atlantic Canada. It has announced financing for studies of some renewable energy forms, which is quite commendable. But what about other energy forms and what about indigenous energy sources in Atlantic Canada? There is no over-all strategy. The government cannot or will not come to grips with the total problem and, in concert with the Atlantic provinces, develop a strategy designed to solve the problems. There are no easy answers, but there should be a commitment and a dedication on the part of the federal government to finding the answers.

I believe the government should co-operate with the governments of the Atlantic provinces in giving priority to the economic supply and distribution of electrical energy in the region. The areas of co-operation I contemplate would include the development of a full Maritime power pool with strong interconnections with adjacent areas of Canada and the United States, in order that all the benefits of power pool operations may be optimized. This, in my view, would be a major step in the direction of integrating other provinces and other power pools into an eventual national power grid.

Canada should encourage the study and development of unused hydro electric sites—especially the large remote sites in northern areas of Canada—which could supply renewable energy into a Canadian electrical energy distribution system. The untapped hydro resources of 20 rivers in Labrador, the most dramatic being the Gull Island and Muskrat Falls sites, are the most attractive untapped hydro electric sites in north America.

The government should encourage development of those tidal power generation sites in the Bay of Fundy which show a beneficial energy supply to Canadian energy requirements. Since 1969, lack of foresight and the complete absence of government policy have seen Fundy tidal power studies move forward at a snail's pace. Even considering this continent's energy needs in the 1990's and projecting the dwindling supplies and increasing prices of fossil fuels, Fundy looms as an attractive opportunity with tremendous socio-economic benefits for all of eastern Canada.

And what about Fundy? Can a huge source of renewable energy attract chemical and metal based industries to locate near the power source? Is there a good labour source, good transportation facilities, a sea port, and other infrastructures? In such heavy industries there is a considerable lead time from the inception of planning to the commencement of construction. The ommission of DREE from involvement in the Fundy studies is regrettable and is another example of the failure of government to focus the efforts of all departments on the problem of regional disparity. The involvement of DREE now to maximize the employment potential of a possible and, I hope, impending Fundy development is imperative.

Canada needs national economic development policies and regional development policies related to the national purpose.

In eastern Canada we have a tremendous potential, but we need national leadership to realize it. With Saint John and Halifax—two deepwater year round ports—we can sell a transportation facility to the whole Atlantic seaboard, which, for the most part, lacks deepwater ports. With relaxed tariff and quota regulations and active federal support, these ports can be gateways of commerce and, if connected to a modern transportation system in New Brunswick and Nova Scotia, they can enable other communities to become staging areas for growth centre developments.

The federal government should not simply content itself with giving a department such as DREE a limited degree of authority. It should establish machinery which would produce co-ordinated results and which would, in terms of regional economic development, co-ordinate the policies of all departments, particularly transport, finance, and trade with the policies being followed by DREE.

I cannot emphasize too strongly the importance of co-ordinating efforts within departments of the federal government. It is also necessary to co-ordinate the efforts of the federal and provincial governments, especially in the Atlantic region. The three Maritime provinces have improved their machinery for inter-provincial co-operation. But we are still a long way from a plan of development for the region in which each provincial government and the federal government would play a co-ordinated role.

DREE should get away from the idea that its only responsibility is to promote a series of ad hoc development agreements and provide industrial incentives to entrepreneurs who wish to move into the Atlantic area, or to local businessmen who want to expand their present operations. DREE should be doing far more than that. It should be looking hard at the big jobs crying to be tackled. For example, what has DREE done about the Fundy tidal power project which is linked with the building of the Chignecto Canal? I would wager, nothing. It has been very convenient for the government, whenever Fundy was seriously mentioned, to be able to pass it off to a study, or a commission, or a committee which it knows full well can stall the project another year or another decade. Why is DREE not brought into these discussions? Why is DREE not handed the responsibility of correlating these studies? Why is DREE not given the job to do?

DREE was created to lead the attack on regional disparity. Like Uriah the Hittite, it was to be thrust into the forefront of battle, there to do or die. But DREE stayed in the background when the big conflicts raged. It handed out its grants and loans to justify its existence and failed miserably to take hold of the big projects which the Atlantic provinces have needed for generations. In short, it avoided the massive development undertakings without which the Atlantic provinces will always remain what they are today—the most neglected part of Canada.

Infrastructures are the only hope of getting Atlantic Canada into a position of parity with the rest of the country, a position from which it can stay caught up. Millions of dollars in piecemeal grants over the years have done nothing but keep us from sliding farther behind. The dole has failed. Now it is time to get back to the bold and imaginative policy of regionalism pioneered by the right hon. member for Prince Albert (Mr. Diefenbaker), the principle of special aid to the Atlantic provinces on a massive scale. Where mere millions have been parcelled out to keep the wolf from the door, billions are needed, not in spending but investment in permanent and lasting projects which will bring the Atlantic provinces to equal partner status with the other six, and which will dispose of the need, once and for all, of the subsidies and handouts which have always been associated with us as a backward area.

● (2042)

DREE was launched with great fanfare as the answer to all our economic problems. It did not take very long, however, for the Atlantic provinces to realize exactly what DREE was: just another federal agency handing out grants, loans and doles, and shirking its responsibility for getting to the fundamental problems of the area and for spearheading the mighty projects which common sense tells us must be the cornerstones of Atlantic prosperity.

These projects are the Fundy Tidal project, development of the ports of Saint John and Halifax, and an Atlantic transportation policy which would include a corridor road with United States co-operation and a modern highway and rail system to transport agricultural products, parts for manufacturing industries, and other goods to world markets via the ports of Saint John and Halifax.

I believe that new policies should show a willingness to get to the basics of Atlantic economics and to put first things first. There has to be a new set of priorities, and the projects I have mentioned have to be in the top echelons of those priorities.

I am not asking for the moon. I am asking for fair treatment of an area whose problems no amount of subsidies and grants can solve if a solid base is not laid down.

Give us the Fundy tidal project, and the maritimes will become the powerhouse of the continent, with both Canadian and American—yes, and British, French and Japanese—interests clamouring to invest in us.

Give us the corridor road and, by means of a straight super highway linking Vanceboro in Maine with Sherbrooke in Quebec, shippers, travellers and tourists will be five hours and 150 miles closer to the markets and attractions of central Canada, and vice-versa.

Give us port development, and the great tankers and container ships of the world will come to us in armadas of profit.

In short, give us infrastructures, and let them form the foundation. Then the rest of Canada can forget the subsidies, grants and handouts which they have been forced to provide us, often against their will, for the simple reason that no one has ever had the common sense, foresight and resolution to face facts squarely and to give us the tools with which we can put our own house in order.

My immediate suggestion is that the government direct its attention to the infrastructures I have mentioned, and focus the attention of all government departments on the problems of regional disparity.

[*Translation*]

Mr. Armand Caouette (Villeneuve): Mr. Speaker, I would first like to congratulte the sponsor of the motion now before us. Of course, this motion opens the door to the discussion of the most serious problems now facing Canada, that is inflation and unemployment. First of all, Mr. Speaker, I would like to refer to a few aspects of the speech made this afternoon by the Minister of Finance (Mr. Chrétien).

First, Mr. Speaker, the minister agreed with us, the opposition, that we now have serious economic problems in our country in spite of all its wealth. But, Mr. Speaker, what have the former minister of finance and the present minister, since his appointment, succeeded in doing to try to solve the problems of unemployment and inflation? This afternoon, the Minister of Finance made fun once again of the people when he said that the government has stated, especially since November 15 of last year, that if we have economic problems throughout Canada and especially in Quebec—and I ask government members to mark my words, so that they will not suggest tomorrow that I am speaking in favour of the Parti Québécois, because this is not true. On the contrary, I am not for the Parti Québécois, and even though I sit in the House of Commons as a federalist, because that is what I am, I am not too blind to see that our country has economic problems.

The minister said that unemployment has increased because women have suddenly decided to join the labour force, which has resulted in more unemployment among young people between 18 and 30. The Minister of Finance agrees with us that to solve this problem, housewives should be paid to stay home and help their family as they would like to do. But because of the economic problems now facing the country, women have to help their husbands support the family.

We would also like to provide pensions at 60 for the people who decide to leave the labour market when they reach the age of 60. This would give an opportunity to young people between 18 and 30, to the same young people who are now waiting to enter the labour market.

As a member from Ottawa said last week about the death penalty, there should be a trial period so that we may see the results brought about by the abolition of the death penalty.

● (2052)

Today I invite the federal government to do the same thing, namely to stop the Trudeau-Lévesque or the Lévesque-Trudeau confrontation because this government has been elected precisely to replace a lousy administration represented by the Bourassa government. We saw then Premier Bourassa being compelled by the right hon. Canadian Prime Minister to eat hot dogs. What did he do: He knelt down and ate those hot dogs. Today, Quebec has a government that stands on its feet and attempts are being made to provoke a show-down with the federal government.

So I invite the present government to stop engaging in confrontation tactics with these people and try to give Canadian citizens a decent standard of living. For many years, we in the Social Credit Party of Canada, have listened to the economic proposals made by the federal government and some of them have turned out to be good but others left much to be desired. We shall keep on making recommendations so that the government may put them into practice. However the time has come also to analyze the political performance of this government, namely this Liberal government which has not succeeded in solving the serious problems plaguing the Canadian economy, namely inflation and a high rate of unemployment. Such is the attitude which the Social Credit Party of Canada has been advocating for several years.

I would like to debate the four interesting points raised in the motion in the name of my colleague, the hon. member for Rimouski (Mr. Allard). Since 1974, the federal government has tried to solve both the problems of inflation and those of unemployment. We have witnessed the various tactics used by this government which actually have always been in the traditional style. First, there were the price and wage control system, the job creation programs, the rate reduction and selective grants in a given sector of the economy. If we scrutinize the budgets of the years 1974 to 1977, we can see the changes in the policies of the government. One of these budgets mentions regional development and another aims at controlling government spending. In all these budgets, traditional measures have been used, changes in tariff and rate structures increases and decreases or even both of these measures combined, job creation programs, adjustment of interest rates and dividends. Every year the federal government has been assuring us that it will solve all the problems of our economy. Despite the variations in the economic strategy of

this government, inflation is still rising and the rate of unemployment is growing very quickly every year.

Mr. Speaker, the economy is getting weaker and weaker and in spite of each new budget, the result is increasingly deplorable. The government should realize that the time has come to change our economic policy. It is not good enough to hope that the difficulties will disappear by themselves without any action on the part of the government. They will certainly not disappear if the control of the economy remains in the hands of banks and large corporations. The government should think about the individuals, the consumers, the small and medium businesses and the small investors. Those are the people who need jobs and who must work and benefit from lower prices. The government should assume its responsibilities by introducing a policy for lower income groups and for banks, and not for banks and large corporations.

The government welcomed foreign goods on the Canadian market, firstly by making them accessible to the Canadian buyer. This was done by reducing tariffs, seemingly to fight inflation. What has this brought to Canadians as a whole? First, it has made it impossible for Canadian producers to compete. It has resulted in a number of plants closing down across the country, thereby increasing unemployment. This afternoon the Minister of Finance (Mr. Chrétien) commended the hon. member for Chambly (Mr. Loiselle) for his marvelous work. We shall see the result of this Thursday next, when the Minister will announce his policy proposals for the shoe industry or the textile industry.

Mr. Speaker, it will be my pleasure to commend the hon. member for Chambly, and also the Minister of Finance, if the latter decides once and for all to give an edge to Canadian industry and Canadian corporations rather than foreign producers, so that our manufacturers might some day make a come back and give jobs to our Canadian workers.

We have a very low productivity level compared to our neighbours to the South. But if the government increases tariffs, the Canadian profit margin will be significantly increased and our manufacturers will be able in the future to supply our Canadian markets. Of course Canadians must accept inflationary measures, but unemployment is a much more serious problem than prices and this would certainly solve serious problems. But if the inflow of foreign goods continues, we will lose our Canadian industries that used to have a potential for innovation and development.

Mr. Speaker, the *Globe and Mail* of 21 March, 1977 had this to say, and I quote:

> Canada is now faced with the highest foreign debt in the Western world. Average wages and salaries in the industrial sector are now the highest in the world, and our exports are declining. We now hold a world record for the number of hours lost per thousand employees because of strikes and labour disputes: we are losing five times more man-hours per thousand employees than Britain. In Canada, average wages and salaries increased 14 per cent last year, almost double the rate in the United States. In Canada, the cost of labour per unit of production has increased more than 50 per cent since 1972, compared to 20 per cent only in the United States. This was reflected in our productivity. We had a $10 billion trade deficit in the manufacturing sector last year. Last month's increase in the money supply, a major cause of inflation, represented an annual growth of 22.8 per cent.

● (2102)

Mr. Speaker, you will agree that this administration makes us wonder seriously about the future.

Indeed, Mr. Speaker, on March 29 last, the same daily published some very revealing figures in an editorial concerning Canada's public debt. Indeed, it said, and again I quote:

> As at present, as far as getting the economy going again, one can say that our governments did not make things easy. The direct public debt servicing charges increased by 120 per cent in the last five years—135 per cent at the federal level and 100 per cent at the provincial and municipal levels. The annual load supported by every Canadian worker increased from $444.44 for the fiscal year 1971-72 to $822.92 for the fiscal year ending—

—for the month of March.

> The total cost last year stood at $7.9 million; so much money for debt servicing alone.

—for the year 1976.

Mr. Speaker, I think it is high time the government, when it reads such things, adopted or at least tried to use the system the Social Credit Party of Canada has been advocating for several years. For several years we have been calling for a guaranteed minimum income for all Canadians. When the concept of a guaranteed mimimum income was proposed by the Social Credit Party of Canada, it was often thought that the government had the right to accept or reject the proposals made by the Social Credit Party of Canada but once again, and now more than ever, because the government is trying to accept those proposals, the guaranteed minimum income is fundametal. The payment to every member of our society of an adequate income to meet fundamental needs is not a government favour that can be given or taken away according to the decisions of a few individuals in power. In fact, the guaranteed minimum income is an individual right, and in any healthy, modern economy, that right is irrevocable.

We must admit that the philosophy behind the income distribution methods now in use is fundamentally barbaric compared with the attitude that existed in civilized societies. From 1974 to 1976, Mr. Speaker, we saw such job creation programs as the Local Initiatives Program, Young Canada Works and just recently Canada Works. At the same time, the rate of unemployment went from 5 per cent to nearly 8 per cent. The rate of unemployment among those between 18 and 24 was about 8.2 per cent in 1974. At the end of 1976, it was more than 14 per cent. Each year, more and more people enter the labour market at a time when this government can offer them either social welfare or temporary jobs.

It is the small businessmen and manufacturers in Canada who must increase their production to create jobs for our young people. However, Mr. Speaker, two things are necessary before Canadian industries can expand. First of all, the Canadian government must protect our market for our producers by raising, as I was saying a while ago, the customs tariff, thus protecting our producers against the entry of foreign goods. It must also lower the interest rate of the Bank of Canada which fluctuates now around 9 or 10 per cent. Now more than ever before, Mr. Speaker, and I intend to conclude with this remark tonight, I feel—

[*English*]

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

[*Translation*]

Mr. Irénée Pelletier (Sherbrooke): Mr. Speaker, in the motion he introduced this afternoon, the hon. member for Rimouski (Mr. Allard) states in section (b), and I quote:

(*b*) that the votes allocated by the government to the Canada Works programs are not sufficient to create enough jobs to overcome the massive and persistent unemployment which is especially severe among the 18 to 30 age group . . .

Mr. Speaker, this is true. I entirely agree. The Canada Works programs have not been designed to solve the problems of the unemployed in the 18 to 30 age group. I think that part of the motion of the hon. member for Rimouski is true, but there is also an extremely important matter which the government should consider as soon possible.

Last Sunday a program on the CBC French network gave us an indication of the enormous problems met by young people seeking employment in several countries of the world. For example, we were shown that France as well as Italy, Germany, the United States and most industrialized countries have not succeeded in finding sufficient jobs for the young people 18 to 30 age group graduating from colleges, universities, technical schools and so forth. And what can we say about those in some countries in the world who do not have the privilege to be educated or to further their education? Therefore it becomes very hard for that group of young people to find openings in the labour force.

I believe, Mr. Speaker, that it is a catastrophic, disastrous and dramatic situation because I have the privilege and the honour to represent in the House a riding which has many young people. There are two universities, two junior colleges, ten-odd education establishments which produce bachelors, masters and doctors every year, as well as graduates from technical schools who have countless difficulties finding employment in this region. Too often they have to leave the Sherbrooke area to seek work on large markets such as Montreal, Quebec City or Toronto.

Mr. Speaker, it is ever more difficult to accept that situation for the simple reason that those who are born in a given region and who have roots there do not want to work elsewhere. So, we can hardly accept the fact that they must leave their region after having obtained a bachelor or a master degree for the simple reason that many of them, having taken up studies paid for by their parents or even the state, find themselves without work after some fifteen or twenty years.

● (2112)

Mr. Speaker, even against that background I would like to bring a glimmer of hope which has recently come to us from the government. As everyone knows, nearly five years ago the Canadian government decided to decentralize some federal departments and transfer them to other regions of the country where the economy was at a low ebb. One of these decentralizations was announced in October; following Moncton, Matane, Bathurst in New Brunswick and two or three places in western Canada, it has been decided to move the mapping section of the Department of Energy, Mines and Resources to Sherbrooke.

Needless to say, the people of Estrie and Sherbrooke in particular greeted with joy this government decision because it is a section that requires advanced skills and, accordingly, the fact that we have in this Quebec area, in Sherbrooke, two universities, one English and one French, two junior colleges and several institutions of learning, makes it a well designated place for this type of decentralization. It will enable many of our future graduates to look forward to finding in our region the type of jobs tailored to their skills.

I see, Mr. Speaker, that the government's decision provided that between 750 and 1,000 jobs would be decentralized. It means that nearly 1,000 public servants now in Ottawa, of which 75 per cent are English-speaking and 25 per cent French-speaking, would move into our region. But within a decade or a dozen years, the linguistic breakdown of that decentralization would nearly reflect the breakdown we now find in the region and which is the opposite of what it will be at the beginning, that is about 25 per cent English-speaking and about 75 per cent French-speaking.

Mr. Speaker, members opposite as well as government members and people in several corners of the country have often asked the government to decentralize several federal departments in order to bring them a little closer to people and not to centralize all the government operations in Ottawa.

We know that a number of countries with a federal structure have already undertaken this kind of decentralization. In the United States for example, they do not get all cartographic material from Washington but from Denver, Colorado, and a number of other federal departments and agencies are not necessarily centralized in the federal capital.

Mr. Speaker, due to these circumstances, the young people of our district who graduated from our two universities or our two junior colleges or from other private or public institutions had in the past to go into exile, to go to larger centres. I find encouraging to see that this decentralization program will give a bigger number of qualified young people the opportunity to stay in the Eastern Townships area.

There is also another point which has been raised by several hon. members today. I am referring to the fact that, apart from a few very fragmental and too often temporary programs, there are no specific programs for young people. Consequently, what happens too often is that they work for a few months and after that they have to pass from a Canada Works program to a Young Canada Works Program, a LIP program or an Opportunities for Youth Program, as has been the case during the last few years.

Of course, these initiatives are very commendable but I humbly suggest, Mr. Speaker, that the federal and provincial governments must concentrate more and more on the problem of unemployment among the 18 to 30 age group because unless they find some lasting and not temporary measures to

correct this situation, I believe it might bring about some disruption in our society, as in several European societies and in particular in developing countries.

Mr. Speaker, paragraph (a) of the motion put forward by the hon. member for Rimouski (Mr. Allard) deals with the areas of footwear and textiles which have not been sufficiently protected in recent years. One must say that the federal government has intervened at least 22 times since 1970 in an attempt to correct or solve some problems which have arisen in the textile area. Of course, I for one feel there were too many interventions and if more specific and long range measures had been taken in some cases it seems to me they would not have had to intervene so many times. But I think one must render unto Caesar the things that are Caesar's and recognize that some government interventions were beneficial to textiles as well as to those areas which are often designated as soft sectors.

In the past year, for instance, there were proposals made by the Minister of Finance who was then Minister of Industry, Trade and Commerce. They had some success. Even today I was talking to some textile labour leaders and they told me all their problems were not solved but that the arrangements and measures taken last year by the Minister of Industry, Trade and Commerce had brought about some positive results. And the new minister announced less than three weeks ago that the measures which had been taken in the fall would be applied for some time so that the textile industry will be more protected.

However, Mr. Speaker, I had many occasions to rise in the House on this textile issue. At least five years ago, I had the privilege to deliver in the House my first speech which incidentally dealt with the textile industry and I feel some of the proposals I had advocated at that time are still worth considering.

I proposed, then, that the Canadian Textile and Clothing Commission become a permanent commission. All textile workers agree that the Canadian Textile and Clothing Commission, when asked to table reports concerning certain problems brought to its attention, has tabled very good reports indeed. Immediate action has been taken.

However, we must also admit that the Commission is not a permanent one and is too often asked to inquire into this or that particular problem. The Commission complies, prepares a report and hands it in to the government. This means that when we think there is a problem the Commission simply agrees. Therefore, it takes action much too late; it is a little bit like a coroner who only comes in to state someone is dead.

I submit very humbly that if the Canadian Textile and Clothing Commission were a permanent commission, it could very easily monitor the general orientation of the market and make proposals to the government which would make it possible to solve some of the problems in the textile industry without frequent government interventions.

At that time, I suggested that the Textile and Clothing Board should be permanent. In my humble opinion, it is a suggestion which should be seriously considered. The second suggestion derives from the first one, it is that no textile import licence should be granted unless the Textile and Clothing Board can discuss that import licence, that is whether the licence is directly competing with some fabrics made in this country and that in granting the licence, the Canadian textile industry could be hurt badly. So I think that the Canadian Textile and Clothing Board would give great assistance to all Canadian textile industries if it could advise the federal government that the import licence requested by such or such company would likely hurt Canadian industry. That was the second suggestion I made.

The third suggestion—brought forward on many occasions by labour leaders, particularly by the CSD last year—is that we should guarantee a place on the Canadian market to Canadian producers. At the present time, there are so many statistics issued by the Canadian Textile and Clothing Board as well as by unions and the Department of Industry, Trade and Commerce that we wonder whether it is 40, 50 or 60 per cent of the Canadian market which belongs to Canadian manufacturers. In my humble opinion, we should be a little clearer with statistics, whether Canadian manufacturers could take 75 per cent, let us say 75 per cent or maybe 85 per cent, because I do not know any developed country which does not produce at least 85 per cent of all its textiles for domestic consumption. So it seems to me that 75 per cent of the Canadian market would allow Canadian manufacturers to stabilize the textile industry.

Mr. La Salle: I agree with you.

Mr. Pelletier: I see the hon. member for Joliette (Mr. La Salle) agrees with me. Those are three recommendations concerning the textile industry which could be discussed by the government because in my opinion the textile sector is very difficult. In the area that I am pleased to represent in this House, that sector has faced many difficulties in the past, but it has been there for about a century and it will not disappear overnight. To take this troubled sector out of its present problems, it should be guaranteed at least 75 per cent of the market.

Mr. La Salle: Come on, give him support; he is the only one to defend himself!

Mr. Pelletier: For the information of the hon. member for Joliette, Mr. Speaker, let me say that I am not the only one; there are other members who wanted to speak, in particular the hon. member for Compton (Mr. Tessier), and deal with this problem today. There are at least ten members, a committee within our caucus, who made a serious study of this question and have often presented their recommendations.

Mr. La Salle: At long last!

Mr. Pelletier: As I said earlier some twenty measures have been adopted following the representations made by members within our caucus. I am not saying that the opposition has not contributed to that study—but I have to conclude these few remarks: I believe that the motion brought forward by the hon. member for Rimouski will give some of the members the

opportunity to realize some of the economic problems of our regions. To sum up, I must say that the decision of the government to decentralize some departments in our region has very important consequences, and is a matter of urgency, for the simple reason that we will need eventually to recruit young people, and as there is high unemployment among those aged from 18 to 30, this decentralization will allow us to absorb some of these qualified young people who will not have to go to other Canadian cities or other regions to work.

In conclusion, Mr. Speaker, I urge the government to seriously consider, especially in connection with the textile, footwear and clothing industries, the possible transformation of the Textile and Clothing Board into a permanent commission; also, before issuing an import permit for textile and clothing, the Textile and Clothing Board should advise the government of the possible consequences such permit might have, and finally, some formula should be devised to ensure our manufacturers at least a 75 per cent share of the Canadian market.

Mr. La Salle: That would be fine!

Mr. Pelletier: I am not a financial expert, Mr. Speaker, but I humbly submit that only a very small number of businessmen will be interested in investing in this sector if the government must constantly step in to prevent this or that country from dumping its textiles on the Canadian market, because when businessmen are not quite sure where they stand from a financial point of view, and when they cannot be assured in advance of a market, they find it very difficult to decide whether to invest or not.

● (2122)

[*English*]

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, may I thank you for giving me an opportunity to take a small part in this debate. I begin by saying, without any hesitation or equivocation whatsoever, that this country is in a mess. Page 20 of today's *Citizen* carries the headline: "Effigy of Trudeau Burned by Unemployed Workers". That is the message which the people of Canada are bringing home to the Prime Minister (Mr. Trudeau).

I want to congratulate the hon. member for Rimouski (Mr. Allard) for moving this motion which does make sense, notwithstanding what the parliamentary secretary from Scarborough West has said. Let me summarize what the four paragraphs of the motion have to say. First, it says "this House deplores that the government", etc. It continues "that the votes allocated by the government to the Canada Works programs are not sufficient"; thirdly, "that no serious action has been taken to reduce interest rates"; and lastly, "that the economic methods now in use are no longer suitable".

The hon. member for Scarborough West (Mr. Martin) must be looking for promotion because he says we are spending an inordinate amount of time on the economy. Mr. Speaker, this is what this nation is all about—a viable, healthy economy, which has been destroyed by the policies of the government. That is what we are talking about here. As long as the government proceeds in the direction it has been taking, we will be getting up every other day to strike home.

The Minister of Labour (Mr. Munro), who is sitting opposite, is part and parcel of the agreement whereby the President of Privy Council (Mr. MacEachen) almost sold the steel industry down the river. Let me put it this way, Mr. Speaker. It is not a question of spending an inordinate amount of time on anything; this is a very important subject affecting the lives of millions of people.

The parliamentary secretary said that the news was brighter. That is a typical reply from a parliamentary secretary who is looking for promotion. But he did go on to say that there was some little problem with the manufacturing industry. The manufacturing industry is about $10 billion going on $11 billion in the hole, and some 200,000 workers are adversely affected. I know the parliamentary secretary would not deliberately mislead the House, and I would not use any such language, but after saying that the manufacturing industry was in trouble, he forgot to point out, as the motion says, that the textile industry is in trouble, that the shoe industry is in trouble, that the clothing industry is in trouble, that the furniture industry is in trouble. Not only that, Mr. Speaker, but the mining industry, the construction industry, the fishing industry, the forest industry, and the tourist industry are all in trouble.

Then the parliamentary secretary had the gall to talk about the Export Development Corporation, in connection with which questions are being raised concerning their pumping money into Venezuela and the United States of America in order to undermine our steel industry.

Mr. Munro (Hamilton East): Nonsense!

Mr. Alexander: The Minister of Labour says "nonsense", but my time is limited, Mr. Speaker. I hear that the Prime Minister (Mr. Trudeau) is very concerned about what is happening in the nation. Like the great Messiah, he is on his way to look into the problems of the nation and to find solutions. Today's issue of the *Journal* has this headline: "Much Further Ahead; Economic Solution Is Closer—Trudeau". Having been away for two or three days talking to a few premiers, the last being Premier Regan—incidentally, the report blasts him too—all of a sudden the Prime Minister says that an economic solution is closer. The report goes on to say we are going to have a first ministers' conference some time in February.

On July 12 of this year, Mr. Speaker, I thought the need for a first ministers' conference was of such importance that I should bring it home to the Prime Minister. Let me read the first motion on the order paper of that day, to be found at page 7567 of *Hansard*. I said:

> Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity related to the unacceptable, frightening and shocking figures on unemployment released this date. Given the fact that, including the hidden jobless, this country now faces an actual unemployment rate of 11.5 per cent, or in other words over 1.3 million Canadians are out of work which in effect costs this country $17 million a day in lost GNP and $6

million a day in unemployment insurance, I move, seconded by the hon. member for York-Simcoe (Mr. Stevens):

● (2132)

That the Prime Minister immediately take steps to convene a first ministers' conference to deal with the critical problems of high unemployment and unsatisfactory real growth, hopefully to reverse the banana republic-like image this country presently enjoys.

Mr. Breau: What happened to that motion?

Mr. Alexander: An hon. member opposite is asking me what happened to that motion. The Liberals voted it down. The Liberals said no. The Liberals indicated that they did not want a first ministers' conference. I should not get carried away with the remarks of a backbencher.

I should like to refer to what the Prime Minister said. He said that the federal government is taking its responsibilities and so are the provinces. Also he indicated that at this stage the bringing together of the two would have no effect beyond that of satisfying me.

Back in July we on this side were telling the Prime Minister to get off his what-you-may-call-it.

Mr. Munro (Hamilton East): Oh, oh!

Mr. Alexander: Now we are hearing from the Minister of Labour.

Mr. Munro (Hamilton East): What about industrial peace?

Mr. Alexander: Industrial peace is something this country requires, desires, and should have. The Minister of Labour should get on the ball and bring about some meaningful solutions for the problems besetting industry and labour. If that were done, perhaps the problem with the Japanese would be non existent. No matter what the minister says about the number of days lost because of strikes, the question remains that there is no confidence in this country. The Minister of Labour should get on a Lear jet, or any other form of transportation, and go to Japan to give them the same message he is giving Canadians about days lost because of strikes.

When I think of the problems Canada has faced in the past nine or ten years, I wonder why so many Canadian people want this government to continue in office. The government has destroyed the country and its initiative, and our image is at an all-time low. Farmers are alienated, senior citizens are alienated, and youth are alienated. Labour people are mad at the Minister of Labour because he was less than honest with them in terms of wage and price controls. Industry has been hamstrung by the introduction of wage and price controls without notice. This has destroyed initiative and does not allow industry to be more productive.

What is happenning to my country? Where are we going? What is in the future? Suddenly the new Minister of Finance (Mr. Chrétien) realized that the March, 1977 budget was a disaster. Members on this side of the House kept telling the government that. It replied by asking us to wait until the new measures took effect. That was its usual answer, and the government is still waiting for that to happen. In the meantime the present Minister of Finance, the supposed new messiah, bootlegged in a new budget. It was not called a budget, but it was a budget in any event. People are looking for something. They want to know what a budget really means. In my humble opinion, a budget should set a course of positive direction in terms of hope for the future. Is there any hope in this country as a result of his speech? I see a Liberal member laughing behind the curtains. He is aware that no one has any hope in terms of that speech.

When a budget is brought in, or when a speech that can be called a budget is brought in, people want to believe it will bring about a feeling of confidence in the economy. Is there any confidence in the economy as a result of that speech? No, there is none whatsoever.

Mr. Breau: Five point two per cent.

Mr. Alexander: Now that hon. Liberal member is talking about the 5.2 per cent. That is what is known as the manipulation of figures dishonestly.

Mr. Breau: What do you call 292,000 jobs?

Mr. Alexander: It was hoped the budget would create a climate for confidence in the government. What kind of confidence is evident when one picks up the Ottawa *Citizen* and sees in half inch print: "Effigy of Trudeau Burned by Unemployed Workers"? That is indicative of the confidence present in Canada.

One would expect this type of budgetary action to address itself to the needs of Canadians. Is Your Honour aware of what was in that speech? The former minister of finance made a mistake in terms of taking away the proceeds of insurance policies on the deaths of the owners. Is that what is called looking after the needs of Canadians? That provision attacked widows and the children of deceased until all hell broke loose. Suddenly the new minister, as is usually the case, realized a boo-boo had been made, and withdrew it.

This government attacks those who cannot help themselves. I remember when the senior citizens were told to get out of the work force. They were not allowed unemployment insurance benefits. They were sent out to pasture and told to do whatever they could, because the government was through with them. That is what the government does for people.

Mr. Breau: Not me.

Mr. Alexander: I hear the Liberal member saying, "Not me". I will give him credit. He had guts enough to vote against the bill. The government brought in a monstrous policy known as spouse's allowance. I see the hon. member for Winnipeg North Centre (Mr. Knowles) is interested in what I am saying. The government gave some poor spouse some money, as long as the husband or the wife was 65 years of age. The moment the husband or wife died, that money was taken back. Is that looking after the needs of Canadians?

I referred to these few illustrations in order to have the record show that there is something wrong with the thinking of Canadians when they still believe the Prime Minister is the saviour of this country. That is the biggest mistake that has ever been made. Trudeau Liberals have destroyed the country, and now the Prime Minister is walking around looking for solutions to problems created by his party and no one else. These problems were created during the past eight or nine years this inept government has been in power.

What did we get out of the minister's speech? There was a clear admission that the last March budget was a complete disaster. Up until October 20 we were told to wait until the budgetary pronouncements came into effect, but that never came about. Now we have a new mini-budget. The former minister of finance, who has now gone to pasture—

An hon. Member: They shed them every two years.

Mr. Alexander: Yes, ministers of finance are shed every two years. We heard the constructive criticisms of the hon. member for York-Simcoe (Mr. Stevens) during the past few days.

An hon. Member: Why don't you get your own TV show?

Mr. Alexander: Don't get carried away. The present Minister of Finance has indicated that the former minister of finance was wrong in computing the rate of inflation, the effects of wage and price controls, the rate of unemployment, the revenues to be taken in, and the staggering deficit. What did his speech really indicate? In my humble opinion it indicated a few things. It indicated that the government is bankrupt of ideas. Here is a government that is reluctant to accept the advice of economic experts such as the Economic Council of Canada, the Conference Board in Canada, and the Organization for Economic Co-operation and Development, all respected bodies which have been giving the government advice for years, advice which has been thrown out the window and disregarded by the government.

● (2142)

What else does that speech indicate? It gave us further evidence that the government has outlived its usefulness. I do not say that lightly, Mr. Speaker; I am very serious because I know what this business is all about. I have been around here for eight or nine years and I think it is time that we got rid of those rascals. They are nothing but rascals who have been misleading the people. I cannot forget the time when they went into the 1974 election and the Minister of Labour, who is my buddy, my friend—but I must say that—was less than honest. They went into that election and said that wage and price controls did not work in the United States and did not work in Great Britain, that the Tories were going to freeze people's wages and that they would have none of that. That is what they did to me in Hamilton. That is what they did to all of us around the country.

You know what happened, Mr. Speaker? I was elected because the people did not fall for it completely. They will not forget that election. The thing is that you can only fool the people once, not twice, although I might be mistaken. Those rascals are still over there, but time moves on. All we can say is that through inequities and mismanagement of the economy the government has brought this country to its knees. As I said earlier, those who can least afford to fight back are the hardest hit, and I am talking in particular about the unemployed.

Mr. Parent: What will you do with the 292,000 jobs?

M. Alexander: I do not know what the hon. member means when he refers to the 292,000 jobs, but the fact is that those very people who have met the Prime Minister have told him they do not want welfare, they want jobs. The government is not creating enough jobs. Here we have a report on the effigy of the Prime Minister being burned by the unemployed workers. That is the message. Never mind what the Liberal backbencher is saying. What the government has said in effect to the unemployed, is "I'm O.K., Jack; look after yourself".

An hon. Member: Not so.

Mr. Alexander: There he goes again. The Minister of Labour is interjecting again. I do not know why he does that; perhaps he is jealous of my success. He is trying to destroy a good speech. He does not like it because I pointed my finger at him and said he was less than honest with the Canadian people in the 1974 election. All I know is that we have had ample evidence of callous disregard for the plight of the unemployed. Do not take only my word for it, Mr. Speaker.

I want to put on the record some of the musings of our beloved Prime Minister, and I will head it "Trudeau on Unemployment". I have to do it that way because that is how it is written. I know my time is running out, Mr. Speaker, but I will read it so quickly it will make you blanch. On March 25, 1977, he said:

If it's just a job you want, my heart does not bleed for you.

Also on the same date he said:

If they don't like it here, let them find another country where they could use university graduates.

On March 11, 1972, he said:

We can be obsessed with unemployment.

Mrs. Campagnolo: They are all one-liners.

Mr. Alexander: They are all facts. They are one-liners but they are devastating. The Minister of State for Fitness and Amateur Sport (Mrs. Campagnolo) is talking about one-liners. That is all that is needed to destroy you people—one-liners. Let me give you the last one-liner. The Prime Minister said on October 8, 1977:

Unemployment is not as bad as some people out there want to pretend it is.

Thank you for you patience, Mr. Speaker.

Mr. Deputy Speaker: Order, please. The time allowed the hon. member has expired.

Mr. Arnold Peters (Timiskaming): Mr. Speaker, this has been a very good debate and I think we owe a vote of thanks to the hon. member for Rimouski (Mr. Allard) for bringing this motion forward. We have been listening for some time to the jibes of the previous speaker in reference to statements made by the Prime Minister (Mr. Trudeau) about unemployment not being bad. A member across the way referred to 285,000 jobs. Yes, there are that many jobs for 1,300,000 people.

Mr. Lefebvre: You have it all wrong.

Mr. Peters: It is very hard to sort it out, but if there are that many new jobs, there are still 1,300,000 people looking for work. It is true that the population grows. In very few places is there zero growth in population. The member brought this out.

This has been a very interesting debate because for the first time many members have admitted that there are problems in the country. It was the first time I have heard members on the other side say they have problems. I was interested to hear some members say they have problems with the footwear industry and the textile industry, and that there were problems in Quebec. It was also interesting to hear the Conservatives say that these problems will not be solved by another handout to the corporations, to big business, in the form either of tax concessions or outright grants. This seems odd, because tomorrow in the debate which takes place here in the House we will be hearing the government saying that there is nothing wrong with the economy and that there is no unemployment, these problems do not exist.

The hon. member for Scarborough West (Mr. Martin), as I understood it, said that it was an excellent thing that we should give money away through the Export Development Corporation so as to create jobs in Canada.

Mr. Martin: I rise on a point of order, Mr. Speaker. The hon. member referred to a comment I made. I did not make any reference whatsoever to the fact that the Export Development Corporation was giving money away which, of course, is a ridiculous comment.

Mr. Peters: Then they lend it instead of giving it away. What the hon. member said was that this has created 3,000 manufacturing jobs for the money we have expended in Indonesia, and 1,100 jobs for the money that we lent Guatemala. Then he said that this was considerably more advantageous than the situation in Sudbury where 3,000 people were laid off because of what happened in Indonesia and Guatemala. It was interesting to hear the minister speak in the Standing Committee on Agriculture this morning. I will paraphrase him because he is fairly long winded, and what he says has to be boiled down somehow.

Mrs. Campagnolo: There are some others I know who are also long winded.

Mr. Peters: Unquestionably there are some others. What he said this morning was that they could not regulate tariffs and they were having great difficulty in Geneva at the tariff conference because there were not only tariffs to deal with. Although the tariffs were published in the United States, there were so many other kinds of assistance that it was not possible to keep up with those to the same extent you can with simple matters like tariffs. I gathered that that also was the real complaint about the textile industry.

● (2152)

If we play under certain rules with other countries which do not play under the same rules, we will be at a great disadvantage. We have been fairly stupid in our negotiations with other countries. We must have been fairly stupid in negotiating the pipeline agreement which was recently arrived at with the United States. The Prime Minister now says that we will be able to produce the pipe in Canada if we can compete. If we put that together with what the Minister of Agriculture (Mr. Whelan) was implying this morning, we come to the conclusion that we are not going to be able to compete and that we will not have jobs in the steel industry, in the textile industry, or even in some segments of the agricultural industry.

It is time we really looked at what is happening. That is why I say we owe a vote of thanks to the hon. member for Rimouski for bringing this motion forward. This is the first time I have heard Liberal backbenchers say that there are problems which should be discussed. I was pleased to hear them say that there is a committee composed of Liberal members studying the problems of the textile industry in the province of Quebec. However, I am sure their votes on Bill C-11 will not indicate that they have any concern or that they see anything wrong in what is happening. I think that is part of the reason we have a major problem in the province of Quebec.

Hon. members to my left—in a philosophical sense I would say they are probably on my right—to a large extent represent rural segments of Quebec. To me they are the only honest representatives of the province of Quebec because they speak for the people of Quebec and their problems. The problems are very simple.

There are really only three or four segments of our population which produce wealth. They are not in the manufacturing industry. They are in the primary industries. They are in the mining industry, which is being hit very hard. It is not being helped by the financial institutions of this country. Financial stability is not being brought to their problems to allow them to raise capital for investment.

Numerous bankruptcies are taking place every month in the forest industry. It is very difficult to maintain a stable market for the primary producer. That is happening in our fisheries as well as in agriculture.

The rest of the people of Canada are parasites on the 500,000 workers in primary industries, and if we do not examine the problems of basic producers and study how to help them, we will have a great deal of difficulty developing our manufacturing industry and all the other industries which have to compete with the rest of the world. We do not appear to be doing very well at all.

The Minister of Labour is here tonight. I understand he received a brief the other day from communications workers

Mr. Alexander: And he ignored it.

Mr. Peters: He may have ignored it, but I am not really sure there is anything he could do about it. It will take all the minister's cabinet colleagues to do something for these 30,000 workers. These workers pointed out problems to the minister about which I have known for some time. When you allow a corporation to automate and when you give it more money than it can spend, it is going to automate, and that will mean fewer jobs. When a company automates, much of its production can be farmed out, so it goes into the business of contracting.

Bill C-11 would provide another $1.2 billion to help companies expand. Many of these companies already have profits which allow them to do any expansion necessary, and they now find themselves in a position where they can expand not only in this country but in other countries as well. We are providing them with other moneys from the Export Development Corporation to allow them to buy production from Canada, and that production is only production machinery to use in other operations. That will cut the throats of workers in this country. If there were not a potential for developing nickel in Guatemala or Indonesia, we would not be lending those countries the moneys we are lending them so that they can buy production machinery for properties which are owned and controlled by Canadian multinational corporations, and so that they can cut our throats and lay off workers in primary industries here.

There must be a dozen secondary workers for every primary worker in this country. Perhaps there are more, and when we lose 3,000 jobs in Sudbury we are not only losing those 3,000 jobs but we are also losing all the ancillary jobs which are connected with primary production.

The telecommunications workers told the minister the other day that the effect of the changes which have taken place is bad for them. Canadian employment in Northern Telecom will have declined by approximately 4,000 people in the three year period from the end of 1974 to the end of 1977. The telecommunications workers estimate the total reduction in Canadian employees in 1977 alone will be almost 1,200 people. There will be a cut-back in the installation forces of over 400 more people before the end of 1977.

Office staff of Northern Telecom in Quebec, represented by the COEU, fell from 2,600 in 1971 to 1,412 in 1977. They informed the minister that because of high Canadian productivity Northern Telecom increased its profits by 71 per cent from 1970 to 1976, compared with the national average of 20.8 per cent. These profits, they indicate, have been used to establish factories in other countries. In the United States those plants are usually in low wage, non-union areas, and they find the situation now where the company brings in telephone housings from Northern Telecom plants in Ireland and Tennessee, cross-bar frames from Turkey, and fuses from Malaysia.

During the same period Northern Telecom received substantial assistance from Canadian governments. In the last five years Northern Telecom has received approximately $11 million in duty remissions and grants for such things as research and development. It also received over $200 million in loan assistance and guarantees from the Export Development Corporation. The tax cuts for corporations in the last federal budget will result in about another $4 million gift to this multinational in 1977.

Does the Minister of Labour not talk to his colleagues? It might be a good idea to have people doing menial work, but if we automate to the point where there are no people working, what will we do? Will we put them on welfare or some other dole, or will we provide them with other jobs in other industries? We can pick up any newspaper and read that Canadian National or Canadian Pacific have run out of tracks. We all know how much profit they make. They are huge multinational corporations. One is government-owned and one is privately owned, but they are huge corporations with many subsidiaries now operating not only in Canada but in other countries as well. They need rails from coast to coast, and if we were to re-establish railroads and put in rails we would have people working in steel factories, in mines, and in all the ancillary industries which are involved in the process of replacing rails. That is one example, but if we allow automation to create huge profits for development in other countries which can then be used against us, our difficulties will continue.

● (2202)

The members on the government side who spoke today dealt with the textile industry. Mr. Speaker, you can go into a store here and buy a shirt for $7 or $8 which could be made in Taiwan, Malaysia, Korea or Hong Kong. You can also go to some of the major stores and buy a labelled shirt, and if you look at it closely you will find it also was made in one of those countries but probably costs $25. It is the same shirt. It is much better for Simpson's, say, to buy their shirts in Korea than in Canada because they can make more profit on them. There is something wrong with a system that allows this to happen.

An hon. Member: They don't pay their workers.

Mr. Peters: Our Canadian workers are well paid, it is true, but it is a myth that they are not well paid in other countries. I was in Japan and found that a worker there gets 15 cents an hour, but was told that he has the use of a car, has a coloured television and all the things that workers have here. In some cases he has even more because his hospitalization is paid, so is his holiday, and children's education. It is a myth to say they are only paid 15 cents an hour. If that is so it must be equivalent to our $15 or $20 per day, because they have the same standard of living. Members should travel to those countries and then would be able to compare conditions.

Many of these countries have trading companies, and they trade in a totally different way from us. I think it is time the government looked at their methods. Jean-Luc Pépin, a former cabinet minister who has been seconded to several other menial tasks since he left here, when he was minister of industry, trade and commerce tried to persuade the govern-

ment to set up a trading bloc on behalf of Canadian industries and workers. Members who can hear and see and think should consider the small seeds in the chaff of the speeches of the Minister of Agriculture, and the one today in which he indicated there is no point in playing around in Geneva with GATT and tariff arrangements because the countries we deal with have much more sophisticated ways of subsidizing the products we import and do not run into the difficulties into which Canadian exporters run.

I think this has been a good debate, Mr. Speaker. It is one of the few occasions when Liberal members have had guts enough to speak for their constituents and point out some of our problems. I hope that in debate on Bill C-11 they will continue on the course they have embarked upon today, and that they will recommend to the government some of the changes proposed today which, I believe, would result in a lessening of the unemployment and misery it is causing to all segments of this country.

Mr. Robert Daudlin (Parliamentary Secretary to Secretary of State): Mr. Speaker, it is with some pleasure that I rise to join in the debate this evening. It affords me the opportunity to deal with comments made by the hon. member for Hamilton West (Mr. Alexander) who got all fired up a few minutes ago. He presented a lot of information to the House that he wanted to pass off as the truth, while at the same time chastising members on this side for allegedly telling half-truths. I shall try to put the record straight or at least present the opposite side of the coin that the hon. member would not have exposed.

Mr. Alexander: When he says something I will listen.

Mr. Daudlin: My hon. friend interjects that when I say something he will listen. I did him the courtesy of trying to listen to what he was trying to tell the House, and found he had nothing to say. I must have heard five or ten times, and the record will show this tomorrow, that this government, in his view, destroyed the economy. My friend tried to save him from his own problem. He tried to indicate to him on a number of occasions that since January of this year the government had created 292,000 jobs. But he did not want to be confused by the facts. He said "Quiet. Leave me alone. I do not want to know that."

● (2207)

The hon. member said this government had destroyed the economy, forgetting that we had reduced the rate of unemployment in his own province. He did not want that kind of information on the record. The hon. member conveniently forgot what the Minister of Finance (Mr. Chrétien) had to say in terms of heads of households and what happened to the rate of employment vis-à-vis that particular sector of our economy.

That hon. member is a prime example of what speakers on this side of the House, particularly the hon. member for Scarborough West (Mr. Martin), had indicated, in that all he could speak about was what was going wrong with the economy, what terrible things were happening, creating the impression for the entire country that everything was wrong. If the hon. member ever acknowledges that something is right, I will be so surprised as to go over and congratulate him. However, I do not expect him ever to say anything is right. I suppose he in turn will never expect me to say anything is wrong.

I invite the hon. member to stay with me a few moments because I want to mention a few things that are not quite right, but they are not all bad. My friend and others this evening talked about the Export Development Corporation, saying it is a terrible thing. They do not seem to be able to comprehend that 3,000 man-years is a good thing and, if that had not been done, those 3,000 man-years would have been lost to the Canadian economy.

My friend is indicating that he is going to leave, still not wanting to know what is good in what is happening. Unfortunately for him, that will be his loss.

Mr. Alexander: I will read it in *Hansard* tomorrow.

Mr. Daudlin: The hon. member for Hamilton West stated that when he tried to move a motion under Standing Order 43 on July 12, 1977, the members on this side of the House said no and did not allow him to proceed with the motion. It is about time that those in the audience in our galleries and beyond the television cameras heard somebody tell what is happening with motions under Standing Order 43. They are an attempt by members opposite to put aside the debate of the day in order to bring up particular subjects or particular things that they believe, individually or as a party, should pre-empt everything going on in this House. They want to take charge of what is going on here.

It is time that people recognized we are acting responsibly when we say no, that we believe what is before the House is important and must be proceeded with. It is about time somebody stood up and said that, and here I am to do it.

My friend went on to say that the Prime Minister (Mr. Trudeau), in June or July, said it would have no effect to have discussions with the premiers of the provinces save to satisfy the hon. member on the other side. He then said the Prime Minister is now advising us that in fact we are going to have these meetings. Of course we are going to have these meetings. The premiers have now indicated they are prepared to do something constructive. They have agreed that something substantial is ready to happen. I guess my friend has never heard of timing. He has never heard that there is a time to strike and a time to sit down, to stand away and wait for the proper time. Until he learns that, he will continue to be on the side of the House opposite from which I now stand.

The hon. member indicated as well that farmers are alienated and the aged are alienated. I do not know what farmers he talked with. He certainly did not talk to the farmers in southern Ontario, who argue that in fact the prices for corn and soybean are low, that they should indeed be higher. But they also say that things are not bad, that things are adequate, that they are paying their bills, that they are able to sell, that

they can find markets for what they are producing. They are saying that but for substantially increased yields this year there might have been difficulties. But they are not saying that it is because of the economic policies of the government that prices are so low. There are other reasons.

● (2212)

The hon. member is saying the aged are alienated. The aged in my riding are saying, "We are now putting money away." They say, "Some of us are embarrassed that we cannot spend all the money we get from our pensions and the supplementary amount given us." They are saying that for the first time in their lives they have savings accounts. They are also saying that some members of the opposition should realize that old age pensions are not there to give them the only payment from which they make their living. They are saying to me, "We intended to put money aside and we did put money aside, and what we are getting is supplemental to what we have put away for our old age." We are thankful that these things are happening. Let us not forget that it was this government that put this program in place, and not some other.

This hon. member went on to say that the budget of last spring was a disaster. He chose to ignore the fact that there had been a 5.2 per cent real growth in the economy notwithstanding the difficulty we had in prevailing upon the opposition to assist us in passing those budget measures—we had to push, cajole and prod them into bringing the matter to a vote. The hon. member preferred to forget all that and pretend it did not happen.

He talked of hope. He said it was lost. He said the Canadian people no longer had any. Is that why he could not contest the statement by one of my hon. friends that the auto industry is looking forward to a better year? Is that why he could not say my hon. friend was wrong when he told us that the housing industry and the appliance industry were also expecting an increase in sales next year? The fact that we are looking forward to increased activity in those areas demonstrates that there is hope. I know that in my part of the country there is substantial hope, substantial recognition of the fact that this country is moving ahead and that the picture of abject destruction which the hon. member drew is not the correct one.

I found it interesting that the hon. member who spoke just before me, and who referred to the "stupidity" of making available the kind of assistance which the Economic Development Corporation provides, should be a member of a party which in 1974, as I recall, adopted, as a sort of watchword, the phrase "people first". I wonder why he now believes that assistance to Third World countries, while at the same time helping ourselves through the provision of some 4,100 man-years of employment in just two years, is stupid. Why is it stupid that we should assist ourselves and at the same time help Third World countries and recognize a social obligation beyond our own boundaries? I do not believe that sharing some of the wealth of this country in those circumstances is stupid. On the contrary, I think it is responsible. He also spoke about what went on in the agricultural committee hearing this morning.

[Mr. Daudlin.]

● (2217)

I come now to the point I mentioned to my hon. friends. I should like to relate to hon. members an experience which occurred in my area this year. Hon. members know that among other things which are produced in my riding are cantaloupes. Highway 401 also crosses my constituency and along it moves a lot of the produce of southern Ontario on its way to Toronto and Montreal markets. Along this highway also moves products imported from the United States. I have been asking the government to consider taking the same action vis-à-vis the agricultural industry as it took for textiles and other products. Because this summer, when prices on the wholesale market in Toronto for cantaloupe were $14.75 for a basket of 20 quarts, producers of the same product in my riding were prepared to sell it for $4.25 per basket. But the Toronto market was listing products from Arizona, Texas and California only.

Why was this so, Mr. Speaker? It was not because the product was not available in Canada; it was because wholesale buyers, wanting some kind of guarantee of a 12 month supply, were telling the Canadian industry that unless they can produce cantaloupe 12 months in the year they did not want it. Thus the consumers of Toronto and Montreal had to pay a high price while the $4.25 product lay rotting in the fields of southwestern Ontario.

I think it is time consumers' associations picked up things like that and agreed with the Minister of Agriculture (Mr. Whelan) that agriculture needs some kind of protection, be it by way of increased tariff, as recommended by the Tariff Board, or, as I have suggested on occasion, by guaranteeing a percentage of the Canadian market to Canadian growers before any kind of import licence is granted. This does not mean that an unrealistic price should be set for the Canadian product so that suddenly Canadian producers make an exorbitant amount of money. But if the Canadian producers of that simple little muskmelon could have been guaranteed this summer access to even 10 per cent of the Canadian market, these producers would have had the opportunity of selling all of the product in their fields. Not only that, but consumers would have benefited by paying one third the price they were forced to pay for the out of country product, and extra work would have been provided for pickers in the fields of southern Ontario at a decent wage. In other words, all parties on all sides of the equation would have benefited.

Unlike my hon. friends on the other side of the House, I am not so sure that my pleas are going to go unheeded. I am satisfied there is going to be a response. I am also looking for the same kind of response to the pleas of the tomato paste industry which, if it were given the protection being offered by the recommendations of the Tariff Board, could produce as many as 1,000 jobs for southwestern Ontario.

One of the reasons hon. members on the opposite side get so exercised when members on this side appear to chastise the government is that hon. members opposite never get the opportunity to listen to members on this side talking to government ministers outside the Chamber. Hon. members opposite never get to see their suggestions come to fruition in the form of legislation They cry, call out, and cajole, negatively, except for one hon. member opposite who made a few positive recommendations tonight. Opposition members cry about our destroyed country and claim there is no hope, both of which are demonstrated to be without foundation. As long as the government is prepared to act responsibly, as it has done in the textile industry, I do not have to make false accusations.

● (2222)

The government has protected the producers of things like mushrooms, tomatoes as a raw product and canned tomatoes. It has acted responsibly in regard to the shoe industry, the bicycle industry and a host of others I could name. If the government continues to be prepared to respond in terms similar to the ones I raised tonight, I do not have to stand and make false accusations indicating the country's economy is destroyed. I can go to bed tonight assured that the producers are protected, a lot of new jobs will be created, and the problems will be dealt with. Come the next election we will find more hope in this country than hon. members opposite would like to think.

Some hon. Members: Hear, hear!

[*Translation*]

Mr. Gilles Caouette (Témiscamingue): Mr. Speaker, I would certainly have liked to have the floor for about twenty minutes. I thought it was understood right from the start that I would have about twenty minutes to close the debate. Unfortunately, I barely have six minutes left. However, the purpose of the motion which was put forward today was to call the attention of the general public and of the hon. members of the House to some specific aspects of our economy.

As the hon. member who spoke before me has just indicated, everything is for the best in the best of worlds, the government created 292,000 jobs, there is no problem but in his constituency, the agricultural production of last summer has not been bought because it was cheaper to buy from California. Furthermore, in spite of this day of debate, in spite of the speeches which have been made, I am forced to note that there are still some hon. members on the government side who, like the one who has just spoken before me, have not yet understood that our problems are a creation of the government. Today, we have to try to find solutions to those problems.

We hear about imports into our country, about massive imports, and the hon. member who spoke before me had that problem in his constituency, but has yet to realize that he and his government threw our doors wide open to import without setting any effective control over them. And that is why the motion we have presented today was directed against that government approach which led them to say: It is not our fault, but we are seeking solutions. The only hon. member on the other side of the House who has spoken intelligently is the hon. member for Sherbrooke (Mr. Pelletier) when he recognized that we really face problems in the field of textiles.

He even admitted that just like the hon. members of the opposition, some members of his party had to make studies and urge the government to curb imports. He even proposed that 75 per cent of the overall production should be made in Canada before allowing imports. His speech was a little bit more intelligent than some others, but even then, as I told him while he was speaking, unhappily the cabinet of this government has yet to understand that sometimes ministers have to listen to members of the opposition or to hon. members on the other side of the House who dare stand up and ask the government: Where are the problems?

As we have indicated in the four sections of our motion today on the issue of imports, it is the government leaders themselves who have allowed those imports to enter our country without restriction, and today the Minister of Finance stated that next Thursday he will make a speech to announce certain restrictions. What he forgot to say is that he himself has allowed those imports to flood our markets. The second paragraph refers to Canada Works, which is simply a band-aid program. Money is used to try to reduce unemployment. There are over one million unemployed. In my constituency, the rate of unemployment has reached 14.5 percent. On the other hand, according to statistics, 58 percent of the manpower is working. That means that 42 percent is not. Since 14 percent are on unemployment, this means that 28 percent are starving to death.

I have already talked about the milk problem. I asked a question of the parliamentary secretary to the Minister of Agriculture and he told me: "We, the government members, have solved the problem." I suggest that they are also the ones who created the problem for farmers by setting quotas and allowing massive imports: 46 million pounds of cheese were imported in Canada last year. The same government, the same liberal members, like the parliamentary secretary to the Minister of Agriculture, allowed this to happen last year. Today, they say: "We are trying to solve the problems, we are looking for answers."

This is what we are trying to convince government members to do, to stop playing politics and saying they are solving problems when in fact they are creating them. It is about time that they accept the solutions proposed by the Social Credit, such as the one that we make in the third paragraph of the motion when we talk about interest-free loans to finance governments.

I received yesterday an answer to a question I asked concerning the interest rate paid by our country since January 1, 1976 because we are still one year behind on September 30, 1977, for nine months. The country paid $8,416,165 in inter-

ests alone. Mr. Speaker, if we realized what is suggested by Social Crediters, the financing of governments by interest free loans, under the present taxation system all that money could be reinvested in the Canadian economy. Mr. Speaker, those were the few comments I could make in six minutes. However I should like to continue as I have more to say. Briefly I wish to say that it is time that ministers recognize, as some backbenchers did today, that there are problems and that they must be solved.

Mr. Deputy Speaker: Order please! It being 10:30 p.m. this House stands adjourned until tomorrow at 2 p.m., pursuant to Standing Order 2(1).

At 10.30 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Wednesday, November 30, 1977

The House met at 2 p.m.

● (1407)

ROUTINE PROCEEDINGS

[*English*]

ST. ANDREW'S DAY

SUGGESTION THAT TARTAN BE WORN AND GAELIC GIVEN SPECIAL RECOGNITION—MOTION UNDER S.O. 43

Miss Flora MacDonald (Kingston and the Islands): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of great importance. Whereas it is a known historical fact that more of the fathers of confederation had Gaelic as their mother tongue than either French or English and whereas it is important that Canadians retain the language, culture and traditions of their forefathers, I move, seconded by the hon. member for Cape Breton-The Sydneys (Mr. Muir) and the hon. member for Hillsborough (Mr. Macquarrie):

That on November 30, the feast day of St. Andrew, the patron saint of Scotland, special recognition be given to the Gaelic tongue and that the tartan be worn by all Scots and would-be Scots.

Some hon. Members: Hear, hear!

* * *

SOCIAL SECURITY

REQUEST FOR CLARIFICATION OF STATEMENT CONCERNING REMOVAL OF PROGRAMS FROM THOSE NOT IN NEED—MOTION UNDER S.O. 43

Mr. Paul Yewchuk (Athabasca): Mr. Speaker, I rise under the provisions of Standing Order 43 to move a motion of urgent and pressing necessity. On November 23, last week, the Minister of National Health and Welfare (Miss Bégin) struck fear into the hearts of many people with young families and into the hearts of many old age pensioners with her statement that she would take away old age pensions or family allowances from those who do not need universal programs. I move, seconded by the hon. member for Portage (Mr. Masniuk):

That the minister take the first opportunity to make a statement on motions in order to explain specifically who in her view are the people who do not need universal programs and thereby allay the fears of those who do.

Mr. Speaker: Pursuant to Standing Order 43 such a motion can be presented only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

ANTI-INFLATION PROGRAM

PROPOSED RESTRICTION OF PROFITS OF CHARTERED BANKS TO SIX PER CENT—MOTION UNDER S.O. 43

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

Whereas the assets of Canadian banks increased in the year ending October 31, 1977 by more than 20 per cent over the previous year, and whereas after tax profits of Canadian banks increased by substantially more than the six per cent increase being allowed in wages and salaries by the government's anti-inflation program, be it therefore resolved that this parliament urges the government and the Anti-Inflation Board to take steps to restrict the profits of Canadian banks to the same six per cent increase permitted to wage salary earners.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

INDUSTRY

SUGGESTED STUDY OF MARKETING PULPWOOD IN QUEBEC—MOTION UNDER S.O. 43

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, pursuant to Standing Order 43, I seek the unanimous consent of the House to move a motion on a matter of pressing necessity.

In view of the fact that a great many farm producers derive part of their revenue from the production of pulpwood; that thousands of cords of pulpwood have been cut a year and even two years ago and have yet to be sold on account of the diminution of paper production, thus causing tremendous damage to producers as well as to the economy of this country, I move, seconded by the hon. member for Richmond (Mr. Beaudoin):

That this House recommend to the Minister of Industry, Trade and Commerce to consider seriously the marketing of this product to find the best ways and means to activate this sector of our economy.

Potatoes

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

THE MINISTRY

SUGGESTED CREATION OF CABINET COMMITTEE TO REPRESENT FRANCOPHONES OUTSIDE QUEBEC—MOTION UNDER S.O. 43

Mr. Roch La Salle (Joliette): Mr. Speaker, pursuant to Standing Order 43, I ask for the unanimous consent of the House to present a motion.

Considering the growing concern among Francophones outside Quebec about a genuine federal program which would guarantee their cultural survival; considering that last October 27 the Secretary of State (Mr. Roberts) announced that he would soon introduce a global policy on minorities; and considering that the participation of the Federation of Francophones outside Quebec in drafting such a policy is essential, I move, seconded by the hon. member for Kingston and the Islands (Miss MacDonald):

That this House unanimously invite the minister in charge to create now a permanent commission within the Privy Council on which the Federation of Francophones outside Quebec would be officially represented.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

AGRICULTURE

PROPOSED PROGRAM TO PROMOTE CONSUMPTION OF POTATOES—MOTION UNDER S.O. 43

Mr. Eymard Corbin (Madawaska-Victoria): Mr. Speaker, I rise on a matter of urgent and pressing necessity under Standing Order 43. In view of the decreasing per capita consumption of potatoes in Canada in recent years to an average of 154 pounds during 1971-74 from 166 pounds during 1966-70 and considering that the humble potato, the world's most important vegetable—

Some hon. Members: Hear, hear!

Mr. Corbin: —and by far the most important vegetable crop, dollar-wise, grown in Canada and for many, many other valid reasons which would test your patience, Mr. Speaker, I move, seconded by the hon. member for Malpeque (Mr. Wood):

That this House urges the Government of Canada to launch with the potato producing provinces a wide scale attack on the diet fadists and assorted calorie quacks who have been downgrading the nutritional value of the spud and that the governments take immediate steps to promote the natural round potato, which is without any doubt whatsoever the best priced ingredient in today's consumer basket.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

● (1412)

FISHERIES

BAN ON IMPORTATION OF SEAL PELTS BY FRANCE—SUGGESTED BAN ON IMPORTATION OF CHAMPAGNE—MOTION UNDER S.O. 43

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. In view of the fact that the government of France, influenced by the qualities for which Brigitte Bardot is famed, has banned the importation into France of harp seal pelts thus damaging the interests of honest and hardworking Canadians in Newfoundland, Quebec and the northern territories who earn part of their living from the seal hunt, and in view of the fact that Canada should show some backbone in dealing with France on both seals and separatism, and since there are substitutes of better taste and quality for French champagne, a product made from grapes brutalized by human feet and other means in the production process, I move, seconded by the hon. member for Humber-St. George's-St. Barbe:

That Canada ban the importation of French champagne until such time as the French ban on the importation of seal pelts into France is revoked and that members of the House of Commons affirm their conviction that the interests of Canadian seal hunters far outweigh the palates of French champagne guzzlers in Canada.

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

Some hon. Members: No.

AIR TRANSPORT

REQUEST FOR INQUIRY INTO REASONS FOR LACK OF ENFORCEMENT OF SAFETY REGULATIONS—MOTION UNDER S.O. 43

Mr. Cyril Symes (Sault Ste. Marie): Mr. Speaker, I also rise under the provisions of Standing Order 43 to move an urgent motion. In view of the violation of air safety regulations in northwestern Ontario and the revelation that air inspectors were told by their Ottawa superior not to suspend licences of airlines violating these regulations until "you fully consider the possibility of embarrassment to the minister and any other potential political implications", I move, seconded by the hon. member for Timiskaming (Mr. Peters):

That this House instruct the Minister of Transport to institute a public inquiry into the state of air safety in northwestern Ontario and the reasons air safety regulations have not been adequately enforced.

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

Some hon. Members: No.

* * *

POST OFFICE

SUGGESTED REDUCTION OF SALARY OF POSTMASTER GENERAL UNTIL SERVICE PROFITABLE—MOTION UNDER S. O. 43

Mr. Jake Epp (Provencher): Mr. Speaker, I would like to move a motion of urgent and pressing necessity pursuant to Standing Order 43. In view of the Postmaster General's recent announcement that first-class letter rates would be increased to 14 cents, and in view of the fact that wicket service on Saturday mornings is to end in rural Manitoba on December 1, all in the name of making the post office profitable once again, I move, seconded by the hon. member for Portage (Mr. Masniuk):

That the salary of the Postmaster General be reduced to $1 annually till such a time as his regular salary can be paid from post office profits.

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

Some hon. Members: No.

Mr. Speaker: Oral questions.

ORAL QUESTION PERIOD

[*English*]

INCOME TAX

BREACH OF CONFIDENTIALITY OF TAX RETURNS—REQUEST FOR REPORT ON INVESTIGATION

Mr. Perrin Beatty (Wellington-Grey-Dufferin-Waterloo): Mr. Speaker, may I put a question to the Minister of National Revenue. Two weeks have past since the disclosure that it was possible to violate the personal privacy of individual Canadian taxpayers by telephoning the Department of National Revenue and asking for information. Serious questions about what the minister has done to plug the leaks in the two weeks since the revelation remain unanswered. Has the minister made investigations within his department independent of those being made by the Royal Canadian Mounted Police? If he has, can he tell the House today if he has discovered the method used to get unauthorized access to personal tax information on individual Canadians, how extensive this practice was and on how many Canadians has tax information been given to unauthorized individuals?

Hon. Joseph-Philippe Guay (Minister of National Revenue): Mr. Speaker, first of all I should like to say I did answer the question put by the hon. member and the allegations he made about giving out information. I do not have the date of his question but I sent a letter to him yesterday in answer to the question suggesting the allegations made in this House were not true. He has a letter from me on that subject. In regard to the investigations that have taken place very successfully since the allegation of the leak, the RCMP provided an interim report today. I am not in a position to reveal the contents. It would not help the situation if I were to make a report at this time on the progress that has been made. I would rather wait until the final outcome of the RCMP investigation. Departmental officials are also looking into the matter.

No doubt members of parliament will receive many complaints about the difficulty in getting an answer or information over the telephone because in future things will not be done that way. I should like to advise members that if they write to us for information about anyone in their constituency they will need a letter from the constituent authorizing them to get the information. It will also be necessary to have a letter from the member before any answers will be given.

● (1417)

Mr. Beatty: Mr. Speaker, apparently the minister does not understand what was in the letter that he sent to me. It in no way related to the allegations which were made by Mr. Templeton and Mr. Berton about the availability of personal tax data over the telephone. It is not good enough for the minister to hide behind the RCMP investigation. I want to know what he, as minister, has done to investigate this. How extensive have these leaks been in the past? Does he have the names of Canadians whose personal tax information has been given out to unauthorized individuals over the telephone? What steps is he taking as minister to inform these Canadians that their rights are being violated so that they can take the appropriate action?

Mr. Guay (St. Boniface): Mr. Speaker, I want to say again that these allegations and comments are not factual. This is not the case. Contrary to what the hon. member is saying in this House, there have been very few leaks out of my department. I told him that we are making an investigation on our own within the department. I am not in a position to give a

report on that at this time. Neither am I in a position to give a report on how successful the RCMP have been this far.

Mr. Beatty: Over the course of the last two weeks the minister has made a number of statements which he is not willing to back up. He has claimed that it is impossible for this information to be leaked over the telephone. If it is in fact the case that these leaks have been very limited, will the minister tell the House today how many instances he has been able to turn up in which this information has been given out over the telephone. How many instances has he found? Surely, that would not jeopardize any police investigation.

Mr. Guay (St. Boniface): Mr. Speaker, the only one I have found so far is the case brought to the attention of this House pertaining to the Templeton affair and that of the other gentleman. I have not found any other case so far.

ALLEGATION TAX INFORMATION GIVEN TO POLICE ON ROUTINE BASIS AND FALSE TESTIMONY GIVEN BY DEPARTMENTAL OFFICIAL

Mr. John C. Crosbie (St. John's West): Mr. Speaker, in connection with the confidentiality of tax information, I would like to put another question to the Minister of National Revenue. An agreement was entered into in 1972 under which it has been stated his department released certain information to the RCMP if it had to do with an organized crime matter. An official in the minister's department, and I want to know whether this is correct, told the Laycraft inquiry that tax information is given to the RCMP and police forces across Canada as a matter of routine, was given to them before the 1972 agreement and is still being given to them, not on the basis of organized crime but as a routine matter. Will the minister tell us whether the evidence of his official is correct? If it is correct, is he putting a stop to the practice? What is the situation now?

Hon. Joseph-Philippe Guay (Minister of National Revenue): I will give that consideration, Mr. Speaker.

Mr. Crosbie: Mr. Speaker, it is difficult to ask a supplementary of a minister who says he is only going to give it consideration. Will the minister check into a situation that has been reported in evidence given to the Laycraft inquiry where an official of his department admitted that he gave false information and false testimony to a judge of the Federal Court of Canada in connection with the investigation of the Royal American Shows matter. He gave two different versions of their cooperation with the RCMP, one to the Federal Court and another to Mr. Justice Laycraft. Has the minister investigated that? Can he or will he report to the House because, if this is true, it should not be tolerated.

Mr. Guay (St. Boniface): Mr. Speaker, the inquiry is still going on. I am certainly keeping abreast of it. I am not in a position to say whether a particular employee told the truth to the inquiry. We are certainly looking into it.

[Mr. Guay (St. Boniface).]

Mr. Crosbie: If the Minister of National Revenue is not in a position to answer these questions, who is? Who is responsible for the department?

Mr. Speaker: Order, please.

* * *

● (1422)

UNEMPLOYMENT INSURANCE

EFFECT ON ATLANTIC PROVINCES OF REMOVAL OF SOME BENEFICIARIES—POSSIBILITY OF COMPENSATORY PROGRAMS

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, in the absence of the Minister of Finance, I have a question for the Minister of Employment and Immigration. The government announced yesterday that the changes in unemployment insurance eligibility rules would take effect on December 4. Considering that these changes will remove 226,000 Canadians from eligibility for benefits next year and considering that all the provinces in Atlantic Canada strongly opposed those changes because they will lead to an increase in the welfare cost burden on the cities and on the provinces, may I ask whether the minister has calculated the additional impact these changes will have on welfare costs, particularly in Atlantic Canada, and tell us whether the government proposes to introduce any compensatory programs for the benefit of provinces adversely affected?

Hon. Bud Cullen (Minister of Employment and Immigration): Despite the hyperbole and despite the accusations made by the hon. member and by members in his party, the impact on the welfare rolls of the provinces mentioned will be insignificant—we have indicated the particular figures. We have also indicated that the Canada Works program and other programs will fill in the gap and ensure that those provinces are not unduly affected by this change in the eligibility requirement from eight weeks to 12 weeks—we dropped the figure originally proposed primarily because of representations made by Liberal members of the House from the Atlantic provinces to ten weeks—and given the initiative which people in that part of the country are known to possess I believe they will find little difficulty in getting the extra two weeks employment; they are not primarily interested in getting unemployment benefits but in getting work, and that is the main objective.

Mr. Broadbent: The minister has moved from hyperbole to baloney.

Some hon. Members: Oh, oh!

MANPOWER

UNEMPLOYMENT—REASON FOR DELAY OF FIRST MINISTERS' CONFERENCE TO DEAL WITH PROBLEM

Mr. Edward Broadbent (Oshawa-Whitby): He has admitted that the change will result in increased welfare costs—I think he said there would be a slight increase. I should like the hon. gentleman to give the House the figures because that part of Canada is already worse off than the rest. Since the unemployment figures to be announced next week are likely to show for the first time the number of employed as being in excess of one million, can the minister tell us, in the absence of the Minister of Finance, why we shall have to wait until the end of February for a first ministers conference to deal with the problems facing the Canadian economy?

Hon. Bud Cullen (Minister of Employment and Immigration): I think the Prime Minister and the leaders of the various provinces would be more interested in results than in pretending to put on some kind of show. They have an abiding interest in helping the unemployed of this country and to hold a meeting just for the sake of holding a meeting would not help the unemployed.

Mr. Broadbent: I could not agree more. The unemployed want action, not meetings. In the light of the implication of the minister's answer which is that the provinces are somehow holding back—

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

Mr. Broadbent: Considering that the premier of Ontario as well as the former premier of Manitoba requested such a meeting many months ago, would the minister confirm that the real reason the government intends to wait until the end of February is related more closely to the election plans of the Liberal Party than to the economy?

Some hon. Members: Order!

* * *

[*Translation*]

NATIONAL SECURITY

ALLEGED BROADCAST BY RADIO CANADA THAT JEOPARDIZES SECURITY—MINISTER'S POSITION

Mr. Gilles Caouette (Témiscamingue): Mr. Speaker, my question is directed to the Solicitor General.

In order to safeguard and protect national security, can the Solicitor General tell me whether the law can at a given time force the Canadian Broadcasting Corporation to withhold some information? If so, who orders the CBC not to broadcast a news item at a given time?

Hon. Francis Fox (Solicitor General): Mr. Speaker, like any other Canadian citizen, the Canadian Broadcasting Corporation must comply with the legislation governing the activities of Canadians. If we had information to the effect that a corporation is about to issue information which is not of public interest but which would indeed affect the security of the nation, the attorney general would then have to take the necessary procedures to prevent it from broadcasting this information.

Mr. Caouette (Témiscamingue): I would like to ask a supplementary, Mr. Speaker.

Could the Solicitor General of Canada indicate to me whether he instructed the CBC last night, because of national security, not to broadcast over the French network news about the opposition day initiated yesterday by the Social Credit Party, whereas opposition days initiated by other opposition parties are always mentioned? Would the Solicitor General not have instructed the CBC not to mention the opposition day held yesterday?

Mr. Fox: Mr. Speaker, it could be said for once that there has been no leak about what has been going on in this assembly.

• (1427)

[*English*]

INQUIRY AS TO FATE OF ANNOUNCED EMPLOYMENT STRATEGY

Mr. James A. McGrath (St. John's East): Mr. Speaker, I should like to direct a question to the "minister of unemployment and immigration". Given the fact that the so-called economic summit conference of the Prime Minister and the first ministers will not take place till the end of February, and given the fact that we are now into a disastrous situation which is going to get worse, I ask the minister what became of the employment strategy which the government promised to the House before the end of the year. I hope that the minister will not try and duck behind the Canada Works program and the FLIP program.

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, in replying as Minister of Employment and Immigration to the hon. member for doom and gloom, my I say one of the things which the hon. member seems to forget is that since January the economy of Canada has created some 290,000 new jobs, or one million new jobs in the last five years. However, we cannot rest on that particular laurel because there are a lot of people out of work who want work. This is why we embark on programs like Young Canada Works and Canada Works, creating 116,000 jobs over seven months of a one year period. If we sat back like the hon. member simply wringing our hands, nothing would be accomplished in this country.

Mr. McGrath: A supplementary question, Mr. Speaker. Given the fact that the five eastern provinces representing 37 per cent of the population account for over 48 per cent of the unemployed persons in this country, we have enough to be gloomy about, God knows. What new initiatives can we expect from the government, given the fact that 57.4 per cent of the new unemployment is in these five eastern provinces, which

will be further burdened by additions to their welfare rolls? I ask the minister, who is responsible for co-ordinating government programs, what new initiatives he is able to announce to the House, or is he going to wait for the staging of the first ministers' conference in February, with the unemployment rolls growing by leaps and bounds in the meantime?

Mr. Cullen: Mr. Speaker, unlike the hon. member, instead of waiting until the very last minute, in October 1976 we announced a five year program of job creation both for the young and for adult individuals in Canada. I have indicated that one phase of this particular program created 116,000 jobs. If we could move forward the finance bill from clause 4 to clause 116, the opposition would have an opportunity to play a part in creating jobs in this country.

UNEMPLOYMENT—SUGGESTED CONFERENCE WITH PROVINCES ON NEW INITIATIVES TO SOLVE PROBLEM

Mr. James A. McGrath (St. John's East): A final supplementary question, Mr. Speaker. I remind the minister, as he well knows, that job creation is lagging far behind the increase in unemployment. That is a serious problem which we are facing in this country which the minister does not seem to appreciate. Given the facts that this critically high level of unemployment is concentrated in the five eastern provinces, one being the province of the minister responsible for federal-provincial relations whom I hear interjecting, can we expect from him and his colleagues any new initiatives? Will they at least sit down now with the manpower ministers of these five provinces and offer something a little more positive than he offered the four manpower ministers from the Atlantic provinces, whom he offered nothing earlier this month?

Hon. Bud Cullen (Minister of Employment and Immigration): Here again, Mr. Speaker, we deal with these problems on a full day, full week basis, not in five or ten seconds during the question period. This is an on-going problem that we recognize and live with on a day-to-day basis, and why we are bringing in programs to help the very people the hon. member says we should be helping. We met with the Manpower offices, and this particular meeting was taken on the initiative of provincial ministers to indicate some of the areas that they would like to see changed.

● (1432)

Some hon. Members: Oh, oh!

Mr. Cullen: The hon. member is not interested in the answer, he is only making a noise.

* * *

ROYAL CANADIAN MOUNTED POLICE

KEABLE INQUIRY—MINISTER'S VIEW OF MANDATE

Mr. Bill Jarvis (Perth-Wilmot): Mr. Speaker, my question is to the Solicitor General and relates to statements attributed to his counsel at the Keable inquiry yesterday. Is it the Solicitor General's decision that the mandate of that inquiry only includes acts that may be considered illegal, and that it would be operating outside its mandate if it considered "unauthorized activities that may be immoral or questionable"; is that the Solicitor General's position in respect of the operation of the Keable inquiry?

[*Translation*]

Hon. Francis Fox (Solicitor General): Mr. Speaker, it is not my responsibility to determine which kind of authority has been given to the Keable inquiry. I think an order of the Lieutenant Governor of Quebec establishes clearly the limitations of the jurisdiction of this commission. The Lieutenant-Governor's order in council says that the mandate of the Keable Commission covers four very specific criminal acts, namely the APLQ break-in, the arson of a barn, the theft of dynamite and the obtaining of lists of members of the Parti Québécois. I think that the order in council also refers to other activities of a similar nature. Obviously our position is that the commission has full authority to investigate the specific illegal acts which are mentioned in the Quebec Lieutenant Governor's order in council but our position is also very clear that the terms of reference of this commission should certainly not include investigation of the day-to-day operations of the RCMP.

[*English*]

KEABLE INQUIRY—POSSIBLE FURTHER ACTION TO INHIBIT OPERATIONS

Mr. Bill Jarvis (Perth-Wilmot): Mr. Speaker, last Monday in the absence of the Solicitor General I asked his colleague, the Minister of Justice, what further action, be it legal or political, was being considered with regard to inhibiting the operations of that inquiry, and he replied he could not answer because counsel was being consulted. Has that consultation been completed, and what action, be it legal or political, is being considered by the Solicitor General and his colleagues?

[*Translation*]

Hon. Francis Fox (Solicitor General): Yes, Mr. Speaker, the consultation with our counsels is now over. It was a consultation with our legal advisers about the decision given in Montreal last week by Mr. Justice Hugessen. The consultations dealt with whether or not we should appeal that decision. As hon. members will recall, the decision was simply not to grant the deferment we had required from the Superior Court of Montreal until the study of the merits of our request in evocation on December 6. We have decided not to appeal against the refusal of the deferment pronounced by Mr. Justice Hugessen, but naturally we intend to pursue this affair before the Superior Court of Montreal on December 6 so that the audition on the merits will take place.

[*English*]

INFORMATION

NEED FOR LEGISLATION TO GUARANTEE FREEDOM OF ACCESS

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I have a supplementary question for the Acting Prime Minister. In light of the sorry litany of revelations of irregularities and improprieties which we have witnessed over the last few months, and what from this side of the House, in the immortal words of the Prime Minister, appears to be a "fishy attempt to cover up", I should like to ask the hon. gentleman whether the policy of the government is still that as enunciated by the Prime Minister, that the people of Canada do not need the same protection as the people of the United States in attempts to have legislation to penetrate government secrecy?

Hon. Allan J. MacEachen (Deputy Prime Minister): Mr. Speaker, if I can penetrate the verbiage of the hon. member's question, I should like to advise him that the government has produced, as he knows, a proposed paper on freedom of information in conformity with the open government which we are operating here.

Some hon. Members: Oh, oh!

Mr. MacEachen: It is our intention to have the proposals contained in that document considered as well as the recommendations received from such hon. members as my friend, the hon. member for Peace River, who has established quite a reputation for himself in this field.

Mr. Baldwin: We will forgive the hon. gentleman quite a bit because we know what day this is and we are giving him quite a bit of latitude, Mr. Speaker. I would like to ask the hon. gentleman, in connection with these long-delayed reforms for which the people and parliament have been waiting, whether the government is giving some consideration to adjusting section 41(2) of the Federal Courts Act, an act which was passed by this government about the same time as South Africa passed a similar act to permit attempts by the government to coverup through the use of a certificate? I believe Canada and South Africa are the only two countries which at the same time passed such legislation. Is it this government's intention to reform and adjust this particular act?

Mr. MacEachen: Mr. Speaker, I wonder if the hon. member is casting reflections on a government which stands in such high esteem in the mind of the hon. member for Cumberland-Colchester North who is president of this association. When a change is proposed to that particular section the House will be advised.

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INQUIRY OF THE MINISTRY

Mrs. Jean E. Pigott (Ottawa-Carleton): Mr. Speaker, I have a question for the Deputy Prime Minister. After his longwinded answer I would just like to ask if the Prime Minister is unable to attend here in the House today in his kilt because of the secrecy and non-disclosure practices of his government?

Some hon. Members: Oh, oh!

An hon. Member: Curiosity killed the cat.

Some hon. Members: Hear, hear!

An hon. Member: That's an internal mystery.

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LOTTERIES

EFFECT ON FINANCING OF VOLUNTARY ORGANIZATIONS

Mr. Jim Fleming (York West): Mr. Speaker, I have a question for the Secretary of State. The report of the National Advisory Council on voluntary action, prepared for the federal government, states that voluntary organizations are now getting less revenue than in the past and that government lotteries could be the reason. Will the minister assure the House that the government will study the possible negative effects of various government lotteries on the financial health of the voluntary community?

Hon. John Roberts (Secretary of State): Yes, Mr. Speaker. I did have a very useful meeting with voluntary associations a month ago, at which time this matter was brought to our attention. I shall certainly consider very carefully the representation made by the hon. member.

* * *

MANPOWER

ALLEGED REDUCTION IN FUNDS FOR LANGUAGE TRAINING—GOVERNMENT POSITION

Mr. Cyril Symes (Sault Ste. Marie): Mr. Speaker, I have a question for the Minister of Employment and Immigration. Could he explain why the manpower training policy review of September, 1977 for his department indicates that language training funds for immigrants will be cut back since the technical report on which the policy review is based does not provide any justification for cutting back on language training.

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, first of all the review to which the hon. member refers is specifically that of an idea put to particular provinces. Similarly, if we are able to co-operate with Quebec to the extent that we can increase Francophone immigration to that province and the immigrants are efficient in the French language then there would not be that necessity to train that many people in the other language. This is the idea and concept expressed in the review for consideration by the various provinces.

Mr. Symes: Mr. Speaker, I still do not have the assurance from the minister that he will not follow through with the cutback in the allotments. I would ask him whether this reasoning has been taken into consideration, that the data shows that language trainees have lower unemployment rates after graduation than basic skill graduates, and that the participation rate of women trainees in the labour force is much higher than normal? In light of that, will the minister review that recommendation to cut back funds so we can proceed with the finding of jobs for immigrants in this country rather than forcing them on welfare?

Mr. Cullen: Mr. Speaker, the funding used for this particular purpose now is very heavily weighted in favour of immigrants, frankly discriminating against Canadian citizens. It may be that rather than cutting back there should be a change in emphasis so that some of that money would be used for Francophones, from whatever part of the country, who have to work in English, or for English speaking Canadians who have to work in French. It may involve simply a shifting in priorities, but we want to look at the whole picture.

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CANADIAN BROADCASTING CORPORATION

REPORT OF CRTC INQUIRY—GOVERNMENT ACTION

Mr. David MacDonald (Egmont): Mr. Speaker, my question is for the Secretary of State. It is now a little over four months since the CRTC inquiry into the national broadcasting system was submitted to the Prime Minister and made public. I wonder if the minister has had time to study the recommendations and implications of this report, and would he be prepared to indicate what follow up measures he has initiated or recommended?

● (1442)

Hon. John Roberts (Secretary of State): I have studied the recommendations and I am reflecting on what our response to them should be.

Mr. MacDonald (Egmont): I wonder if the minister can be a little more informative in view of the fact that the president of CBC submitted the "touchstone" document prior to the time the actual CRTC report was made and that it dealt with a number of issues raised in the CRTC report. Has the minister communicated with the CBC management concerning three of the critical areas raised in the CRTC report in which the CBC has fallen short of its mandate, namely, the area of overcentralization, heavy dependence on U.S. television programming, and the isolation between the French and English services?

Mr. Roberts: Yes, Mr. Speaker, I have had discussions with the people of the CBC about the recommendations of CRTC.

[Mr. Cullen.]

CRTC REPORT—POSSIBILITY OF PUBLIC INQUIRY INTO BROADCASTING

Mr. David MacDonald (Egmont): Mr. Speaker, during the Prime Minister's press conference on July 21 last he indicated he might overrule the CRTC recommendation that no royal commission into broadcasting be held at this time, and indeed he indicated that he would ask the Secretary of State to report on the advisability of such a commission within a month. Since some time has passed since then, I wonder if the Secretary of State has yet reported on this and does the government in fact tend to go against the recommendation of CRTC and set up a royal commission into broadcasting, and in particular how does it propose to deal with the critical issue raised by the CRTC of the accountability of CBC and the whole issue of having autonomy without accountability, and particularly its relationship to parliament and the priority that was called for by the CRTC on this issue?

Hon. John Roberts (Secretary of State): When the government comes to a decision as to whether or not there should be an inquiry or a commission it will be announced in the normal way.

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GRAIN

WHEAT—SUGGESTED CHANGE IN GRADING SYSTEM TO GIVE RELIEF TO PRODUCERS HOLDING NO. 3 UTILITY GRADE

Mr. Bert Cadieu (Meadow Lake): Mr. Speaker, my question is for the Minister of Agriculture and I gave him notice of it. Can the minister tell the House whether there has been any change in the grading system to give relief to farmers holding about 100 million bushels of No. 3 utility wheat this year to give a fairer price to the farmers?

Hon. E. F. Whelan (Minister of Agriculture): I received notice of the question from the hon. member yesterday but I returned to the city late today and I have not had time to check if there has been any real change. I know there have been discussions with the grain trade and farm representatives about this and I hope I will have an answer for the hon. member shortly.

Mr. Cadieu: Is the minister aware that Australia from time to time makes allowances for weather deteriorated wheat by establishing temporary export grades? Why can Canada not do the same thing which would give a better price for the wheat? The fact is that this wheat is of poorer quality with a very small percentage of sprouting. I do not think the producer should have to take 40 cents to 50 cents a bushel less.

Mr. Whelan: One reason for the delay in even making a proposal for a grade change was the testing of protein content. What the hon. member says is true according to our findings that for livestock feed, and in some cases for human consumption, it is practically as good. Its only disadvantage is that it

does not look quite as good. We are aware of the system that Australia uses for grading wheat.

WHEAT—PROPOSAL TO ESTABLISH PROTEIN PREMIUM FOR UTILITY GRADE

Hon. Alvin Hamilton (Qu'Appelle-Moose Mountain): Mr. Speaker, my question is for the Minister of Agriculture who is responsible for the Board of Grain commissioners. Would he take up with the Board of Grain commissioners the possibility of using a protein premium for this vast amount of utility wheat which weighs out just as well and is just as good for the consumers as every other type of wheat but is graded down because of the odd kernels which are sprouting? Would they consider the technique of using a premium grade based on the protein content?

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, this has been considered but in many parts of the world when you put the protein content first, that is what makes the buyer back off. We have found this because we have stressed the high quality of wheat. The protein content is generally higher than any other wheat in the world. Some of the other grain traders in the world perhaps would rather buy a lower protein wheat and then sell it in the market because they seem to be able to manage their markets in a better way and have better sales when selling a lower grade wheat. At least, that is the argument that has been presented to me.

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FISHERIES

SEALS—EFFORTS TO DEVELOP MARKET FOR PELTS IN EUROPE

Mr. William Rompkey (Grand Falls-White Bay-Labrador): Mr. Speaker, my question is for the Minister of Fisheries or for his parliamentary secretary. In view of the increase in seal quotas this year, for which the government is to be commended, in spite of the adverse publicity and opposition from groups such as Greenpeace and by Mr. Brian Davies, and in view of the fact that the price of seal pelts in Europe in particular has gone down, can the minister or the parliamentary secretary tell us about the efforts which the department will make through the industrial development branch or other branches of the department to give support to the sale of seal pelts in Europe because of the importance of this issue to fishermen in Atlantic Canada and Quebec?

Mr. Hugh A. Anderson (Parliamentary Secretary to Minister of Fisheries and the Environment): Mr. Speaker, first of all let me say that I think it is not only the minister and the government but all hon. members who should try to convince people not only in France but also in Canada and in other parts of the world, that we are dealing with a renewable resource and that the government is protecting the species from becoming extinct. The minister has no control over the actions of the French government, but I assure the hon. member that the minister will do all in his power to support the seal hunting industry in Canada and he will also do all in his power to counteract the injustice caused this industry by the tiddly-tinkers from France.

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NORTHERN AFFAIRS

HIGH COST OF FOOD—REQUEST FOR REPORT ON INVESTIGATION

Mr. J. R. Holmes (Lambton-Kent): Mr. Speaker, I have a brief question for the Minister of Indian Affairs and Northern Development. On June 17 I asked the former minister questions regarding the high cost of food in the north and I referred specifically to the deplorable situation of alcohol, which because it is subsidized, costs less than milk. Following that question the former minister, in a letter dated June 17, indicated that his department would consult the Territorial Council, native organizations and other departments of the federal government regarding this serious matter. I would like to ask the minister if these consultations have been completed and if he is now in a position to make recommendations to the House?

Hon. James Hugh Faulkner (Minister of Indian Affairs and Northern Development): I am not sure that those consultations are completed but I will check into it and report back to the hon. member.

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PUBLIC SERVICE

REPORT ON DIFFICULTIES FACING HANDICAPPED ENTERING SERVICE—REQUEST FOR TABLING OF REPORT AND EARLY ACTION

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, I have a question for the President of the Treasury Board concerning difficulties facing handicapped people within the public service and those who are handicapped and trying to enter the Public Service of Canada. The minister has in his department a very extensive report prepared by the Public Service Commission which cries out for no more reports but for some action. When will action be taken on that report?

Hon. Robert K. Andras (President of the Treasury Board): As quickly as possible, Mr. Speaker. I assure the hon. member of my definite and personal interest in this area of which, I think he knows from my involvement in my previous portfolio. I join him and others to encourage our public service to act on this.

Mr. Baker (Grenville-Carleton): Mr. Speaker, I appreciate the answer. As part of that encouragement, would the minister agree to table that report in the House of Commons so there can be some public involvement in the decisions that will be made and the action which we hope will be taken by the government in this area. Tabling might help to publicize that excellent report.

Mr. Andras: This is a good suggestion, Mr. Speaker, and I will personally give it every consideration as soon as possible.

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EXTERNAL AFFAIRS

EXPORT OF URANIUM—REQUEST FOR ASSURANCE NO CHANGE IN POSITION ON SAFEGUARDS

Miss Flora MacDonald (Kingston and the Islands): Mr. Speaker, my question is for the Secretary of State for External Affairs and it concerns his replies in the House yesterday, also contained in the transcript of the committee hearings yesterday afternoon, none of which reassured me. I would like to ask the minister if he can confirm that his position in the discussion next in Brussels with regard to the possible resumption of uranium shipments to West Germany has not changed since the position he stated in the House on April 5, as reported at page 4640 of *Hansard* when he said:

> Unless the agreements bilaterally are of the nature which prevents the transfer to other member countries within the European community, we will not sign that agreement and those supplies will be held up.

Is that still the position of the government?

● (1452)

Hon. Donald C. Jamieson (Secretary of State for External Affairs): I would like to read the statement, but having heard it from the hon. member I think I can give her the assurance that on technological transfers that is a requirement of the policy, and there has not been any change.

Miss MacDonald: Just so that we will be absolutely clear on this, the reference was to the unrestricted flow of nuclear materials, including uranium, to other countries, and the reference was to the fact that these shipments of uranium could possibly be trans-shipped to another country, France, which has not signed the non-proliferation treaty. Does it refer in that matter to a refusal to sign the agreement until that loophole has been closed?

Mr. Jamieson: Mr. Speaker, I am sure the hon. lady will appreciate that it is difficult to give a detailed and comprehensive answer. I do want to reassure her, however, to the extent that I as a layman have had the matter explained to me, that I believe we are still in the same position as was outlined in my answer at that time.

There are further technical negotiations going on at this point which I outlined recently, and so that I do not delude or give an erroneous answer to the hon. member, I would like to reserve my answer in specifics on the technical matter until tomorrow, and I will be glad to answer at that time.

URANIUM EXPORTS—REQUEST FOR STATEMENT IN POSITION ON SAFEGUARDS

Mr. Allan Lawrence (Northumberland-Durham): Mr. Speaker, I have a supplementary for the minister. Bearing what he has said in mind, I think the House and the public deserve to have a very full ministerial statement on such an important matter as this. Why can the minister not make a statement tomorrow in the normal way, if he is afraid of some of the technical terms? It is important enough that the House and the country deserve that type of thing.

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, I will be very happy to make a statement at the appropriate time, but I do not think the House or the hon. member would want me at this particular stage to reveal all the details of the negotiations which are under way because there are certain aspects which clearly are going to depend to some degree at least on our ability to reach an agreement and a consensus. I do not feel it would be appropriate for me to indicate the total decision we are taking.

I refer the hon. member to what was, after all, a good hour's discussion on this matter in the committee yesterday. It is in the record. I think I went quite far there in seeking to explain, and let me say that if the hon. member or any other interested member would wish to talk with me privately in the initial stage to determine what is the nature of the circumstances, I would be glad to do that and then subsequently to indicate fully what the conclusions are. However, I want to assure the House that there is no effort on our part in this case to move in any way which does not have the maximum possible degree of support, and if it is possible to achieve that by indicating privately what the nature of the situation is, I would be most happy to do that.

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[*Translation*]

CANADIAN BROADCASTING CORPORATION

REASON CORPORATION REFUSED TO BROADCAST CERTAIN PUBLICITY

Mr. Marcel Roy (Laval): Mr. Speaker, my question is directed to the Secretary of State.

Given the reply of the Minister of Regional Economic Expansion yesterday to the member for Montreal-Bourassa (Mr. Trudel) that the CBC had refused to broadcast publicity material whose purpose was to promote the Montreal economy and thus create employment, does the Secretary of State intend to inquire to determine the motives of such a procedure which will not surely help reduce the yearly deficit of the CBC?

Hon. John Roberts (Secretary of State): Yes, Mr. Speaker, I spoke with an official of the CBC and they indicated that the

regulations are such that a difference is made between information and promotion. This difference concerned me so I raised the question and was told that the president of the CBC will discuss the problem with the directors of the corporation.

* * *

[*English*]

MANPOWER

AREAS TO BENEFIT FROM $150 MILLION JOB-CREATION PROGRAM

Mr. Robert Muir (Cape Breton-The Sydneys): Mr. Speaker, my question is for the Minister of Employment and Immigration. In view of the changes in the Unemployment Insurance Act which I am sure the minister realizes will create more difficulties in the Atlantic provinces, can the minister give a little more information regarding the announcement made by the Prime Minister and reiterated by the Minister of Finance about the $150 million for job creation? That will be of great benefit, but I wonder if the minister would elaborate a little more as to what parts of the country that money will be going to and how much will be going to each area?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, I cannot give the specifics the hon. member is calling for because that is at the initiative of the Minister of Finance. As Minister of Employment and Immigration, I have made my representations as to the manner in which I think that money could best be utilized in conjunction with tax benefits. Whether my suggestions will be followed I do not know. It is my view that the representations I make would be heavily weighted in favour of areas of high unemployment.

Mr. Muir: Mr. Speaker, I want to thank the minister for his answer. In light of the fact that at the moment there are between 3,000 and 4,000 applicants for employment at the Cape Breton Development Corporation—one place alone on Cape Breton Island—and in view of the fact that this minister has worked underground and has gone through the rigours of mining, would he educate the Minister of Industry, Trade and Commerce and ask him not to make derogatory remarks about Cape Breton miners and their work ethics?

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HEALTH

SUGAR CONTENT OF BREAKFAST CEREALS—PROPOSED LABELLING REQUIREMENT—POSITION OF MANUFACTURERS

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, my question is for the Minister of National Health and Welfare. In August in a joint communique the Minister of National Health and Welfare and the Minister of Consumer and Corporate Affairs revealed that some of the leading breakfast cereals in the country were over half sugar. They also revealed that they had instructed the manufacturers of the cereals to indicate the percentage of sugar on the labels of their products. I would now like to ask the minister whether a reply has been received from the manufacturers and, if so, what is it?

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, I do not have an answer right now. I would prefer to have 24 hours and give one in the House tomorrow.

POSSIBILITY OF LABELLING ALL PRODUCTS WITH HIGH SUGAR CONTENT

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, in view of the fact that several government studies, such as the diet and cardiovascular study here in Canada and several studies in the United States, have recommended drastic reductions of the intake of sugar in our diets I would like to know whether the minister is considering extending this policy she has advocated regarding cereals to other foods which are heavily laden with sugar.

[*Translation*]

Hon. Monique Bégin (Minister of National Health and Welfare): It is a matter which I have not yet considered and I ask leave to reply only tomorrow.

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EXTERNAL AFFAIRS

POSSIBILITY MINISTER RECEIVED LETTER OF PROTEST FROM SENEGAL

Mr. Léonel Beaudoin (Richmond): Mr. Speaker, my question is for the Minister of External Affairs. The CBC reported last week that the Quebec premier has never received a letter which had been sent to him in May by Mr. Léopold Senghor, President of the Republic of Senegal. The CBC added that this letter is said to have been delivered to the Canadian embassy in Dakar, and the government of Senegal would have raised a strong protest because of this. Could the minister indicate whether he has indeed received a letter of protest?

[*English*]

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, I am afraid I cannot give the details on that. It is not something which has recently been brought to my attention. I will be glad to look into it and let the hon. member know. I feel quite certain, however, that if we were asked to transmit a message from one of our embassies to whoever the party was we would have done so, but I will look into it.

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HOUSE OF COMMONS

PRESENCE IN GALLERY OF PRIME MINISTER H. E. JORGENSEN OF DENMARK

Mr. Speaker: I will recognize the hon. member for Edmonton Centre to conclude the question period, but before doing so

may I ask hon. members to join with me in calling attention to the presence in our gallery of a very distinguished visitor, the Prime Minister of Denmark, the Right Hon. H. E. Jorgensen, who is visiting us here as part of a goodwill tour. We certainly wish him and his party from Denmark the best of success.

Some hon. Members: Hear, hear!

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SPORTS

COST OF HALF-TIME SHOW AT GREY CUP GAME—SUGGESTED USE OF MARCHING BAND TO REDUCE COST

Mr. Ken Hurlburt (Lethbridge): Mr. Speaker, I would like to direct my question to the Minister of State (Fitness and Amateur Sport). In light of the fact that the Edmonton Eskimos made a great contribution to national unity last Saturday—

Some hon. Members: Oh, oh!

● (1502)

Mr. Hurlburt: —and in light of the fact that constituents of mine are interested in finding out the cost of the half-time show during the Grey Cup game, would the minister confirm that those half-time festivities cost approximately $100,000?

Hon. Iona Campagnolo (Minister of State (Fitness and Amateur Sport)): No, Mr. Speaker, I will not confirm that they cost $100,000 but I will give the precise cost. The cost was $60,000, $10,000 paid by the CFL. We had an audience of seven million people on television and 70,000 people in the stadium in order to show the people of Canada the rich diversity of amateur sports that there is to share.

Mr. Hurlburt: A short supplementary question, Mr. Speaker. In light of the fact that this country is in the worst financial position of its history and in light of the fact that many marching bands were available to put on a half-time show at 10 per cent of the cost, may I ask the minister if she checked with some of the greatest marching bands in Canada who could have put on the show for one-quarter the cost?

Mrs. Campagnolo: Mr. Speaker, I certainly hope the hon. member recalls the amount of money that was put into Lethbridge for the Canada games. I think I do not have to remind him that the budget was set in the estimates last year and he had full access to the committee hearings. I believe he will have the same opportunity this year. From the letters I am getting I am sure that most Canadians feel the same way.

[Mr. Speaker.]

ROUTINE PROCEEDINGS

[*English*]

BUSINESS OF SUPPLY

PROCEDURAL REGULARITY OF LEGISLATIVE ITEMS IN ESTIMATES

Mr. Speaker: Order, please. Perhaps hon. members will recall that in March of this year I made a ruling in respect of the procedural regularity of legislative items contained in the estimates. In the course of that ruling I pointed out that in future I should like to find a regime for avoiding some of the difficulties we face when these points are argued.

In the past, we have been faced with these arguments as part of the supply bill only when the supply bill was introduced. It seemed to me at the time that this presented us with some grave difficulties in that the arguments themselves could be prepared in advance. However, there was no machinery by which defences could be prepared and, therefore, no prepared argument on both sides of the question which could be of assistance to the Chair in attempting to make a decision. In fact, in making a decision in that sort of eleventh-hour atmosphere the Chair never had any assurance that the arguments had in any way been brought to the attention of the ministers concerned. Often, ministers do not address themselves to that particular moment of our procedures and may have no way of knowing that matters had been called into question.

I extended a general invitation to the House to suggest procedures by which we might experiment to find a remedy for this difficulty. Some supplementary estimates are coming up again for finalization. I want to indicate to the House that I am not doing this in order to invite objections. I have had indications in an informal way that there is a desire to argue some of these matters. I think it is incumbent upon me to suggest to the House a procedure which I hope will be found to be a little more equitable and will at least serve as a useful experiment.

Since Friday of this week has been designated as an allotted day, a supply day, the second last in this trimester, it would seem appropriate to me that arguments on this matter ought to take place at that time. This would have the advantage of giving the Chair an opportunity to consider the arguments sometime prior to or on the last supply day, and making a decision before the introduction of a supply bill. It seems to me that I ought to make this suggestion to the House today in order to ask members who wish to take issue with any such item to please give me notice so that I can indicate it to the House by three o'clock tomorrow afternoon. This will give both sides of the House the opportunity to examine these contested items and to prepare argument on one side or the other. It will also give the Chair the advantage of prepared argument on both sides which can be considered before I try to make a ruling at the time the supply bill comes down.

I should like to indicate to the House that my purpose is simply to try to introduce some intelligence into our discussion or dispute on these matters, and avoid the obvious difficulty of

doing it in the last-minute atmosphere of the supply bill itself. On the other hand, I am not attempting to enforce a rigid regime on the House. Certainly, if after trying this method of dealing with these items there are suggestions which might improve that procedure or, on the contrary, objections to it, I would be pleased to hear them.

For the moment, I am asking the co-operation of the House in advising me by two o'clock tomorrow which items might be under dispute so that I can announce them to the House at three o'clock. It seems to me that, in fairness, I ought to hear that argument on a supply day and therefore it ought to be done on Friday, which would be the second last day and the last day prior to the day when the supply bill will be introduced.

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, I just want to make one comment with respect to this matter. As I understand the situation, there are grave doubts about dollar items in the estimates which have been placed there because the government has not followed, generally, the practice that Your Honour dealt with extensively the last time. There is a questionable practice on the part of the government. I am not arguing that it is a questionable practice, but it is questionable. The point is, it is not there because the opposition has engaged in questionable practices.

If we are going to have that kind of argument in the House, I would respectfully suggest it is inappropriate for Your Honour to use one of our allotted days for the purpose. We would be quite prepared to co-operate and argue the matter tomorrow, which would allow us to settle the matter well in advance and still leave the allotted day. There is some work involved in preparation for an allotted day, so we should not have an allotted day for discussion of the subject. I do not argue with your procedure, sir, but I am a little concerned—indeed, worried—that you should choose an allotted day to deal with a matter that involves questionable practices on the part of the government. We would be quite prepared to proceed tomorrow on the matter, which happens to be a full parliamentary day and not part of a day.

Mr. Speaker: Order, please. The difficulty about proceeding tomorrow is that no advance notice could be provided. Part of the regime which I am trying to set in motion is one which would give participants advance notice so that arguments could be prepared. One of the disadvantages we faced the last time was that some items were raised on the floor of the House and were not defended or disputed. I had no way of knowing if the minister had ever been advised that those items were going to be called into dispute. That is part of the procedure that should be clarified.

I hope the arguments will not be very lengthy and that no injustice will be done. Since the matter is related to the supply process, however, it seems appropriate that it be done on a supply day. That is why I am doing it now, instead of doing it on the final supply day which is when it would ordinarily take place. It seems to me that if I do not do anything about it, then it will use up part of the supply day, being the last supply day. Instead of that, I am using up part of the second last supply day. After we have tried this, if there are representations further to that made by the hon. member for Grenville-Carleton I shall certainly take them into account.

Hon. Allan J. MacEachen (Deputy Prime Minister): Mr. Speaker, the procedure which you have proposed is quite acceptable to us. I would say, in respect of the view expressed by the hon. member for Grenville-Carleton to the effect that the government is engaging in questionable practices, that in preparation of the supplementary estimates we have been very careful to examine the rulings made by the Chair. We have attempted to take these into account and adjust the supplementary estimates accordingly. To my knowledge, quite a number of items are brought forward by various departments as a matter of urgency which I refuse to have included in the supplementary estimates in order to conform as fully as possible with Your Honour's previous rulings. There may be a debate as to the implementation of those rulings, and if so we will attempt to defend what we believe is in conformity with them.

● (1512)

Mr. Harvie Andre (Calgary Centre): Mr. Speaker, if it is of any aid in facilitating the proceedings of the House, I am prepared to indicate now that the two votes which give us some concern in terms of being proper are 31a, under Regional Economic Expansion dealing with the Cape Breton Development Corporation, and L56a of the Department of Transport dealing with the surface transportation program. These two, we feel, contradict the judgment made by the Speaker in March when commenting on using supplementary estimates to, in fact, amend legislation.

* * *

[*Translation*]

FISHERIES AND FORESTRY

First report of Standing Committee on Fisheries and Forestry, in both official languages—Mr. Béchard.

(*Editor's Note: For text of above report, see today's Votes and Proceedings.*)

* * *

[*English*]

BUSINESS OF SUPPLY

REFERENCE OF VOTES TO COMMITTEE

Hon. Allan J. MacEachen (President of the Privy Council): Mr. Speaker, I would like, under Standing Order 59 and because of an inadvertent omission in the original reference of the supplementary estimates, to move that votes L36a and L37a relating to the Department of External Affairs for the fiscal year ending March 31, 1978, be referred to the Standing Committee on External Affairs and National Defence.

Mr. Baker (Grenville-Carleton): That is agreeable, Mr. Speaker.

Mr. Knowles (Winnipeg North Centre): Yes, Mr. Speaker; we are always ready to help the government correct its mistakes.

Mr. Speaker: That is agreed, and so ordered.

* * *

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, the following questions will be answered today: 186, 277, 285, 393, 396 and 462.

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

[*Text*]

NUMBER OF PERSONS UNDER CONTRACT TO CANADIAN DAIRY COMMISSION

Question No. 186—**Mr. McKenzie:**

1. What is the total number of persons under contract to the Canadian Dairy Commission and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Hon. E. F. Whelan (Minister of Agriculture): In so far as the Canadian Dairy Commission is concerned, the answer is: 1. None.

2. Not applicable.

CANADIAN DAIRY COMMISSION—PERSONNEL OBTAINED FROM PRIVATE EMPLOYMENT AGENCIES

Question No. 277—**Mr. McKenzie:**

1. Has the Canadian Dairy Commission obtained (a) part-time (b) full-time employees from private employment agencies in (i) British Columbia (ii) Alberta (iii) Saskatchewan (iv) Manitoba (v) Ontario (vi) Quebec (vii) New Brunswick (viii) Nova Scotia (ix) Prince Edward Island (x) Newfoundland and, if so, in each case, how many?

2. Are such employees paid from supplementary estimates and, if not, from what estimates are they paid?

3. By province, what was the (a) average hourly rate paid to employment agencies (b) average hourly rate paid to employees (c) total amount paid by the Canadian Dairy Commission in (i) 1975 (ii) 1976?

Hon. E. F. Whelan (Minister of Agriculture): In so far as the Canadian Dairy Commission is concerned, the answer is: 1. (a) (i) to (iv) nil; (v) 15; (vi) to (x) nil; (b) (i) to (x) nil.

2. Main Estimates

3. (a) (i) Ontario, $5.39; (ii) Ontario, $6.00; (b) Hourly rates paid by employment agencies to their employees are not known to the Commission. (c) (i) $10,287.; (ii) $7,880.

CANADIAN LIVESTOCK FEED BOARD—PERSONNEL OBTAINED FROM PRIVATE EMPLOYMENT AGENCIES

Question No. 285—**Mr. McKenzie:**

1. Has the Canadian Livestock Feed Board obtained (a) part-time (b) full-time employees from private employment agencies in (i) British Columbia (ii) Alberta (iii) Saskatchewan (iv) Manitoba (v) Ontario (vi) Quebec (vii) New Brunswick (viii) Nova Scotia (ix) Prince Edward Island (x) Newfoundland and, if so, in each case, how many?

2. Are such employees paid from supplementary estimates and, if not, from what estimates are they paid?

3. By province, what was the (a) average hourly rate paid to employment agencies (b) average hourly rate paid to employees (c) total amount paid by the Canadian Livestock Feed Board in (i) 1975 (ii) 1976?

Hon. E. F. Whelan (Minister of Agriculture): In so far as the Canadian Livestock Feed Board is concerned, the answer is: 1. (a) (i) to (v) nil; (vi) 17; (vii) to (x) nil; (b) (i) to (x) nil.

2. Main Estimates.

3. (a) (i) $4.78; (ii) $5.00; (b) Hourly rates paid by employment agencies to their employees are not known to the Board. (c) (i) $8,902.; (ii) $6,557.

NUMBER OF PERSONS UNDER CONTRACT TO HISTORIC SITES AND MONUMENTS BOARD OF CANADA

Question No. 393—**Mr. McKenzie:**

1. What is the total number of persons under contract to the Historic Sites and Monuments Board of Canada and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Hon. James Hugh Faulkner (Minister of Indian Affairs and Northern Development): 1. Nil.

2. Nil.

NUMBER OF PERSONS UNDER CONTRACT TO NATIONAL BATTLEFIELDS COMMISSION

Question No. 396—**Mr. McKenzie:**

1. What is the total number of persons under contract to the National Battlefields Commission and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Hon. James Hugh Faulkner (Minister of Indian Affairs and Northern Development): 1. Nil.

2. Nil.

FEDERAL EXPENDITURES IN CONSTITUENCY OF NEW WESTMINSTER

Question No. 462—**Mr. Leggatt:**

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

Hon. Robert K. Andras (President of Treasury Board): In so far as the Treasury Board Secretariat is concerned: Nil.

[*Translation*]

MOTIONS FOR PAPERS

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

[*English*]

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, I gave notice that I want to draw to your attention and the attention of the parliamentary secretary the fact that notices of motions for the production of papers Nos. 7 through to 43 have been on the order paper since last August. They go right back into last session. These papers deal with the cartel that the government helped organize among uranium producers of the world. The government has maintained there is nothing secret about what they did, yet they seem to wish to conceal the facts and continue a cover-up by not responding to these notices which have been on the order paper since last August. I hope the government will try to clear the air on this subject by at least producing, or giving an explanation why they do not produce, the papers to which I am referring.

[*Translation*]

Mr. Pinard: As a matter of fact, Mr. Speaker, I have noted that two thirds of all the notices of motions which appear on the order paper are in the name of the hon. member for York-Simcoe (Mr. Stevens). Two thirds of the notices of motions have therefore been referred to the department concerned and the hon. member will be advised of the replies as soon as we have received them from the the department.

[*English*]

Mr. Speaker: Shall the remaining notice of motions for the production of papers be allowed to stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

INCOME TAX ACT

MEASURE TO AMEND

The House resumed, from Monday, November 28, consideration in committee of Bill C-11, to amend the statute law relating to income tax and to provide other authority for the raising of funds—Mr. Chrétien—Mr. Ethier in the chair.

The Assistant Deputy Chairman: House again in committee of the whole on Bill C-11, an act to amend the statute law relating to income tax and to provide other authority for the raising of funds. When the committee rose on Monday last, clause 4 of the bill was under consideration.

On clause 4—Employment expense deduction.

Income Tax

Mr. Nystrom: Mr. Chairman, at the close of the session on Monday I was starting to make a few comments on clause 4. I had asked the Minister of Finance a couple of questions about the clause. Just to review for hon. members who might not have been here on Monday, this clause will increase the allowance that will go to workers for employment expenses from $150 to $250. In 1972 the government provided employees with a blanket deduction for expenses incurred in their work of 3 per cent of their total income from their office or their other employment up to $150, whichever was the lesser. What is happening here is that the $150 allowance is going to be increased to $250 for the subsequent taxation year.

The argument I made to the Minister of Finance on Monday was that I agreed it was a good idea for workers to get an employment allowance—we all agree on that—however, I stated that a much more equitable way of doing this would be to get away from the allowance and give workers a tax credit. If you have a tax credit, it will be redistributive. The minister said he found it a good idea, but it would be a fundamental change in our tax system. It was very significant when he said "fundamental change".

The other point I made is that a tax credit would not be something new in this country. We already have a tax credit with regard to contributions to election campaigns. If somebody contributes $100 to a political party, he does not get a $100 exemption on his income tax; he gets a tax credit. That tax credit is 75 per cent, or $75. Any member who contributes $100 to an election campaign gets back $75 regardless of his work. If this were to be made an exemption of $100, it would be worth a lot more to a member of parliament or someone making a lot of money compared to someone who does not make much money. Therefore, it would redistribute income in this country. That is the argument I made, which I hope the government will take seriously.

I can give a couple of examples of tax credits in this country. One hypothetical example is a $400 credit for a family of four. If the income is under $2,000, they receive back the $400. If the income is between $10,000 and $12,000, they only get back half, $200. If the income is over $20,000, they do not get any of it back. That is the way a tax credit works. Therefore, there is a redistribution of income when you give this benefit. A $400 exemption would be worth much more to a high income earner than a low income earner. That is why we make the argument for a tax credit.

There is another argument one can make about the increase in the employment deduction. An across-the-board deduction can be very inequitable. For example, there could be two employees both earning $15,000. They both get the same deduction. Those two employees could have totally different expenses. One employee could walk to work and get a great deal of exercise, while the other employee has to drive several miles. He has a legitimately higher expense than $250, although he receives the same benefit. Another example is one employee earning $15,000 and another earning $5,000. The employee earning $15,000 may not have very high expenses. He may walk to work and have no personal expenses whatever.

The employee earning $5,000 may have to take a bus or the subway or drive his car to work every day, which can be very expensive. In that case it is inequitable because both employees get the same deduction. The response of the government to this argument is that if we were to have all the flexibility required to have an equitable system, you would achieve your credit. I can understand the argument they are putting up. I should like to suggest to the government—I see there are no ministers in the House—

● (1522)

Mr. Drury: There are.

Mr. Nystrom: The Solicitor General is here, but he is at the back. There is another, but he is dancing around, so he is hard to see. Anyway, I am sure they do not know much about finance so I will direct my questions to the parliamentary secretary, who is much more knowledgeable. Why does not the government consider, for example, if administering a really fair system is likely to be too costly, starting with a $250 floor? I think that would cover most of the workers in the first place; their expenses would be less than $250. But there are many people whose expenses are higher than that and who are treated very unfairly by this law. I suspect this concerns a small minority of workers.

Why cannot everyone have the benefit of a $250 law and, after that, if it can be proved to the taxation people that expenses are higher, why cannot the whole amount be claimed as a legitimate expense? I think it is fair on another ground. People engaged in business in this country are allowed to deduct their legitimate business expenses. Why should there be one rule for those who are in business and another for those who are not in business? The only reason I have been given so far is the bureaucratic complexity involved in rectifying the situation. I have made my suggestion, now, to the parliamentary secretary.

While I am on my feet, I want to take advantage of the occasion of this discussion on clause 4 to call attention to something which I do not think many people realize. That is, since tax reform in Canada in 1971, the inequities in the taxation system have not decreased; they have become greater. One way of closing the gap is to take a clause like the one before us and change it so that workers and low income people are treated a little better. I want to put a few statistics on record to prove the point I am making. The figures I have in mind relate to income prior to taxes. They are taken from the thirteenth annual review of the Economic Council and show the distribution of income. The population is divided into five groups and 20 per cent of the population is in each group. In 1965, before taxes, the worst off 20 per cent of the population was receiving 4.44 per cent of the national income. In 1974, nine years later, they were getting only 4.02 per cent of the national income. So the lowest 20 per cent saw their incomes, as a percentage of national income, drop during that period.

Now I move to the other extreme, to the group which was best off. In 1965 they received 41.35 per cent of the national income. By 1974, the figure was 42.52 per cent. In other words, their share of the national income was increasing. That is before taxes. One might say the purpose of a taxation system, among other things such as collecting revenue for all our programs, is to redistribute wealth. People should pay for programs on the basis of their ability to do so. I knew that this was not the case prior to tax reform. The system was not effective in redistributing income or, at least, not as significant as we in this party think it should be in that regard. But I worked on the assumption that since tax reform in 1974 some of the loopholes had been blocked and that we had a fair taxation system.

Once again I wish to put on record some tables from the source I have just used, showing that the gap is widening. I turn to the redistribution impact of income tax in 1971 and 1974. The population is again divided into five groups. The percentage change in share resulting from income taxes in 1971 before the impact of tax reform was this: when taxes were taken into account in calculating income the lowest group, which received only 3.65 per cent of the national income, saw its share of the national income go up by 0.6 per cent. By 1974, after tax reform had been in effect for a while, their share of the percentage of the national income increased by the same figure—0.6 per cent. In other words, the percentage increase, after tax reform, was zero. So the tax bill which was brought before the House had no impact at all on lower income people in terms of giving them a greater share of the national income. I think that is very sad indeed.

Take the second group. Before tax reform, in 1971, the taxation system had raised their share of the national income from 10.6 per cent by an additional 0.9 per cent. In other words, after taxes were considered, their incomes rose by almost 1 per cent. After the tax reform changes in 1974, their percentage of the national income, following taxes, went up by 0.9 per cent, which means they were worse off after tax reform than they were before. The net change was a drop of 0.1 per cent; their income declined by one-tenth of 1 per cent.

I will analyse very quickly the third, fourth and fifth groups to see what happened. In 1971, the third group saw its share of the national income go up by 0.6 per cent. In 1974 it did not go up by as much; it went up by 0.5 per cent, a net drop of one-tenth of 1 per cent. The fourth highest group includes people receiving significantly higher incomes. In 1971 their income went up by 0.1 per cent and by 1974, after tax reform, their increase was zero. The change amounted to 0.1 per cent.

I see this as satisfactory, because after tax reform those who are at the higher end of the system should be getting less money. When one comes to the highest group, though, containing those who receive more than 40 per cent of the national income, they received 42.9 per cent of the national income in 1971, after taxes had been paid, and in 1974 their income declined by 2.7 per cent. After tax reform, however, their income dropped by only 1.9 per cent, so tax reform gave them an additional three-tenths of 1 per cent of the national income. I do not think that is right. I think the taxation system should help to redistribute income. The point I am making to the parliamentary secretary, in the absence of the minister, is that

tax reform has not redistributed income in this country as many of us believed it would.

One of the objectives of any sane parliament in 1977 is, surely, to attempt to improve the conditions of those people in this country who are poor, those who do not have enough money to buy colour television sets and new cars, paint their houses or take vacations, and the like. One way of making conditions better for them is by giving them tax breaks, and one of the ways of doing this is by amending clause 4 which is before the committee. We should make provision for a tax credit in place of the exemption which the minister has already rejected.

● (1532)

I suspect that the minister personally sympathizes with the idea of a tax credit, but that he feels the problem lies with the bureaucrats in the department who do not want to change the old, conservative way in which they have been doing things. If this is unacceptable, then my other suggestion is that we give workers with legitimately high employment expenses a tax break by way of a deduction similar to that allowed businessmen who legitimately incur high expenses. If both these suggestions involve too much bureaucratic difficulty, then why not establish a floor of, say, $250? If that is unrealistic, then perhaps it should be $300 or $200. I will leave that to the statisticians of the Department of Finance. Then workers with legitimately high expenses can be compensated. I would ask the parliamentary secretary to respond to my suggestion and tell me why this cannot be done.

May I make one other point before the parliamentary secretary replies. As a result of our research, we have found that Canada is probably the most rigid industrialized country in the world so far as not allowing workers to deduct legitimate expenses is concerned. If other countries in the European Common Market and the United States can do it, Mr. Chairman, why not us?

Mr. Lumley: Mr. Chairman, as my minister related to the hon. member the other day, the hon. member is advocating a basic structural change to the tax system. What he is saying is that our tax system is not progressive enough. Some may agree with him, and others do not totally agree. However, I am sure the hon. member will agree that there must still be a method of defining exactly what is taxable income. The employment expense deduction is a method of trying to determine what is taxable income.

The hon. member referred to the royal commission on taxation. During the arguments presented to the royal commission, the commission looked very favourably on an employment expense deduction and came to the conclusion that the most fair way to implement a deduction of that nature was to apply it on a flat-rate basis. There will always be differences of opinion as to what the base figure should be. A few years ago it was $150. It is now $250. I am sure the hon. member appreciates that we receive representations from people in all walks of life. Special categories are set up to meet individual cases. Moving expenses apply to all categories.

If I may reiterate what my minister said to the hon. member the other day, although his opinion on a more progressive tax system may be valid, I am sure he will agree that we still must have a method of defining what is taxable income, which is why we use the employment expense deduction.

Mr. Nystrom: Once again, Mr. Chairman, I understand the argument of the parliamentary secretary. In response to a question which I put to the Minister of Finance on Monday, the minister said that if we were to account for all the legitimate expenses of workers the task would be an absolute nightmare and it could not be done. I agree that it would be a bureaucratic nightmare if every worker was dealt with individually. But would the parliamentary secretary deal with my specific point about establishing a floor of, say, $250 which everyone could claim? Then if people submitted additional vouchers claiming higher expenses, they could be given a credit. I said that perhaps my figure of $250 should be $300, or more or less, but only a small number of workers would be involved and there would be more equity. I am thinking primarily of people who live in rural areas and who travel some distance to work, such as people in Newfoundland and places like that. Their expense of getting to work is higher than those who live and work in large metropolitan areas.

Mr. Lumley: Mr. Chairman, as the minister told the hon. member two days ago, it would be an administrative nightmare—in fact, virtually impossible—to have a voucher system for each individual who wants to claim an expense of this nature. I am no expert on the implementation of a system of this nature, but our officials say that it is almost impossible.

[*Translation*]

Mr. Allard: Mr. Chairman, I would also like to make a few remarks on the amendment in clause 4 of Bill C-11. There we find that a taxpayer will be allowed to ask for a deduction, not exceeding $250, equal to 3 per cent of the income from an employment or an office.

We are all aware that the cost is tremendous for any worker who has to travel to go to work. We all know that inflation has a direct bearing on people's income and that travelling by car, especially in cities where traffic is heavy, requires more highways and so on.

On March 28, I suggested to the House, through a motion under Standing Order 43, that any worker using public transport to go to work be allowed to deduct all such travelling expenses from his income tax. This would naturally have the effect of stimulating Canadian workers to use public transport.

This would allow for the deduction of expenses incurred to go to work. Obviously, if there are 50 workers who use public transport, who take the bus, there will be that many drivers off the roads. This would also save a very great quantity of energy, particularly at a time when it is a source of concern because of its high cost; thus, this would have the effect of saving energy. At the same time, there would be some savings on the many grants the government must give for the construction of roads, etc.

To that end, Mr. Chairman, I should like to move an amendment to subclause 4(1) of Bill C-11, on page 3, which reads as follows:

That subclause 4(1) of Bill C-11 be amended by striking out lines 17 and 18 on page 3 thereof and substituting the following:

"er, equal to the lesser of $400 and 3 per cent of the aggregate of"

And adding thereto:

"or a deduction is allowed for all costs incurred while travelling to and from work by wage-earners using public transportation, on submission of receipts and vouchers."

In other words, the workers who can produce evidence that they used public transportation will be entitled to deduct the expenses incurred even up to $600. I think that at present the amount is too low and, as I said a while ago, this would certainly relieve the congestion in cities and result in a saving of energy and subsidies.

● (1542)

[*English*]

Mr. Lumley: Mr. Chairman, while we understand the well-intentioned motive behind the hon. member's motion, he must realize that you cannot use the tax system to solve basic problems in respect of urban transit. Some of these problems are individually controlled—do I drive a large car, a small car, do I live close to my work, or far away from it? The final point in respect of the hon. member's suggestion is that, again, it would be a bureaucratic nightmare, involving reams of paper and vouchers, which obviously would not facilitate the easy implementation of a measure of this nature.

[*Translation*]

Mr. Allard: Mr. Chairman, this is not what I asked the Parliamentary Secretary to the Minister of Finance (Mr. Lumley). It is quite simple, it is merely a matter of producing receipts to the effect that a person has used public transport during working hours. It is somewhat the same as when someone files his income tax return and produces receipts to obtain certain deductions allowed by the act, it is as simple as that. That is all I am asking for in this amendment; that the government increase to at least $400 the expenses incurred by those who use public transport to go to work.

[*English*]

Mr. Lumley: Mr. Chairman, there is discrimination involved inasmuch as there are many people who do not have access to urban transit and would not be in a position to benefit from the hon. members' suggestion.

Mr. Orlikow: Mr. Chairman, I could not help but be struck by the comment of the parliamentary secretary in answer to questions put by my colleague, the hon. member for Yorkton-Melville, regarding business deductions. The parliamentary secretary said, as the minister has said on earlier occasions, that an attempt to get workers to account for actual expenses in order to obtain deductions would involve an administrative nightmare. I think those are the words he used. I suppose it would, as it is the workers who are concerned, but apparently it is not for—

[Mr. Allard.]

[*Translation*]

Mr. Pinard: I rise on a point of order, Mr. Chairman. I understand that you have asked hon. members to take part in the debate concerning the amendment moved by the hon. member from the Social Credit party. I am wondering whether the hon. member is dealing with the amendment or rather with a matter that has already been raised by one of his colleagues.

The Assistant Deputy Chairman: I understand that he is speaking on the amendment. The hon. member for Winnipeg North.

[*English*]

Mr. Orlikow: Mr. Chairman, I was speaking on clause 4. If you want to deal with the amendment first—

The Assistant Deputy Chairman: Order, please. I referred the hon. member to the amendment. If he wishes to discuss the clause, he may do so at a later time; but we should dispose of the amendment first.

[*Translation*]

Mr. Laprise: Mr. Chairman, I would like to give my support to the amendment of my colleague from Rimouski (Mr. Allard) and give some explanations about that amendment. I do not know whether the parliamentary secretary to the minister did understand the amendment which the hon. member for Rimouski just read out and which you read yourself immediately afterwards but I feel hon. members may not fully appreciate the purport of that amendment. The original version of the clause of the legislation before us simply proposes to increase the present exemption from $150 to $250 a year.

We found that $150 was definitely not enough and the additional $100, considering the sharp increase in the cost of gasoline, auto parts and so on, cannot offset the expenses incurred by workers who have to commute to work. My colleague from Rimouski has moved an amendment to increase the basic amount to at least $400 or 3 per cent of all expenses incurred. Therefore, Mr. Chairman, there is nothing excessive in that basic part. The amendment goes on:

or a deduction is allowed for all costs incurred while travelling to and from work by wage-earners using public transportation, on submission of receipts and vouchers.

This means that the person who prefers to use a public transit system to get to work, when such a system is available, may choose to do so and obtain the deduction of the true expenses he or she has incurred, upon submission of the necessary vouchers. It does not take a wizard to understand that. I feel that the employees of the Department of National Revenue are quite capable of holding the accounts. They have the accountants they need, and if they need more, we can supply some who can hold the accounts and check what expenses have really been incurred. In my opinion, my colleague the hon. member for Rimouski has introduced an amendment which has a lot of merit and which should deal more fairly with the Canadian workers and employees who must travel to get to work.

Mr. Pinard: Would the hon. member allow a question on the amendment?

Mr. Laprise: Yes, Mr. Chairman.

Mr. Pinard: Mr. Chairman, would the hon. member indicate whether his amendment entails an extra appropriation under Bill C-11? If so, did he obtain the Governor General's recommendation, as provided under Standing Order 62?

Mr. Laprise: Mr. Chairman, it is not for me to seek such a recommendation. If the minister accepted the amendment, it would be up to him to apply for such recommendation if required, although I am not sure it is required in the first place. There is no problem.

Mr. Pinard: Mr. Chairman, I respectfully submit that this amendment ought to be rejected because it is out of order. Since the hon. member said he does not need to apply himself for the Governor General's recommendation, I assume he recognized he was seeking an extra appropriation. And since there is no recommendation, it seems the amendment is out of order. I would ask the Chair to reject it as such.

[*English*]

Mr. Knowles (Winnipeg North Centre): Mr. Chairman, perhaps I might say a word or two on the point of order just raised by the parliamentary secretary. If I understand the amendment correctly, it does not request that more money be paid to someone. This is not a money bill of the kind to which there is attached a Governor General's recommendation. This is a tax bill. We have been over this matter scores of times. It has been ruled that an effort by means of an amendment to reduce the amount of tax payable is in order. All the hon. member is seeking to do is reduce the amount of tax payable by increasing the amount of these deductions.

[*Translation*]

The Assistant Deputy Chairman: Order, please. I do not believe we need go any further into that. The hon. member for Winnipeg North Centre (Mr. Knowles) just explained this very well, in the same terms I would have used myself. Specifically, the amendment does not seek any extra appropriation, it simply changes the tax structure. Therefore, the hon. member's amendment is valid, and we are now discussing it.

[*English*]

Mr. Stevens: Mr. Chairman, when dealing with this amendment, I hope the hon. member will correct me if I misinterpret what he has proposed. I understood he would like to have the maximum amount that may be deducted as an expense allowance raised from $250 to $400.

● (1552)

The minister spoke yesterday on this amendment, and I am very sorry he is not able to be with us today, because his colleague, the Minister of Employment and Immigration, seemed to be quite testy today because the bill was not receiving hasty passage.

I suggest the ministers get their act together. If they want legislation passed through the House, they should try to be present here. However, I will come back to that later. On Monday, the Minister of Finance, in dealing with the amendment now before us—that is, the government amendment which proposes to raise the expense allowance from $150 to $250—said that it would cost an estimated $115 million so far as federal loss of revenue is concerned. Can the parliamentary secretary give us a breakdown of that figure? How many employees are involved, and what do they assume the rate of taxation to be?

The Assistant Deputy Chairman: Order, please. I have difficulty understanding the relevance of the remarks of the hon. member for York-Simcoe to the amendment before us.

Mr. Stevens: Of course my comments are relevant, Mr. Chairman. They are relevant to clause 4. I was saying that on Monday the minister told us that the total cost of raising the tax by $100, so far as the expense allowance was concerned, was $115 million. I ask the parliamentary secretary to give us a breakdown of that figure, following which I will ask him for an estimate, based on that reasoning, of the cost of raising the exemption as suggested in our amendment from $250 to $400.

Mr. Lumley: The $115 million to which the minister referred a couple of days ago will affect approximately 6.5 million taxpayers in Canada.

Mr. Stevens: I do not have a calculator with me, Mr. Chairman. Can the parliamentary secretary tell us what he assumes will be the average tax the 6.5 million people will be paying, and the average percentage the government will be losing by raising the limit by the extra $100?

Mr. Lumley: I am sorry, Mr. Chairman, but I do not have an answer to that specific question. I will try to obtain that information.

Mr. Stevens: If they are able to calculate the cost of the increase of $100 to which I have just referred, can the parliamentary secretary give us an estimate of the cost if our colleague's amendment is carried; that is, to raise it from $250 to $400, which is a further $150?

Mr. Lumley: As the hon. member knows, that is a very complex calculation and we certainly cannot do it right now. But if the hon. member insists, we can take the time to do it and will report back the answer.

Mr. Stevens: I think it is quite relevant if we are to vote on this amendment. I think one of the important things we have to know is how much money we are talking about. I believe all of us would love to give a $1,000 exemption, but if we are to be responsible we should try to get an estimate of how much revenue we are talking about. I take it from the parliamentary secretary's response that we cannot simply multiply by 150 per cent the estimate of moving up by $100. In other words, to

move up from $150 to $250 is not to go up by 40 per cent, which it would be if we went up from $150 to $400.

Mr. Lumley: According to a rough calculation, it would be approximately $175 million in addition to the $115 million.

Mr. Stevens: I take it, then, that the parliamentary secretary is using the arithmetic of simply going up 1.5 times what was originally calculated. When the hon. member for Gatineau spoke on this subject on Monday, he stated that in Quebec the allowance was already $500. I take it he was referring to the provincial allowance. Can the parliamentary secretary tell us if that is so. Is there a $500 maximum allowance in Quebec? I would also be interested in knowing what are some typical provincial exemptions. If Quebec allows $500, does Ontario allow less than that?

The Assistant Deputy Chairman: Order, please. I have great difficulty in finding the relevance of the hon. member's questions to the amendment before us. The hon. member is referring to provincial matters, and I see no relevance to the amendment before us.

Mr. Stevens: I will explain the relevance of my remarks, Mr. Chairman. We are saying that those who work at present are entitled, before they pay income tax, to an exemption of $150. The government proposed that that amount be raised to $250. A member of the Social Credit party has said that $250 is not enough, that it should be $400. What I want to establish, first, is how much money we are talking about. The government says that $100 will cost $115 million in lost revenue. Then we were told that another $150 would likely cost approximately 150 per cent more; that is, $170 million.

The other point is that if people are already enjoying a higher expense allowance in a province such as Quebec than we are willing to give them, it is relevant to consider what the federal authorities should be doing. What I would like identified is whether the hon. member was correct when he said on Monday that the expense allowance in Quebec is $500. If it is, I think it is relevant in that the $250 appears to me to be rather low, so far as the federal government is concerned, if Quebec feels the exemption should be as high as $500. I would like to know what is the situation province by province.

Mr. Lumley: The figure with respect to Quebec is accurate, but I would like to remind the hon. member that our taxation system is entirely different. For example, Quebec does not have indexation, nor does it have deductibility for dependants.

Mr. Stevens: Did the parliamentary secretary say there is a $500 employee exemption?

Mr. Lumley: Yes, Mr. Chairman.

Mr. Stevens: Does he know, for example, what it is in Ontario?

Mr. Lumley: All provinces, with the exception of Quebec, have the same tax collection agreement with the federal government, so far as I know—but I will check it out.

[Mr. Stevens.]

Mr. Knowles (Winnipeg North Centre): I would like to ask a question about the estimate the parliamentary secretary gave us. Frankly, I think a more relevant comparison would be between what it would cost to support this amendment and some of the concessions we are making to corporations in this tax bill. But with respect to the figure of $170 million, compared with $115 million, that is obviously some arithmetical stepping up. I remind the parliamentary secretary that there is a 3 per cent ceiling, and if we do raise the maximum to $400 but leave the 3 per cent in, many workers earning $10,000 or $11,000 a year will not get the full $400. So I suggest that the cost of changing that figure from $250 to $400 is not in the same proportion as changing it from $150 to $250. In other words, I think the figure would be a lot less. But in any case, we think it is a good idea.

• (1602)

Mr. Lumley: Mr. Chairman, just a slight correction, in case the hon. member misunderstood me. It is an extra $170 million over and above the $115 million. Obviously, I am not a mathematician. This was a very fast calculation we made, but we will try to get that figure verified.

Mr. Knowles (Winnipeg North Centre): That is exactly the point. The $115 million was what the cost would be to go from $150 to $250. Now the parliamentary secretary is saying it will take another $170 million to go from $250 to $400. That is in the same proportion. That would be the case if everyone was going to get it. My point is that many workers will not get the $400 because of the 3 per cent ceiling. Therefore, the actual extra cost would be a lot less than $170 million. I hope the parliamentary secretary's nodding will get on the record.

Mr. Lumley: As I stated earlier, we have not done a precise calculation. The hon. member could very well be right. We will try to verify this figure for him at a later time.

Mr. Crosbie: Mr. Chairman, I have a question on this clause, and if we cannot get the answer I suggest we stand this clause and go on to deal with some of the others so that we can make some progress. It is not our fault that we are being delayed on this. I have a question in connection with this clause. This clause which the government is proposing is going to apply to the nine provinces which have the federal government collecting their income tax for them. Is this clause proposed without permission from the nine provinces involved, or without consultation? Quebec collects its own tax, and the taxes of the other provinces are collected by the government of Canada. This clause will cause a loss of revenue for the nine provinces whose taxes are collected by the federal government. Did the federal government seek the consent of those nine provinces for this clause, as well as for the other changes in the income tax system?

Mr. Lumley: Mr. Chairman, this is not different from any other changes in the bill or in any other previous budget. The federal government examines the system as well as individual situations. For example, the government found that the $150 deduction is totally inadequate in view of the inflation we have experienced in the past couple of years. We do not discuss every single aspect of a tax bill with every single province.

Mr. Crosbie: That is just the point I wanted to bring out. I am glad the parliamentary secretary verifies that. I am not talking about federal income tax imposed by the federal government for its own coffers; I am talking about taxes imposed by nine provincial governments to raise moneys for provincial purposes which are collected by the government of Canada as a convenient administrative method, so that we do not have 10 or 11 governments collecting income and corporate taxes. The government of Canada collects it as an administrative mechanism to avoid a complete nightmare, but then when it makes changes in its own tax—the point I am getting to—it also makes changes unilaterally for the nine provinces whose taxes it collects. That is the situation, is it not?

Mr. Lumley: Mr. Chairman, I am sure the hon. member is aware that the nine provinces voluntarily entered into tax collecting agreements with the federal government. The provinces still have the prerogative to have their own individual taxation systems over and above anything the federal government does.

Mr. Crosbie: Then that is what they will have to do.

Mr. Orlikow: Mr. Chairman, I rise to support the amendment proposed by the hon. member from the Social Credit party that the tax exemption be raised to $400, but I want to say that I am less than enthusiastic about any system which gives automatic exemptions to people. Whether it is the $150 exemption we had last year, the $250 exemption which is proposed by the government for this year, or the $400 exemption proposed by the Social Credit party, we are not taking into account all the actual expenses an employee incurs. These expenses include those incurred in getting to and from work, having to buy tools, or whatever. When the hon. member for Yorkton-Melville was suggesting changes, the parliamentary secretary repeated something the minister said a few days ago; that is, that it would be an administrative nightmare to have to get the accounting done in a more detailed way.

I am struck by the attitude of the minister and his department about the difference between how to treat working people and how to treat self-employed and business people. For the latter group we permit a host of exemptions—it would take me all day to list them—and there is very little accounting. I am going to put some of these exemptions on the record. I am sure many working people in this country will say, "By golly, we are getting an extra $100 exemption, and that is good", but the only reason they say that is that they do not know the kinds of tax breaks this country gives to self-employed and business people. I am not saying that is necessarily wrong. I am saying, however, that there ought to be the same approach to working people as there is to business people.

I suggest to the parliamentary secretary that what I am suggesting is not very radical. During the election campaign which took place prior to his election, President Carter said: "When a business executive can charge off a $55 luncheon on a tax return and truck driver can't deduct a $1.50 sandwich, then we need basic tax reform". Is the situation in Canada the same as it is in the United States? If the parliamentary secretary consults his officials I think he will find that that is precisely the case. A businessman can deduct $55 or $250 for a dinner if he has it with some of his prospective customers. The tax department will not question that at all. That would be a legitimate expense. He can take his customers to a golf club and pay the green fees, or he can buy a wedding present for the daughter of a customer or prospective customer and charge that off as business expense. He can take a business trip.

A former minister of finance, Mr. Turner, spoke to a convention of Canadian business people a couple of months ago; I think it was the Institute of Financial Analysts, although I may be wrong about the specific organization. Where were they having their convention? In Bermuda or the Bahamas, and the expenses are considered business expenses. The delegates can deduct the expense of going to that convention and they do not have to pay taxes on the cost of that trip. A doctor, lawyer or businessman can deduct the expenses for his automobile. That can be a very substantial amount of money. For example, he can deduct the expenses for gasoline, oil, automobile insurance and even for the depreciation of his car. If he has a $15,000 car, he can depreciate it in the first year at 30 per cent. For car expenses alone, a businessman can charge off expenses of between $4,000 and $5,000. If he is in the 40 per cent to 50 per cent tax bracket, as many business people are, he will pay about $2,000 less income tax. I am not saying that is wrong, but I am saying the working man does not have that opportunity. A man who can walk to work will be able to deduct the $250 which the government is proposing, but if he has to drive 50 miles each way every day he will not be able to deduct the costs involved or depreciation on his car. On the one hand, very generous treatment is given to self-employed and business people, but the treatment of working people is very tough.

● (1612)

I quoted from a speech made by President Carter on the subject of tax deductions. He proposed some very tough tax laws which are being considered by the House of Representatives and the Senate in the United States. He suggests that the government monitor very closely the kind of business expense I have spoken of—for example, the business lunch. A spokesman for the American Hotel and Motel Association is quoted in the Toronto *Star* of November 12 as saying:

> It doesn't take a lame-brain to figure out this could really hurt these people. You walk into any Washington hotel, restaurant or dining room and look around at the way people pay. You can tell they're on expense accounts.
>
> If they pass this thing, you'd be able to shoot a cannon in those restaurants and not hit anybody.

Is the situation any different in Canada? If I were to go to the Chateau Laurier, the Skyline Hotel, the Inn of the Provinces or any good restaurant in Ottawa, Toronto, Winnipeg or Montreal, I am sure the bulk of the people eating those expensive luncheons would be putting them on expense accounts, paid to a large extent by the taxpayers of this country. Meanwhile, if we pass this bill, the working man can only deduct the niggardly amount of $250 for the whole year. That is probably less than some business people can deduct in one day for business expenses.

When he spoke last week, the hon. member for Waterloo-Cambridge mentioned an analysis of this bill made by law students at Osgoode Hall in Toronto. I should like to put on record some of their observations about this particular clause which will permit employees to deduct either $250, or 3 per cent of their income. I commend these comments to the parliamentary secretary because they come from a group of people who in future will be in the business or self-employed category and will take advantage of the exemptions proposed in the bill. Referring to clause 4, the report reads:

1. This piecemeal deduction will do little to increase the disposable income of working Canadians. Assume a worker is in a 30 per cent tax bracket. If the government allows him an extra $100 per year by way of the deduction, his tax savings are $30 annually, or about $1.60 a week, with which additional consumer spending is to be done.

2. The employee expense deduction is highly inequitable. It violates both the principles of horizontal and vertical equity.

(a) Two employees who both earn $15,000 will get the same deduction even though each may be incurring for different expenses in earning that income.

(b) Vertical equity is violated since a person earning $15,000 may incur far fewer expenses than a person earning $4,000. Nonetheless, the former will be able to claim a far greater deduction than the other.

3. The employee expense deduction, present or proposed, discriminates against the working poor. A large percentage of Canadians earn under $8,000. To award these people an arbitrary sum which they are to deduct to cover their expenses is highly insulting. They are not able to claim a full deduction of $250, when perhaps incurring similar if not greater expenses than a higher salaried employee. This is so since all Canadians earning less than $8,333 are restricted to claiming 3 per cent of their income as their expense deduction. Not only has the government failed to raise the 3 per cent minimum ceiling in order to help this income class, but it has failed to realize that this mode of calculation might only be justifiable if expenses incurred were a function of earning income. However, as has been stated, many people in higher income brackets spend less in earning income than the persons in lower income groups.

4. The employee expense deduction, with or without the proposed increase, does not provide a reasonable deduction for expenses incurred when earning income. Rather, it is the product of political compromise. The government has chosen a sum arbitrarily without the aid of statistical data. It merely retreated from the compromise suggested by the authors of the Carter report, i.e. to give employees a maximum deduction of $500. However, such a figure was felt to be too generous.

5. Therefore, if required to justify the present figure of the deduction, the government should complete and publish a study of its costs and benefits which it promised to undertake long ago.

6. Ideally and practically speaking, all employees should be able to deduct the reasonable costs of earning income. Were the government so sensitive to the fact that "all Canadians face expenses of employment" (p. 19, budget supplementary papers) it would meet the problem of employee expenses head-on by eliminating the distinction between business and employment income.

That is precisely what I have suggested, Mr. Chairman. There should be no difference between expenses incurred by employees and expenses incurred by business people. It has been argued that this would make the administration and collection of taxes very difficult; in fact, the parliamentary secretary said it would be an administrative nightmare. I do not believe that the working people of Canada, those who are employees, are less entitled to expenses incurred in the course of their work than are business people and those who are self-employed. I shall support the motion of the Social Credit party, Mr. Chairman, and I should like the parliamentary secretary to tell the House why the government continues this approach to the calculation of expenses that affects working people differently from those who are self-employed or in business.

Mr. Lumley: Mr. Chairman, I cannot state specifically whether expense deductions are the same in Canada as in the United States. We think we have one of the best taxation systems in the world. Just to take one aspect of that, we have the highest threshold of income before taxes in the world. The hon. member's example was an individual making $8,333, with two dependants, who does not pay any income tax whatsoever. I am not aware of how many countries have that particular tax provision. When you talk about businesses, those expenses are restricted to legitimate expenses.

● (1622)

Some hon. Members: Oh, oh!

Mr. Lumley: If there are some allowances that are not correct, then they should be brought to the Department of National Revenue. That is exactly what National Revenue does and is there for. As far as taxation goes, only legimate expenses are to be allowed on tax forms.

Mr. Chairman, the bureaucratic nightmare which I referred to earlier is not just a question of the amount of paperwork involved; it is also a question of determining what are legitimate expenses, if you want to use his example with regard to individuals. For instance, the motion on the floor at the moment with respect to cars, does that mean the individual who drives a big, gas-consuming vehicle has a larger expense deduction than the individual who drives a smaller car and conserves energy? Does that mean the individual who buys expensive suits gets a larger expense deduction than the individual who wears Levis? If he talks about equity, Mr. Chairman, I do not see where this suggestion would solve the equitable situation that they advocate.

Mr. Orlikow: I would like to ask the parliamentary secretary a question. He says we have a very equitable tax system. Would the parliamentary secretary explain, and tell me if I am correct in my statement that a businessman, doctor, lawyer or architect can deduct a substantial percentage of the expense of running his car which he uses for business, including the cost of gas, oil, automobile insurance and depreciation on the car? If he confirms one can do that, will he explain to me why a working man living, for example, in Gimli, Manitoba, who has a job in Winnipeg, 50 miles away, and drives to and from work every day to keep his job cannot deduct a percentage of his car expenses the same way a businessman can? In the examples I have just recited, if they do not have the same rights, where is the equity?

Mr. Lumley: Not only the doctor, to which the hon. member refers, has that, but so has every salesman—anybody who has to use a car for business. The doctor or salesman cannot claim expenses travelling to and from work in that deduction: absolutely nothing for personal use.

Mr. Ritchie: Mr. Chairman, I would like to say a few words on this subject. I might say I am inclined to agree that we should look at the increase to $400 or some amount. In the United States they are having a violent argument over this so-called "one martini" lunch.

An hon. Member: A three martini lunch!

Mr. Ritchie: A three martini lunch. From what I read, it looks as if the three martini lunch is going to stay. Maybe a few other things will go—for example, stadium box seats—which will hurt the Grey Cup equivalent in the United States, or the hunting lodges. In addition, the clamp the United States put on large conventions outside the country has been a very great boon for the hotels, and so on, in that country. That is something we should think about. This is a very difficult topic to be fair about. I think there is one aspect I have not heard discussed in this House today, although I have not been here for the whole day. But it is the fact that for tradesmen there has been the problem of tools with the changeover to metric. Generally speaking, from what I have heard, a tradesman who requires tools needs somewhere between $400 to $500 to buy them.

An hon. Member: At least.

Mr. Ritchie: For instance, I was on the aeroplane the other day and an individual who is not a tradesman mentioned to me that his two daughters had two bicycles, and he could not do anything with them—

The Assistant Deputy Chairman: Order, please. Perhaps it would be helpful to the members if I reread the amendment. It is in French. We have an amendment to clause 4 which reads as follows:

[*Translation*]

That subclause 4(1) of Bill C-11 be amended by striking out lines 17 and 18 on page 3 thereof and substituting the following;

"er, equal to the lesser of $400 and 3 per cent of the aggregate of"

And by adding thereto:

"or a deduction is allowed for all costs incurred while travelling to and from work by wage-earners using public transportation, on submission of receipts and vouchers."

[*English*]

I would ask hon. members to limit their remarks to the amendment. Once we dispose of the amendment, we can return to clause 4.

Mr. Ritchie: Mr. Chairman, I was merely trying to point out to you that the $400 limit for a tradesman to buy a new set of tools to cope with the metric system, which we in our wisdom brought in and which was the worst possible thing at this time because it will increase inflation and cause expense to our working people, is certainly too little. Generally speaking, I believe within this year and the next year all tradesmen who buy their own tools are going to be required to buy them because this is the time of change. I would suggest, as has the hon. member for Winnipeg North, that it may be wise to look at this $250 or $400 and attempt to assess more carefully what the actual expenses are of individuals, so we can be fair in this regard. I did not feel it would be such an administrative nightmare as that which the parliamentary secretary has suggested.

The Assistant Deputy Chairman: The hon. member for Timiskaming.

An hon. Member: Which one?

Some hon. Members: Take the two at once.

Mr. Peters: With one of us coming from Ontario, and the other from Quebec, with exactly the same problems, we will probably make the same remarks and support the amendment which is on the order paper. Mr. Chairman, I am surprised the parliamentary secretary indicates there is some fairness in this provision. It is not fair, and everyone knows it is not fair. The doctor in the course of his duties has to drive to his office, to the hospital, he has to drive between the office and the hospital and maybe to a patient's house—although not too many doctors are making house calls these days—but they all have big cars and they all write off a portion of that expense. This is true with anybody in any particular job, except a straight worker—the guy carrying the lunch pail: he does not have the right to write anything off. We have allowed him, over the years, to get to the stage where he can write off $150. You can call it what you like—for clothes, for tools or transportation. But in the other Témiscamingue riding, and also in mine, many of the mines have closed and to get a job the guy has to drive another 40 or 50 miles. When he drives, it lessens the amount of income he receives from the wages that he earns. If it happened to anyone else in any other category except the workers, he would be allowed to write off a portion of that expense. Before I entered this House I had a job where I had a car provided to me—and you were not allowed to drive it to church.

An hon. Member: Shame!

Mr. Peters: You were not allowed to drive it for groceries. That did not bother me, because my wife had a car and she could do those things.

An hon. Member: Could she go to church for you?

Mr. Peters: Yes, she could go to church for me if she wanted. They said you had to declare. This is one of the stupid things. There was a court case at that time over the amount you had to write off. It was suggested that you had to deduct 25 per cent of your car expense for personal use. I had two cars. I drove 50,000 or 60,000 miles a year. Certainly not much of that was for pleasure. When I filed my income tax return, I deducted 10 per cent for personal use, rather than 25

per cent. There was no argument; the department does not argue about such things.

● (1632)

What about the person who has to drive 50 miles to work? Everyone says there should be a pool with four or five people riding in the car. That is fine. But what about shift work? In some places of employment the people come from eight or ten different towns. It is not possible to arrange for a carload. There is certainly no public transportation. What about the man who has to work overtime? A worker in my part of the country may have no lunch left in his lunchpail. This means someone has to drive into the community to obtain a meal for him. No allowance is made for that. If you were a businessman and owned a factory, sawmill or mine, and took the board of directors downtown and treated them to a $100 meal, plus all the booze they wanted to drink, you could write off that amount. However, the poor worker cannot write off the expense of his meal.

Your Honour will be familiar with the complicated system for railroaders. After so many miles or so many hours they were allowed to write off expenses if they lived away from home. This applied only to railroaders. It was very limited, specific and difficult to administer. There are people in northern Ontario and northern Quebec who have to travel long distances for their livelihood. They are willing to do that rather than live off welfare. However, they cannot write off anything. The minister says it would be hard to administer. Mine workers in my area travel from New Liskeard and Temagami, a distance of 45 miles. The mining company must fill out hundreds of forms a day for the government. That is one of the major complaints of industry of all types. It would be much easier if once or twice a year the company could declare, on behalf of the employee, that it is necessary for him to use private or public transportation to get to his place of employment. The Ontario government does not allow you to build a house on the edge of that mining property; you must live in one of the municipalities.

It is about time this government quit cheating the workers of this country and allowed them some of the benefits that are given to other segments of society. If the government is not willing to give these benefits to them, they should cut them off for others. If a worker goes to a restaurant on a Saturday night, he must pay $10 for a meal. That is because every meal served for the rest of the week is to someone on an expense account. Today I take you to dinner, tomorrow you take me. If we both represent business agencies, I can write off your meal and you can write off mine. The department does not even consider the free meal you got while writing off mine. The parliamentary secretary says it is fair. It is not fair. Surely he has been talking to workers in his constituency. He must know that even in the city a worker must use transportation to get to work. That is the cost of him doing business, getting to the plant to do his job in order to earn money to pay taxes to this government. If we are going to be fair, let us do it with no b.s. The parliamentary secretary is all b.s. if he thinks he can sell the idea that there is equality.

Mr. Pelletier: What is all b.s.?

Mr. Peters: You are a master of it. You have a Ph. D. in it for higher and deeper. If anyone can get elected on b.s., it is that member, because he has a Ph. D. in it. We will support the amendment of the hon. member for Rimouski to increase the $150 deduction to $400. However, even $400 is not right. The worker should be allowed the same type of exemption that others receive. It should be fair and equitable. The worker who must work five days a week should receive exactly the same benefits as the businessman whom this government favours. He should be allowed the same exemptions as the high-priced employees are allowed. They can deduct everything from gifts to their girlfriends, to southern trips to attend conventions. If the minister is going to be fair, he will allow the same benefits to the workers of Canada as are allowed to the fatcats.

Mr. Darling: Mr. Chairman, I wish to make a few comments in support of this amendment. As a representative of a rural constituency, I appreciate the comments of the hon. member for Timiskaming. A great many people in my area must drive a considerable number of miles to their employment. It is nothing out of the way to drive 40 or 50 miles. As the previous speaker mentioned, they are not allowed to deduct the expense for that. At income tax time I receive many letters from constituents asking why they cannot deduct certain expenses. The Department of National Revenue does allow certain expenses for certain types of work. The hon. member for Timiskaming mentioned one example with which Your Honour is familiar. After a certain time, railroaders are allowed certain expenses. In some instances, truckers are allowed expenses. Several construction workers contacted me. They informed me that two years ago they deducted certain expenses and these were allowed. When they did this another year, the expenses were not allowed. I feel there should be some fair way of handling it.

Those who work in rural areas and have only their car as transportation should be allowed more than the government is prepared to allow them. The amount of $400 is certainly a step in the right direction. If the parliamentary secretary recommends that this $400 should be allowed, I am sure it will be across-the-board. That will mean someone living in an apartment who walks across the street to his place of employment will receive the same benefit as the person who must drive 50 or 100 miles to work five days a week. I hope the government will consider this for these workers who, rather than go on welfare or unemployment insurance, are prepared to drive long distances to get to their jobs.

Mr. Nystrom: Mr. Chairman, I again want to say a few words on the amendment before us. How can the parliamentary secretary justify a businessman in a place like Cornwall being able to deduct his champagne and caviar while a worker

in Cornwall is not able to deduct his beer and salami sandwich?

Mr. Lumley: Mr. Chairman, I will reiterate what I said earlier. It is important that hon. members understand this. I have been on both sides of the fence; I have been a labourer and also in the business community. I do not necessarily agree with the presentation made by members opposite.

Mr. Mazankowski: You are still on both sides of the fence.

Mr. Lumley: The hon. member for Timiskaming said it all in his original remarks when he said "not for personal use." The exemptions write off only the business portion. Consequently, any expenditures made by individuals for their personal use are not written off. The allowance is restricted to genuine expenses. The royal commission on taxation studied this matter very thoroughly and concluded that the most equitable way of dealing with it was by way of a flat rate.

● (1642)

Mr. Nystrom: Suppose a businessman in Cornwall is buying the champagne and caviar and entertaining a business friend: he will consume some of that personally; he is not going to watch while his business friends eat and drink alone. If he can write off the whole bill, why cannot the working man write off the cost of his beer and salami sandwich?

Mr. Lumley: If any of those expenses are for personal benefit, there is no way in which they can be deducted.

Mr. Nystrom: It is obvious that what the parliamentary secretary is saying is not the case. When a businessman takes out four friends and buys lunch and entertainment for them, he benefits from the entertainment and consumes a portion of the lunch. He does not submit a voucher to the department for only 80 per cent of the bill on the grounds that the other 20 per cent benefited him personally. His portion is considered part of the expense. Why cannot the worker do the same? Perhaps a worker has to meet a fellow worker over a salami sandwich about something which is very important to the job, maybe a technical innovation or a proposal to exchange shifts for a legitimate purpose. The cost of the meal may not be much greater than $1.25. But why cannot a worker deduct that amount? Why is there a double standard? A lot of workers are asking me that question.

Mr. Lumley: That is exactly what the $250 deduction is intended to cover; it is intended to cover expenses such as that. The hon. member spoke of a businessman taking out his friends. He is not allowed to deduct in respect of taking out friends, only for legitimate business expenses. Legitimate business expenses are one thing, but when you take friends out you pay the bill from your own pocket.

Mr. Nystrom: The parliamentary secretary tells us the worker gets $250 allowed for these purposes. Why does the businessman not get an allowance of $250, and no more? Or, if the deduction is for legitimate business purposes, why is it not higher?

Mr. Lumley: Let us take the hon. member's case and extend it one step further. For example, union dues paid by workers go to a national union. When the officials of that union take people out to dinner for a legitimate business reason, those expenses are deductible, too, in the same way as in the case of a private company.

Mr. Nystrom: I am not talking about unions; I am talking about the ordinary worker in a plant or factory who may or may not be a member of a union. Why should not the same rules apply to him as apply to the businessman? The businessman can go into a very expensive restaurant to entertain people for business purposes—I will grant that—and he can buy a dinner for those who are with him. But his portion of that expensive dinner is also written off as a tax deduction. An ordinary worker could well be meeting associates for business purposes to discuss matters connected with his job, but he cannot write off an expense so incurred. Why is there a double standard?

Some hon. Members: Question.

[*Translation*]

Mr. Caouette (Témiscamingue): Mr. Chairman, I think it is important that the bill introduced by the member of the New Democratic Party to change the name of the riding from Témiscamingue to Réal Caouette should come into force as soon as possible if we want eventually to understand each other. It is clear, Mr. Chairman, that I give my full support to the motion proposed by my colleague, the hon. member for Rimouski (Mr. Allard). This motion is simply an act of justice towards the working people. A number of members of this House among whom my colleague the hon. member for Timiskaming (Mr. Peters), from Ontario, mentioned a moment ago that we are living in vast regions where people have to travel 25, 30, 50 miles, every morning and every evening to go to work. Commuting is neither a game nor a pleasure trip for these individuals; it is a part of their personal expenses in terms of time as well as in terms of money.

They even go as far as depriving individuals from unemployment insurance benefits because they will say they have no means of transportation to go and look for a job 25 miles from their home. If somebody agrees to that wage reduction, because they will have to spend $2, $3 or $4 for gas every day, which the Parliamentary Secretary to the Minister of Finance (Mr. Lumley) does not seem to understand, I believe it is too much and I wonder whether he really is as naive as that.

The fact remains that those people must spend much more than $250 a year to go to work. It would be simply fair to grant them $500 like the province of Quebec is doing. The hon. member for Gatineau (Mr. Clermont) said last Monday that the province of Quebec granted up to $500. He said to the Minister: "I hope the Minister of Finance, in his next budget, will consider the remarks I have just made". The Minister of Finance answered him he was always pleased to do it and he

said: "I certainly will consider as always the remarks made by my good friend, the hon. member for Gatineau". The amendment put forward today enables the Parliamentary Secretary to the Minister of Finance to consider those requests which are genuine given the expenses people incur to travel.

It is also said in the amendment that all costs incurred for public transportation in main centres could be deducted. There are young people in Montreal who have to commute by train or by bus and who spend tens of dollars every week and when I say tens of dollars, that is not much. By the end of the year, over 50 weeks, it means $500 just to go to work. Coming back to the argument which was often raised, namely, the costs incurred by a doctor who is going to work or who must go see his patients, these costs are deductible. It is true he is not travelling very frequently these days but anyway, these costs are deductible.

When the parliamentary secretary indicated earlier that we should not give this opportunity to those who have large cars, this is precisely what the government is doing now. Doctors and professionals driving big cars, even if they shortened the Cadillac, are the ones who drive around in Cadillacs while the worker has to buy a Toyota or some other American or European compact car to make both ends meet. At the same time, the same government allows the price of gas to go up in an area such as the northwestern part of Quebec where gas is as high as $1.10 a gallon; once again this hits the small worker who must travel 15, 20, 25 miles every day to go to work. All that because of bad government administration.

So what we are asking for today—and I think it is quite logical—is to give for once a chance to the worker, to reduce this increase in expenses, this reduction in salary, because when you spend $20 a week on gas, repairs on your car, whether you like it or not, this results in a direct reduction of your salary.

In concluding, I will say that unemployment insurance penalizes those who cannot accept work 20 or 25 miles from home because this is not profitable to them, because in many cases what would the guy earn staying at home? He would earn $140 a week staying at home. If he goes to work for $140, plus $20 or $25 of travelling expenses, then he reduces his salary and because he refuses the UIC penalizes him, when the other guy in spite of all is willing to go and work even for that reduced salary. This amendment is intended precisely to bring relief to those people who pay, who are willing to go to work. Some professionals go to work knowing that their expenses are deductible but the worker still goes to work knowing that his expenses are not deductible. That is precisely the adjustment sought in the amendment proposed by the hon. member for Rimouski (Mr. Allard).

● (1652)

Mr. La Salle: Mr. Chairman, I wish to make a few comments on this amendment which, I think, is very important. Some of my colleagues on this side of the House expressed their intention to support this amendment. I think they are only seeking the justice that we have always wanted for workers in general. The parliamentary secretary to the minister will certainly reflect on the remarks made regarding this justice required for workers.

[Mr. Caouette (Témiscamingue).]

I am not one of those wishing that the minister reconsiders the benefits granted to businessmen as it might often be difficult to compare businessmen's responsibilities with those of workers. It is certainly not difficult to feel responsible concerning the needs of workers. I think we must give them a minimum of benefits. Obviously for those who must go to work outside, it is not always a matter of choice. Of course you will tell me that they should find a job close to home. We know very well that it is not always easy to find a job in one's own community these days.

So I think we should give some benefits on that respect to those who succeed in finding a job. And again when we talk about $400 I do not think it is excessive as we know perfectly well that in some cases their travel and employment expenses largely exceed $400.

I think that the hon. member for Témiscamingue (Mr. Caouette) pointed out that this measure would encourage those who often would prefer drawing unemployment insurance rather than accept a $150 job when they know full well that they will lose money if they accept it. God knows if we have problems! The industry and businessmen have problems with unemployment insurance. However, we recognize their usefulness. We also recognize that they cause many difficulties to those looking for employees. Today, through an amendment which is commendable and which we shall support without hesitation, we are trying to offer a compensation that would be, at the same time, a work incentive.

I could perhaps ask: What about when the officials of the minister, for instance, must travel on official business, and I imagine they often have to do so. They probably have such advantages or tax deductions. In view of the present circumstances, why should the workers not be entitled to those same advantages? I hope that our friends opposite understand the importance of this. I think it is important to note that it was judged appropriate for members of parliament to be entitled to deduct certain expenses in view of their obligations. In my opinion, it would be difficult to justify our position to the workers if we refused this deduction of $400 when I am convinced that everyone is well aware of the deductions allowed in the case of members of this House, which are certainly quite justified. How then could we refuse to support this amendment which, in my opinion, corresponds—

Mr. Breau: Mr. Chairman, I wonder if the hon. member would allow a question.

Mr. La Salle: Yes, Mr. Chairman, if it is an intelligent question.

Mr. Breau: Mr. Chairman, in spite of the arrogance of the hon. member who suggests that my question could perhaps not be an intelligent one, I would like to ask him if he could, intelligently, explain to the House how this amendment would be an incentive to work because, in fact, I cannot understand how increasing a deduction from $250 to $400 can be a

determining factor in motivating someone to go to work. Then could he explain to the committee, if this is the basis of the stance taken by his party, how this amendment could motivate people to work?

Mr. La Salle: Mr. Chairman, I was just saying that in many cases, for instance, the worker has to look for work outside and given the amount of his unemployment insurance benefits and the fact that he is unable to benefit from this $400 deduction on additional expenses that he must incur to go to work, he would normally react by saying: I am better off collecting my unemployment insurance benefits than going out finding work for a total pay that is nearly equal to these supplementary expenses. It is true that often he will earn even less than his unemployment insurance benefits provide him with. We have here a possibility of increasing this expenses deduction and I think that this way we could at least give him some motivation since he would be assured to get the same benefits he is getting from unemployment insurance thanks to the protection provided by this amendment.

Mr. Cyr: Mr. Chairman, before proceeding to the vote on this amendment put forward by the hon. member for Rimouski (Mr. Allard) I would like to ask a question of the Parliamentary Secretary to the Minister of Finance (Mr. Lumley). I would like to know if he has received representations from the labour unions in Canada to the effect that this amount, raised from $150 to $200, was insufficient?

[*English*]

Mr. Lumley: Mr. Chairman, we continually receive representations from workers from all sectors of Canadian society with respect to this particular tax deduction. This is one of the reasons the amount was increased from $150 to $250.

The Deputy Chairman: Is the House ready for the question?

Some hon. Members: Question.

● (1702)

The Deputy Chairman: All those in favour of the amendment will please say yea.

Some hon. Members: Yea.

The Deputy Chairman: All those opposed will please say nay.

Some hon. Members: Nay.

The Deputy Chairman: In my opinion the nays have it.

Amendment (Mr. Allard) negatived: Yeas, 24; nays, 33.

The Deputy Chairman: The question is now on clause 4.

Mr. Stevens: Mr. Chairman, in dealing with clause 4, I wonder whether the parliamentary secretary would indicate the rationale for the increase from $150 to $250 in the expense allowance? This appears simply to be an adjustment for inflation from the commencement of the $150 employee deduction and today. Is that correct?

Mr. Lumley: Mr. Chairman, it involves a little more than just an allowance for inflation. It is basically a response to the number of representations we have had from a number of sectors throughout the country.

Mr. Stevens: Mr. Chairman, I would like the parliamentary secretary to be a little more specific than that. What has the inflation level been since 1971? My recollection is that the increase has been 61.4 per cent, and what we have in this increase before us is 66 per cent. Therefore, I would think this basically is an allowance for inflation.

Mr. Lumley: Mr. Chairman, I have not the figures before me, but using the hon. member's percentages, this increase is greater than the inflation rate increase which he quoted.

Mr. Stevens: The point I want to make is that the government is grossly unfair in what it is doing here. It is simply allowing retroactively for inflation in this proposal but is allowing nothing for the future. This means that if inflation continues as it has in the past—that is, 8.8 per cent in the last 12 months—and the Minister of Finance has indicated he thinks it will be at least 6 per cent next year, the $250 allowance will steadily decrease in buying power and somebody will have to come forward and amend this legislation again. If the government wishes to allow some meaningful increase in this expense allowance, why does it not agree to at least a compromise figure? If it thinks $400 is too high, will it allow something like $350? This would not tax the treasury too much but, on the other hand, it would give the workers some assurance that they are getting a little better deal than simply catching up with inflation.

Mr. Lumley: Mr. Chairman, if the hon. member will look at other clauses, he will see there are many substantial tax cuts for Canadians across the country.

Mr. Stevens: Mr. Chairman, we are constantly being interrupted by people suggesting we are not speaking to this clause. I want to expedite the passage of this bill, but here we have the parliamentary secretary referring to other clauses.

Mr. Lumley: Mr. Chairman, the hon. member is very touchy. I did not insinuate that he was slowing down the passage of this clause, which obviously is true on the basis of what has taken place today. What I said was that if he looks at all the clauses of this bill, he will see there are many tax cuts for Canadians all across the country.

Mr. Stevens: Let me direct the parliamentary secretary to some comments by his minister on Monday in response to the hon. member for Gatineau who said, very frankly, that he felt $250 was too low. The minister gave every indication he would consider an increase. Can the parliamentary secretary tell us, as a matter of policy, whether his department is willing to increase the level from $250, an increase which was certainly requested by the hon. member for Gatineau and supported by

hon. members on this side, as demonstrated by the recent vote on the amendment?

Mr. Lumley: Mr. Chairman, as my minister stated to the hon. member for Gatineau, he is very sympathetic to any kind of representation for assistance to individuals in this country. However, in respect of this particular clause I have difficulty understanding the hon. member's position. During the second reading debate we heard the opposition refer again and again to government restraint, yet now we hear the finance critic of the opposition suggesting we should spend another $175 million. I have some difficulty in reconciling his points of view.

Mr. Stevens: Mr. Chairman, perhaps the parliamentary secretary has his terms a little twisted. There is no spending involved in what we are proposing. It may result in a loss of revenue, that is quite correct, but if the parliamentary secretary has been following our remarks he will know we have consistently been asking for meaningful personal income tax cuts. One way in which the government could make a meaningful personal income tax cut is by increasing this expense allowance. What we are saying is that it is not good enough to simply increase the amount to compensate for the inflation this government has allowed to exist in this country; therefore, the increase should be something over $250 to be meaningful. I have been trying to find out from the parliamentary secretary whether he has had any instruction from his minister in respect of a meaningful increase of $300, $350 or $400, and instead we have been getting a lot of rhetoric.

Mr. Lumley: With all due respect, Mr. Chairman, I would suggest that $150 million is very respectable. If one considers, in addition, the $500 million in tax cuts in 1977-78 and $1.2 billion in 1978-79, he will realize that these are also reasonable figures.

Mr. Orlikow: Mr. Chairman, let me come back to the so-called equity about which the parliamentary secretary talks; that is, the equity between wage and salary earners as opposed to business people and the self-employed. The hon. member suggested that business suggested that business people could only deduct expenses incurred in doing business to earn income. Let me give two illustrations of the different treatment. The parliamentary secretary talks about a salesman incurring expenses in making his sales. I am sure there must be salesmen based in Cornwall who have territories running from Cornwall to Ottawa. Such a salesman would make his calls between his home base and Ottawa in order to make sales to earn an income. In such case he can deduct his expenses for gas and oil for his car, but not similar expenses for pleasure driving on the weekend. He can certainly deduct expenses incurred in driving from Cornwall to those places on his way to Ottawa.

● (1712)

I presume that if he has to stay overnight in Ottawa in order to see customers the next day, he could deduct those expenses. In comparison with that illustration of the salesman, let us consider the construction worker in Cornwall. There is no construction going on in Cornwall, but he was able to get a job on one of the buildings which the government of Canada is erecting in Hull.

Mr. Baker (Grenville-Carleton): Under the rules now, he could not.

Mr. Orlikow: Let us assume for a moment that he could. In order to earn his living, he has to drive four days a week from Cornwall to Hull. If he drives every day from Cornwall to Hull and returns, why can he not deduct his expenses for the operation of his car which he must drive in order to earn his wages? If he decides it is too far to drive, and finds a place to stay for four nights a week in order to do his work, why can he not deduct the expense of lodgings in order to keep the job? I am not suggesting there is anything wrong with the salesman who makes deductions from his income tax for the expenses he incurs as a salesman, but I am asking the parliamentary secretary why the construction worker who lives in Cornwall is not entitled to the same treatment as the salesman.

Mr. Lumley: I do not know how many times I have had to repeat the same thing this afternoon. Let me reiterate: The Income Tax Act has never allowed expenses for personal use. They are restricted to legitimate expenses, regardless of the employment of the individual.

Mr. Orlikow: I would like the parliamentary secretary to explain to me why the Income Tax Act proposed by this government and voted and supported by this parliament which has a majority of members from his party, the Liberal party, does not allow such deductions. Where is the rationale behind the sections in the Income Tax Act which permit a businessman, such as the salesman in my illustration, to deduct his expenses, but not a construction worker? I am not saying the construction worker's expenses are not legitimate. I am talking about the legitimate expenses of the worker in Cornwall who has to drive to work to another city or has to stay overnight or stay a few nights in another city to earn his living. Why does the Income Tax Act not permit him to make the same kind of deduction, using the same principle applied to the salesman?

The Deputy Chairman: Is the House ready for the question?

Mr. Stevens: I would like to have the response of the parliamentary secretary to certain concerns that have been expressed by municipal officials in Ontario and possibly other areas in Canada who have written to the minister drawing his attention to resolutions which they have passed at their respective council meetings asking that the $150 which is now the employee exemption be raised to $250, if the government has its wish, be clearly applied to them, without any suggestion that they are not entitled to that allowance because of other provisions of the Income Tax Act.

Can the parliamentary secretary tell us what the government's response is to that request, which seems to be a very legitimate request in that those who are on the councils of these various municipalities feel their remuneration is extremely low and they have certain expenses going to and from

meetings, and yet are not given the unqualified employee allowance that most people have? I ask this of the parliamentary secretary, bearing in mind that it is the same taxpayer in the country, whether he is paying through the federal treasury or the municipality. It seems too bad that this exemption cannot apply to them.

Mr. Lumley: I am not aware of the representations mentioned by the hon. member, but if I recall my days in municipal government, as do other hon. members, perhaps, one-third of my remuneration as a municipal elected official was tax-free, or deemed to be expenses.

Mr. Stevens: The minister responded to these representations. I have a copy of a letter of October 26. This is one of the obvious difficulties we have in trying to deal with the various clauses of the bill when the minister is not here. In a two-page letter the minister explained certain views that he believes are pertinent to the subject. I wanted to be updated on the matter. I would like to know whether further thought has been given by the department to making it clear that the $250, notwithstanding the one-third which is deemed to be an expense allowance, be clearly applicable to council representatives who, after all, are being paid for by the same taxpayers as are contributing to the federal treasury. I take it from the parliamentary secretary's response that no further consideration has been given to this matter.

Mr. Lumley: Not to my knowledge, Mr. Chairman.

Mr. Peters: I am interested in the phrase which the parliamentary secretary keeps repeating, namely, "personal use". People who have to get up early to drive 45 miles to work are not applying for exemption for personal use. It is not their personal inclination to incur these expenses. They are for the purpose of getting to work, which is part of their job. They cannot get there without driving. I do not think that should be considered as personal use.

The hon. member for Winnipeg North spoke about a worker's job involving living away from home. I would like to recount a case to the parliamentary secretary of a diamond drilling company in the north, where distances are considerable. The diamond drillers go out into the bush and have to stay there for two or three weeks. They can either look after themselves in the bush, or the boss looks after them. If the boss looks after them, that is considered company business and the company can write off the cost of meals and other expenses. There is a set amount for room and board which may be deducted, which they have to pay anyway because there is no alternative. If the company did not provide that, they would have to find lodgings in a tent, sleep in a sleeping-bag and cook their own grub, all of which is not considered as a legitimate expense.

It seems to me that the parliamentary secretary speaks with tongue in cheek, as do some other members on his side of the House who have spoken this afternoon and who represent large ridings and have some of the problems that we know about. They believe that anything over $250 would be of disadvantage to them—they would not know what to do with such a saving, so they cannot support it.

● (1722)

In line with something mentioned by the hon. member for York-Simcoe, I would like to ask the parliamentary secretary whether the government has given any thought to the game it appears to be playing with the workers of this country. Farm boys will understand this. The government occasionally sets the screw on the separator and allows the workers of the country to get a little more cream than skim milk. But frankly, as I see it, this exemption is for the business community and the white-collar workers as opposed to blue-collar workers. Blue-collar workers are still getting skim milk.

Is there any consideration being given to indexing? If the kind of adjustment referred to by the hon. member for York-Simcoe is to be made, perhaps it should be made on an indexed basis. Perhaps adjustments should be made quarterly. That would certainly make things difficult for civil servants who are playing around with computers, but it would make things fair and equitable. The minister's officials do not know anything about work. They do not know anything about jobs. They do not know anything except the city of Ottawa where there is no unemployment.

They will likely be in Ottawa until they are old men and retire with very good pensions. They do not have to drive to work except by choice. Some may live in Manotick, but that is because they want to. The people I am talking about do not have a choice. They drive to work out of absolute necessity. Getting to work is part of the job. Nobody wants to do that on his own time. Most of the workers in this country will be surprised to learn that driving to work at temperatures of 40 below zero on slippery unplowed highways in cold cars is for their own personal advantage. Some of the people of my area will be very surprised. I do not expect civil servants to understand, but some of us who represent workers should understand. Is it not time we represented the people we are supposed to represent, in order that they get some equity?

If a person has to buy a car, pay for public transportation, or make large expenditures to get to work—or to stay at work because it is not economic to drive home—is that not in the interests of the nation? Some people have to do that. In my area it is absolutely necessary to make these large expenditures, because if people do not do so, they will be unemployed. Many hon. members here do not live in metropolitan areas. The hon. member across from me lives in a remote part of British Columbia. He could tell us that some of the people he has worked with and some of the people he has employed have to take boats to get to work, let alone just driving cars. If they do not, they have to sleep in the mill. Perhaps they are paid for that. But I am not talking about people who are given those allowances. If they are, that is fine. I want people to be able to write off some of these costs when they are not paid for them. Hon. members know that this provision is just a sop. The government has just tightened the cream screw a little bit, and some of the people we represent get skim milk.

I do not represent very many fatcats. Civil servants are fatcats, but most of them live in Ottawa or Hull. They certainly do not live in Timiskaming. They have not thought of doing anything about the 25 per cent unemployment in my area. The government moved a Liberal from a riding south of mine into the cabinet. The people in his riding do not have the problems of the people in my riding, but they have been stupid enough to vote Liberal for a long time, and they will probably continue to do so. I represent workers, and many of them are disadvantaged because of distance. Every time they go into a restaurant they find fatcats sitting around buying meals for each other. They are fatcats, whether they be civil servants or salesmen from some company.

I once went to an eating place in Ottawa. I saw a man there who was a salesman employed by Simpsons at the time. I knew he was not too well off, because I had had some dealings with him. I did not really think he could afford to eat there. When I saw the menu, I did not think I could either. I thought it was a very expensive place. I told him I thought it was an expensive place for him to be eating at. He pointed out that his supplier was buying. His supplier took all the salesmen in his department to that restaurant. The supplier did not sell to the salesmen. Not one of them was buying a thing from the supplier's company. They were being taken out for good will. I had to pay for my meal. That was why I was asking those questions. Most members of parliament have to buy their own meals, unless they have some outside interest.

An hon. Member: I thought I saw you at the Chateau.

Mr. Peters: The only time I go to the Chateau is when somebody invites me for dinner.

Some hon. Members: Oh, oh!

Mr. Peters: In most cases I am invited by a manufacturing association, a mining association or any of a number of other agencies. In each case the expense is written off, and I pay part of it. So does the hon. member opposite, and he does not eat the meal. We all pay for that, and we all know that. That is what I am complaining about. If it is good for the fatcats, it is good for everyone.

I remember, 20 years ago, members from rural ridings asking for some relief for workers so that they could pay for lodgings which were necessary if they were to get jobs. I remember hon. members—and I was one of them—fighting for allowances for tools and other benefits for workers. We thought we were lucky when workers did get benefits. The deduction went to $150. Now, in its generosity, the government is going to make it $250. Under no circumstances can the parliamentary secretary stand before his peers in this House and say that that is equitable. It is a sop; it has nothing to do with fairness or equality.

We will continue to have this problem under this government. All we are pleading for is equality. If a company says a man has to drive to work or he cannot get a job, then that man should be given a certificate. We do not give certificates to company officials; they are just given charge cards and everyone assumes they are company employees. The manager of a company can give a charge card to his wife and she can take the ladies out to dinner and write off the cost. Many women do that. Perhaps they might invite a gentleman on occasion. Let the company make a declaration that a worker incurs certain expenses in the course of his work. We would certainly support that.

• (1732)

Why does the parliamentary secretary stand up and say it is equitable? It is dishonest, and everyone knows it is not equitable. We are cheating those who work and who cannot write off expenses. If the minister says again that it is equitable, I would like him to tell me how expense accounts in this country are checked. Many abuses in this country which are normal procedure in the business community are just not allowed in the United States. It would not hurt to allow workers in this country to write off the expenses incurred in the course of their employment, any more than it hurts to allow the business community to write off legitimate expenses incurred in the course of business. Of course the business community has abused their exemptions on many occasions, but I do not think we would encounter the same abuse by the workers. This $250 allowance will be of assistance to the workers, but in no way should we call it equity.

Mr. Lumley: Mr. Chairman, if the hon. member and his colleagues are talking about the elimination of abuses in terms of expenses, we on this side are 100 per cent in agreement. He referred to cases of tax evasion, and I hope he has reported them to the Minister of National Revenue who will take very prompt action to investigate them. Like many members on both sides of this House, I represent the public servants whom the hon. member calls non-workers and claims they do not have the same problems as people in his riding. I can assure you, Mr. Chairman, that a lot of us take exception to that. Public servants have the problems the hon. member alludes to. Because of the decentralization program this government has undertaken, a lot of public servants do not live in strictly urban centres but are scattered from coast to coast.

Mr. Jones: Mr. Chairman, every time the Income Tax Act comes before the House I get so ugly, so temperamental, because I have seen so many people whipped by this act. I really mean "whipped." Reference was made today to municipal officials. Certainly they get one-third, but there is nothing in this legislation to say they are entitled to it. I say it should be contained in the legislation and not authorized by a letter from the Minister of National Revenue or from a district taxation office. That exemption should be included in the bill.

I do not know how many members are lawyers, accountants or businessmen, but I know that very few can interpret this bill. It is beyond interpretation, Mr. Chairman. It is the craziest, most stupid, ridiculous piece of ambiguity and verbosity to appear in the Statutes of Canada.

Some hon. Members: Hear, hear!

Mr. Jones: The minister, his parliamentary secretary and all members of cabinet have a responsibility to the people of Canada in presenting this legislation. The bill is not honest. Neither businessmen nor the man on the street can understand it. Lawyers, judges and even accountants cannot understand it. The people who write it do not understand it and cannot give the parliamentary secretary the answers he needs today. Perhaps he cannot interpret their language. Mr. Chairman, the Income Tax Act should be abolished and a 10-page or 15-page act substituted so that everybody in this House would know what they were voting on, and so that the ordinary man in the street could understand it. We sit here year after year trying to interpret something that cannot be interpreted.

The people of Canada have criticized the Income Tax Act in their homes and on the street. When they consult an accountant, he tells them one thing and then a lawyer tells them something else. Even the so-called experts in the department tell them different things. Eventually, when the matter comes before the courts, there is another interpretation. This is a serious business, Mr. Chairman. We should not be applying band-aid amendments to the Income Tax Act year after year. We should do away with it and start over again with an act more appropriate for our country and one that the man on the street could understand. Any piece of legislation that is as ridiculous, ambiguous and as stupid as this does not deserve to be debated. Every member should vote against it so that we get rid of it. Band-aid improvements are no good; they mean nothing.

The Deputy Chairman: Shall clause 4 carry?

Some hon. Members: On division.

Clause agreed to.

On clause 5—*Royalties, etc., to be included in income.*

Mr. Stevens: Mr. Chairman, I wonder if the parliamentary secretary could indicate to the House why this clause is retroactive to May 6, 1974.

Mr. Lumley: Mr. Chairman, as the hon. member knows, when a company enters into a joint venture with the Crown corporation in resource development, the present rules technically forbid the company from avoiding not only any royalties paid to the government or the government agency but also in share profits within the Crown corporation. The purpose of the amendment is to rectify that situation, because it certainly was not intended to separate the profit side from the royalty side. The amendment provides that payments made to a government pursuant to an obligation imposed by statute, as opposed to a contractual obligation such as the royalty legislation of a province, would be disallowed as a deduction. It is an endeavour to facilitate joint action between Crown corporations, government and the private sector.

Mr. Stevens: I wonder if the parliamentary secretary could tell the House the significance of the date May 6, 1974?

Mr. Lumley: Mr. Chairman, if I am not mistaken, this amendment just clarifies actions taken at that time with respect to royalties.

Mr. Stevens: Could the parliamentary secretary be more specific? What action was taken, and with whom, on May 6, 1974, that would be clarified by this amendment?

Mr. Lumley: Basically, it was with respect to the non-deductibility of royalties, Mr. Chairman.

Mr. Stevens: Could the parliamentary secretary be more specific? What arose on May 6, 1974, that we are referring to on this section? I should like a little more than "basically it is with respect to the non-deductibility of royalties", or some such answer. Specifically, what are we trying to achieve?

Mr. Lumley: Mr. Chairman, I am sure the hon. member knows the answer to the question before he puts it. I would refer him to the budget of May 6, 1974, where he can see the details with respect to the royalties.

Mr. Stevens: I do not want to delay passage of this clause, Mr. Chairman, but I notice it relates also to page 18 where we find a further reference to the same type of thing. I wonder if we could pass this clause, and by the time we get to page 18 perhaps the minister or the parliamentary secretary will be able to give a more complete explanation of what is covered in this subsection.

● (1742)

Mr. Lumley: This amendment, as well as the one similar to paragraph 18(1), if I am not mistaken, subclause 11 makes it clear the rules governing oil and gas and mineral royalties do not apply to other payments made to governments or Crown corporations.

Clause agreed to.

On clause 6—*Exchanges of property.*

Mr. Lumley: Mr. Chairman, we have an amendment to move to clause 6. This amendment is required to the French version of clause 6, paragraph 9, paragraph (13)(21) of the act which defines "total depreciation" allowed. This amendment corrects a translation error in the definition.

The Deputy Chairman: Mr. Lumley moves:

That subclause 6(9) of the French version of Bill C-11 be amended by striking out lines 31 and 32 on page 8 thereof and substituting the following:

[*Translation*]

"of all amounts deducted by the taxpayer and allowed to him in respect of property of that class under"

[*English*]

Amendment (Mr. Lumley) agreed to.

Mr. Crosbie: Mr. Chairman, I wanted to speak with particular reference to clause 5 and the amendment. There are so many subclauses in this bill that it is pretty hard to keep track of them, but it implements paragraph 20 of the income tax

motion which provides that for the 1977 and subsequent taxation years, a grant received under the Canadian home insulation program be included in the income of the recipient, or in the case of a married individual residing with his spouse and the income of the spouse is a higher income—in other words, this section deals with the so-called home insulation program that is in effect in six provinces of Canada—New Brunswick, Newfoundland, Ontario, Manitoba, Saskatchewan and British Columbia. Those are the six provinces that accepted the home insulation program of the government of Canada which was announced with such great pride by the Minister of Energy, Mines and Resources on June 27, 1977. That program, Mr. Chairman, is discriminatory.

I believe this is the first time, that I know of, that a piece of legislation has been passed by this House which discriminates and attacks residents of six of the provinces of Canada, grants a benefit to the residents of two provinces of the country and does nothing for or against with respect to the citizens of two other provinces. The province of Alberta and the province of Quebec—quite properly, in my opinion—refused to enter into the so-called home insulation program of the government of Canada. They said they were not going to submit to certain conditions the government laid down for that program. Six provinces did enter the program. Two provinces, Nova Scotia and Prince Edward Island, already have a special home insulation program offered to them by the government of Canada, which differs substantially from the program offered to citizens who live in the rest of Canada.

The program I am talking about is the one implemented in provinces other than Nova Scotia and Prince Edward Island, in other words, the non-Liberal government provinces. It offers a program less than is offered in Prince Edward Island and Nova Scotia. Not only does the program offer less, but this legislation is to ratify the decision of the government of Canada that taxpayers who take advantage of this program in the six provinces I have mentioned have the amount added to their taxable incomes, while people in Nova Scotia and Prince Edward Island who take advantage of the program do not have one cent added to their taxable income from the grant.

Taxpayers that hon. members of this House represent—there are representatives here from all provinces, Ontario, Newfoundland, New Brunswick, Saskatchewan, British Columbia and Manitoba are also represented in cabinet, and they are permitting their people who take advantage of the home insulation grant program of the government in those provinces to be taxed on the amount of the grant they receive. I am delighted that they do not have it added to their taxable income in Nova Scotia and Prince Edward Island, but I say that is a benefit that should be made available to everyone who lives in Canada and takes advantage of the program, not just those who live in Nova Scotia and Prince Edward Island.

The program commenced on September 1, 1977, for six provinces—not Nova Scotia and Prince Edward Island—only if the provinces agreed to certain conditions. They had to agree to adopt and implement new building codes, change the speed limit on their highways, remove the sales tax on insulation materials, and prohibit the bulk metering of electricity—if their residents were to be allowed to enter into this program and have the advantage of it from the government of Canada. Two provinces, Alberta and Quebec, refused to be bullied and refused to have conditions laid down to them. They refused to participate. I say we have to thank the government of those provinces for demonstrating that they were not going to be coerced by the federal government in this respect.

Some hon. Members: Hear, hear!

Mr. Crosbie: The program is in effect in six provinces. Let us compare the program in those six provinces with the program in effect in Nova Scotia and Prince Edward Island. In the six provinces I have mentioned—where the program is not very popular; there have been very few applications—the subsidy is available in the first year only for houses built before 1941, if you live in Manitoba and Newfoundland and certain other areas, and if your house was built before 1921 in Ontario and certain other areas. That is further discrimination. But if you live in Nova Scotia or Prince Edward Island, you are eligible no matter when your house was built. That is another aspect of discrimination. I do not know whether this bill is even constitutional. If we had any kind of a constitution, you could go to the courts and have it thrown out on the ground of rank, base discrimination.

Some hon. Members: Hear, hear!

Mr. Crosbie: If you live in Ontario, you have to have a pretty old house, it has to be 56 years old to take advantage of this insulation grant. Imagine, in northern Ontario, where it is colder than Nova Scotia and Prince Edward Island, you have to have a house that is 56 years old before you are eligible for the grant! If you live in an old house, say a 150-year old house, and it might be pretty rickety by now, you apply and you receive a grant of $350. It is then added to your income and you are taxed on it. However, if you live in Nova Scotia in a house built last year or this year, brand, spanking new, well insulated, it does not matter when it was built, you receive a grant. Incidentally, the grant down there is up to $500, which is more than if you live in northern Ontario, and it is not added to your income.

Why is that? Should not the residents of Saskatchewan, Manitoba, Ontario, Newfoundland and New Brunswick, Alberta and Quebec and the other provinces be upset about this? I do not know whether they are upset or not. The ones in Newfoundland that I have talked to are upset. I say that the duty of this House is to defeat this clause. This clause should not pass this House. There is no way I am going to vote for it. I do not care what the rest of my colleagues on this side do. However, I feel sure they are all going to vote against it. I am voting against it. I am not voting for something that is going to see people taxed more in the six provinces I have mentioned than they are going to be taxed in two other provinces. Not on your life!

The first discrimination is the age of the house. If you live in Prince Edward Island or Nova Scotia, age does not matter. If

you live in Ontario, your house has to be built before 1921, and if you live in Newfoundland it has to be built before 1941. In Newfoundland, only 25 per cent of the houses are eligible, apparently, in the pre-1941 category. Second, if you want to get a grant you have to apply to Montreal. The province of Quebec is not even in this scheme. Even though they refused to be in the scheme, it is administered by CMHC from Montreal. You have to call the CMHC office in Quebec and deal with them, if you want to participate in this program. That is not a convenient or proper centre to have it administered from, particularly in view of the fact that Quebec is not even in the program.

● (1752)

Third, and this is another major discrimination, the program lays down that in six provinces, not Nova Scotia and Prince Edward Island, only two-thirds of the expenditure on insulation materials is refundable, up to a maximum of $350. The maximum you can get if you want to better insulate your home and you do not live in Nova Scotia or Prince Edward Island is $350 maximum or two-thirds of what you spend, up to $350.

In addition, only certain specified insulating materials may be purchased. You cannot just purchase whatever you want in the way of materials. However, if you look at the Nova Scotia and Prince Edward Island, scheme number one, as I said, the subsidy is not taxable. Number two, it can be spent on any insulating material. You are not restricted, in Nova Scotia or Prince Edward Island, as to the kind of insulating material you buy. You are only restricted if you live in the non-Liberal provinces. If the people in your province had the audacity to vote against the Liberals provincially, then you can only spend on certain insulating materials. If you live in Nova Scotia or Prince Edward Island you can be covered for any insulation materials, including windows and storm doors. You can get up to $500 if you have the work done by a contractor, or up to $350 if you do the work yourself. However, if you live in Newfoundland, New Brunswick, Saskatchewan, Manitoba, Ontario or British Columbia, you only get $350. If you go to an outside contractor, tough luck: you will get $150 less if you spend the maximum than if you are lucky enough to live in the Liberal provinces of Nova Scotia and Prince Edward Island.

Has legislation of this type ever been introduced into the House before? I do not think so. The hon. member for Winnipeg North Centre has been 35 years in parliament today, or some fantastic number of years like that. I hope he is here another 35.

Some hon. Members: Hear, hear!

Mr. Crosbie: I think he will have a little celebration later. When I conclude my remarks, I would be interested in hearing from him whether he ever came across this kind of discriminatory legislation before, in his long experience in the House. His province of Manitoba is one of the provinces being discriminated against.

There is another area of discrimination. In Newfoundland, for example, a house owner has to spend $525 to get a federal grant of $350, and then he has the $350 added to his taxable income. However, if he lives in Nova Scotia he only has to spend $350 to get $350, and he has nothing added to his taxable income. The President of the Treasury Board is here now. He looks as if this is the first time he has heard about it. I do not think the minister understood that such a discriminatory program against the interests of the people of northern Ontario went through the cabinet. He could not have been there that day. I am sure he will strike a blow for the people of northern Ontario and his district and have this discrimination taken out of the bill. If not, the people of Port Arthur might ask him: How are you representing our interests in the House of Commons, in cabinet and in government, when you permit this to be done to us?

What are some of the other areas of discrimination? I have given some of the worst. The Newfoundland government accepted the program. Do hon. members remember the Minister of Energy, Mines and Resources telling us how enthusiastically this program was received by the eight provinces? I do not say it was deliberate. I do not think the hon. gentleman knows what he is doing, in any event. In fact, there was a report in the Ottawa *Journal* the other day to the effect that he does not like to be briefed because he does not want to know what it is all about when asked questions. He is like the Minister of National Revenue; I will not say he deliberately misled the House, but he got up in this House and said—

The Deputy Chairman: Order, please. I suggest that the hon. member get back to clause 6 which is under discussion.

Mr. Crosbie: Yes, Mr. Chairman. The Minister of Energy, Mines and Resources introduced this program with which we are now dealing. That gentleman has, as a feature of his program, that the grant should be taxable in the eight provinces of Canada outside of Nova Scotia and Prince Edward Island. He is the same minister who said that the eight provincial governments were overjoyed with this new program. We now know that Alberta and Quebec did not even accept it. Premiers and ministers from every other province are now protesting against this program. This is something we should vote against. It is tax legislation that is not equitable. It is not fair. It discriminates against every resident of Ontario, Quebec, Alberta, British Columbia, Manitoba, Newfoundland, New Brunswick, the Northwest Territories and the Yukon. It discriminates against them in favour of residents of Nova Scotia and Prince Edward Island.

I support the program being non-taxable in Prince Edward Island and Nova Scotia. That is right and proper. What is the point of trying to help people, presumably of below average income, insulate their homes in order to have better energy conservation, if you are going to give them a grant on one hand and make it taxable on the other? The program in Nova Scotia and Prince Edward Island is a proper one. However, that means we should not be taxing those who get grants in the eight other provinces of Canada. Why should they be treated differently from someone who lives in Nova Scotia or Prince Edward Island?

When the program was introduced, the minister tried to give us the excuse that there was a special program for Nova Scotia and Prince Edward Island because the people in those two provinces had to pay very high electricity costs. He forgot to point out—

An hon. Member: Carried.

Mr. Crosbie: No, it is not carried. It is not going to carry for a considerable time yet. Is there a gentleman in this House who wants to carry this clause after I have pointed out the discriminatory provisions in it? Not at all. It is never going to carry.

Some hon. Members: Oh, oh!

Mr. Crosbie: Mr. Chairman, have they no conscience? Of course, the answer is they have not.

Some hon. Members: Oh, oh!

Mr. Crosbie: Listen to the cacophony. Originally, a special program was justified for Nova Scotia and Prince Edward Island on the ground that they had to pay higher electricity costs than those in the rest of Canada. The minister forgot to point out that in Nova Scotia over 90 per cent of the homes are heated by oil-fired furnaces, and in Prince Edward Island it is 98 per cent. Electricity did not have anything to do with heating their homes. There is no connection between the high cost of electricity and this program. It will reduce the consumption of oil in Nova Scotia and Prince Edward Island, which is good. That is just what it would do in the rest of the provinces of Canada. However, it has no connection whatever with electricity costs. The people in Nova Scotia and Prince Edward Island do not have electric heating for their homes; they use oil or coal.

Premier Regan of Nova Scotia put the boots to the Minister of Energy, Mines and Resources. He came to Ottawa and assaulted the minister and the government. He forced them to bring in a special program for Nova Scotia and Prince Edward Island. We are forcing the government to bring in a program for the rest of Canada. They are trying to hold back on the rest of Canada, saying that it would be too costly. They say they cannot put the Nova Scotia and Prince Edward Island program in effect for the rest of Canada. If they have not got the "spondulix", if they have not got the dollars to put it in effect all across Canada, they do not have to put it in effect all at once. They could start in certain areas of the country which are economically damaged because of high unemployment. Over the next three or four years it could be extended throughout the whole country. The Nova Scotia and Prince Edward Island program should be extended to the high unemployment areas and northern areas with their colder climate. It should start there and progress to other areas over the next few years. The money does not all have to be spent in the one year.

I have not uttered a word in the last 20 minutes that is not of the utmost sense, that is not a good and valid reason for the members of this committee to do the people they represent justice and justify why they were sent here. For members in the party opposite to sit there, because they are afraid they might get a tap on the hand, and accept that their citizens are second-class compared to Nova Scotians and people from Prince Edward Island, is inexcusable. I hope I am not going to see that. I hope I shall see the members representing New Brunswick, Newfoundland, Ontario, Manitoba, Saskatchewan, Alberta, Quebec, British Columbia, the Yukon and the Northwest Territories turn thumbs down on clause 6. Let it be taken out. Let us strike a blow for fairness and justice.

• (1802)

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

Mr. Crosbie: If the hon. member asks a question, I will take another 20 minutes.

Mr. Breau: He may need more than 20 minutes to make sense. Talking about party discipline encouraging votes, does the hon. member recall that on the unemployment insurance legislation not very long ago, while members on this side stayed here to vote, he did not have the guts to stay here and vote against his party?

Mr. Crosbie: I will not bother to answer that.

Mr. Andras: On a point of order, Mr. Chairman, it seems to me this is an appropriate moment to do what we not infrequently do in this House, that is to say, abandon partisan politics and honour one among us for whom we all have the greatest respect. I am speaking about the thirty-fifth anniversary of the first election of our very distinguished and well-liked friend, the hon. member for Winnipeg North Centre, who was elected 35 years ago in a by-election to succeed another distinguished Canadian, Mr. J. S. Woodsworth. I think all of us would like to take this opportunity to extend to him our best wishes for continued good health and exemplary service to this country.

Some hon. Members: Hear, hear!

Mr. Peters: Mr. Chairman, as one who has had to serve with the hon. member for Winnipeg North Centre and to suffer the indignity of having his English continually corrected, just as the House has had its direction continually modulated by the hon. member, I should like to move that you rise, report progress and ask leave to sit later this day.

Mr. Knowles (Winnipeg North Centre): At the next sitting.

Mr. Peters: At the next sitting of the House, or whenever it may be, for the purpose of enabling his many friends to fete him in Room 200.

Mr. Hamilton (Qu'Appelle-Moose Mountain): I join with representatives of all parties in paying our respects and offering best wishes to the hon. member for Winnipeg North Centre. He has been well described by the hon. member for Timiskaming as being the conscience of the House—and its schoolteacher, too, if I may say so. My maiden speech was delivered over 20 years ago and I was not allowed to complete

it because I had used the expression "b.s." The hon. member we are now honouring rose and reminded the Speaker that "b.s." was not a parliamentary word. I was green enough in those days to accept this as good, sound truth and withdrew the term. Two or three years later, of course, with a little more experience, I would have responded that in the part of the country I came from, "b.s." was indeed a parliamentary expression. In those days he used to keep young ministers in line.

I think the House does well to honour a member who has served in this chamber for as long as the hon. member for Winnipeg North Centre. He came here 35 years ago, and with the exception of the period from 1958 to 1962 he has been here constantly. When you get the number of years behind you that he has, I think we should recognize what it means in service to this country.

● (1807)

I have another thought that I want to put forward along the same line, Mr. Chairman, and it is this. Of all the members of this House, in my experience, very few follow the non-union attitude of the hon. member for Winnipeg North Centre. He does not follow any 40-hour work week rule. I find him here on Saturdays and Sundays. He is one of the few members of parliament who tries to answer all his mail, at least until recently. Any member who looks after not only his own constituents but all the people in this country who write to him for help, and tries as manfully as he can to get all his work done and still keep a watchful eye on the conduct of this House and his fellow MPs, deserves the appreciation of us all. I hope we can adjourn the House and join in this little celebration.

Some hon. Members: Hear, hear!

Mr. Andras: Mr. Chairman, there is a motion before us for adjournment, and the other parties have indicated their agreement. As much as we want to expedite passage of this very important bill and to move it along quickly, in the spirit of recognition of the hon. member and the opportunity to join him in another form of celebration, we would agree to the adjournment.

Mr. Knowles (Winnipeg North Centre): Mr. Chairman, with a motion before the committee that we rise and report progress so that the House can adjourn a little early, I would be in character if I were to stand up and refuse unanimous consent. But I can hardly do that. I simply want to thank most warmly those who spoke their very generous words just now. It has been a pleasure to be here these first few years of a parliamentary career. I hope to stay around for a long while yet.

Some hon. Members: Hear, hear!

The Deputy Chairman: Is it agreed that we call it 6.30?

Some hon. Members: Agreed.

The Deputy Chairman: It being 6.30 o'clock, it is my duty to rise, report progress, and request leave to consider the bill again at the next sitting of the House.

Progress reported.

The Acting Speaker (Mr. Turner): It being 6.30 o'clock, this House stands adjourned till tomorrow at two o'clock, pursuant to Standing Order 2(1).

At 6.10 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Thursday, December 1, 1977

The House met at 2 p.m.

● (1407)

ROUTINE PROCEEDINGS

[*English*]

AIR TRANSPORT

PROPOSED REFERENCE TO COMMITTEE OF ALLEGED POLITICAL INTERFERENCE WITH ENFORCEMENT OF AIR SAFETY REGULATIONS—MOTION UNDER S.O. 43

Mr. Don Mazankowski (Vegreville): Mr. Speaker, under the provisions of Standing Order 43, I rise on a matter of urgent and pressing necessity. In light of quoted statements from a report prepared by two investigators for the Department of Transport alleging that enforcement of air regulations is at times subject to political pressure and also, in light of the fact that the Director of the Aeronautical Licensing and Inspection Branch of Transport Canada has made reference to the possibility of embarrassment to the minister and other political implications as a result of enforcing air regulations, I move, seconded by the hon. member for Lisgar (Mr. Murta):

That this House urge the Minister of Transport to refer this matter of political interference and its impact on air safety in Canada to the Standing Committee on Transport and Communications and furthermore, that William Slaughter, Andrew Carswell and R. L. Bolduc be allowed to testify and elaborate on their statements.

Mr. Speaker: Such a motion can be presented for discussion under the provisions of Standing Order 43 only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: No.

* * *

TRANSPORT

REQUEST MINISTER MEET WITH NATIONAL FARMERS UNION—MOTION UNDER S.O. 43

Mr. Bert Cadieu (Meadow Lake): Mr. Speaker, I rise under Standing Order 43 on a matter of urgent and pressing importance. Can the Minister of Transport explain to the House why he failed to invite the National Farmers Union and other interested parties to the meeting held yesterday in Saskatoon? These groups are very much concerned with the development of the Port of Churchill and the rail authority because of abandonment of certain rail lines, and should not have been excluded. I therefore move, seconded by the hon. member for Dauphin (Mr. Ritchie):

That the minister arrange to meet with these groups of concerned people.

Mr. Speaker: Presentation of such a motion pursuant to Standing Order 43 would require unanimous consent. Is there unanimous consent?

Some hon. Members: No.

* * *

GRAIN

WHEAT—REQUEST FOR INCREASE IN DOMESTIC PRICE—MOTION UNDER S.O. 43

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, I also have a motion under the provisions of Standing Order 43. It is several months since the government promised an increase in the price of domestic wheat, an increase which has become crucial because of rising production costs. I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That this House instruct the government to move immediately to raise the floor price of wheat sold for domestic consumption to $4 per bushel from the existing $3.25 per bushel.

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

Some hon. Members: No.

* * *

UNEMPLOYMENT INSURANCE

CONFLICTING STATEMENTS ON FRAUD SQUAD—REQUEST FOR CLARIFICATION—MOTION UNDER S.O. 43

Mr. Tom Cossitt (Leeds): Mr. Speaker, I rise on a matter of pressing necessity pertaining to a statement made outside the House to an Ottawa newspaper by the Minister of Employment and Immigration, with reference to a question asked in the House by the hon. member for Winnipeg South Centre (Mr. McKenzie) on the subject of the so-called Unemployment Insurance Commission internal fraud squad, namely, that it had not been disbanded but "merely reorganized and it is ever vigilant". I move, seconded by the hon. member for Winnipeg South Centre (Mr. McKenzie):

That the minister explain to the House, in view of this statement on Tuesday, why he answered question number 2765 in my name on the order paper on August 4, 1977, by categorically denying that the Unemployment Insurance Commission has a fraud squad and that he also advise whether Mr. Hi Pong No,

a former South Korean intelligence agent, is a member of this squad particularly active in the Toronto area.

Mr. Speaker: Such a motion can be presented for discussion pursuant to Standing Order 43 only with unanimous consent. Is there unanimous consent?

Some hon. Members: No.

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AGRICULTURE

SUGGESTED REFERENCE OF TARIFF BOARD REPORT TO COMMITTEE—MOTION UNDER S.O. 43

Mr. John Wise (Elgin): I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. Since the Minister of Agriculture refuses to give any firm commitment that Canada's agricultural interest will not be traded off at the present GATT negotiations and consequently the real threat and possibility of further erosion remains not only to the primary producers but also to the food processors in the form of reduced revenue and the loss of jobs, I move, seconded by the hon. member for Northumberland-Durham (Mr. Lawrence):

That the government House leader give immediate approval to a reference of the Tariff Board report to the Standing Committee on Agriculture, thus giving industry people an opportunity for further consultation and input, bearing in mind that the Standing Committee on Agriculture has absolutely no legislation or order of business to consider.

Mr. Speaker: Such a motion can be presented for discussion pursuant to Standing Order 43 only with unanimous consent. Is there unanimous consent?

Some hon. Members: No.

* * *

ENERGY

PROPOSAL FEDERAL GOVERNMENT ASSUME RESPONSIBILITY FOR PROTECTING PUBLIC FROM HIGH RADIATION LEVELS—MOTION UNDER S.O. 43

Mr. Cyril Symes (Sault Ste. Marie): Mr. Speaker, I rise under the provisions of Standing Order 43 to move an urgent motion. In view of the footdragging by the Ontario and federal governments to acknowledge any responsibility for undertaking remedial action to protect residents in March township near Ottawa from high radiation levels, I move, seconded by the hon. member for Northwest Territories (Mr. Firth):

That in the interest of public health and safety, the federal government assume full responsibility for remedial action.

Mr. Speaker: Such a motion can be presented for discussion pursuant to Standing Order 43 only with unanimous consent. Is there unanimous consent?

Some hon. Members: No.

[Mr. Cossitt.]

AIR TRANSPORT

SUGGESTION EASTERN PROVINCIAL AIRWAYS BE DESIGNATED CARRIER FOR HALIFAX-MONTREAL SERVICE—MOTION UNDER S.O. 43

Mr. J. M. Forrestall (Dartmouth-Halifax East): Mr. Speaker, I have a motion under Standing Order 43 and because it requires only the goodwill of this chamber with respect to air travellers from Atlantic Canada I feel certain it will have the support of the chamber.

I wish to move a motion under the provisions of Standing Order 43, seconded by the hon. member for Vegreville (Mr. Mazankowski):

That this House encourage the Minister of Transport to move expeditiously in turning over to Eastern Provincial Airways the "designated" carrier rights now held by Air Canada for service from Halifax to Montreal through points in the state of Maine in the United States of America.

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

Some hon. Members: No.

RESCINDING OF ORDER REMOVING EMERGENCY LOCATOR TRANSMITTERS FROM AIRCRAFT—MOTION UNDER S.O. 43

Mr. F. Oberle (Prince George-Peace River): Mr. Speaker, I wish to move a motion under Standing Order 43. Having regard to a directive issued by the Air Transport Commission earlier this year ordering the removal of emergency transmitters and crash site locators from both private and commercial aircraft, and having regard to at least two air crashes which occurred recently in central British Columbia involving both a rotary and a fixed wing aircraft resulting in extensive air rescue operations at monumental cost to the taxpayers, but more importantly respecting the fact that possible survivors of aircraft accidents frequently perish from exposure to the elements after the crash, I move, seconded by the hon. member for Vegreville (Mr. Mazankowski):

● (1412)

That the Ministry of Transport rescind the removal order immediately requiring all types of aircraft to carry the ELT equipment and that serious efforts be undertaken by the government to develop a power source for these transmitters which will not endanger the operation of the aircraft while in flight.

Mr. Speaker: The presentation of such a motion pursuant to Standing Order 43 can be done only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

AUDITOR GENERAL

TABLING OF ANNUAL REPORT FOR YEAR ENDED MARCH 31, 1977

Mr. Speaker: I have the honour to lay upon the Table the Annual Report of the Auditor General of Canada to the House of Commons for the fiscal year ended March 31, 1977.

May I remind hon. members that, pursuant to Standing Order 65(1)(q), this report is deemed permanently referred to the Standing Committee on Public Accounts.

ORAL QUESTION PERIOD

[*Translation*]

FEDERAL-PROVINCIAL RELATIONS

DATE OF NEXT CONFERENCE OF FIRST MINISTERS

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, my question is directed to the Prime Minister. I would like to ask him whether he intends to call soon a conference of first ministers and, if so, on what date?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, it is a matter which I am now discussing with the premiers during my visit in each of the provinces. I have undertaken to see them all before announcing a date or even confirming that indeed there will be a conference and what will be the agenda for such conference.

SUGGESTED INCREASED PROVINCIAL POWERS OVER CABLEVISION

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, I should like to put a supplementary question. In view of the judgment delivered yesterday by the Supreme Court, if there is such a conference of first ministers, does the Prime Minister intend to take this opportunity to make concrete proposals to the provinces giving them more powers over cablevision?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, at first sight this item on the agenda would seem far removed from the concerns of the premiers whom I met. To begin with, it would be an economic conference; we are all very concerned over the high rate of unemployment. We intend to prevent another upward thrust of inflation and it would essentially be the matter under consideration. I do not think it would be advisable to introduce the matter mentioned by the Leader of the Opposition. Moreover, he knows that we have already reached agreement with other provinces which would allow administrative arrangements or which would indicate the great flexibility of the federal government in the matter.

Mr. Clark: Mr. Speaker, the Minister of Communications has suggested, I believe, a meeting of all ministers of communications to discuss matters of jurisdiction and administrative arrangements in the field of cable television generally. Can the Prime Minister confirm that such a meeting of ministers of communications will take place and can he say whether the government intends to make individual arrangements with each province or to take a common approach for all provinces?

Mr. Trudeau: Mr. Speaker, the Minister of Communications has made the same proposals to all provinces with a view to greater administrative decentralization. Up to now, the province of Manitoba has given its approval to such arrangements. I believe that discussions are going on in Saskatchewan and Ontario. However, I cannot talk as yet about the attitude of other provinces. But, again, our proposals apply to all provinces and seek to solve the constitutional problem. Since the courts have now pronounced judgment on the constitutional problem, we are coming back to our former position which was to try and find flexible administrative arrangements. I simply wish to point out to the Leader of the Opposition that when we called such a conference about a year ago, the Quebec Minister of Communications had ostentiously announced that he would not attend.

INQUIRY AS TO THE GOVERNMENT'S INTENTIONS ABOUT CONSTITUTIONAL CHANGES

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, is it the government's position that there will not be constitutional change now in the area of communications, but only administrative changes? Is that the federal government's final position?

Right Hon. P. E. Trudeau (Prime Minister): No, not at all, Mr. Speaker. I said to the Leader of the Opposition that the courts have decided on the constitution as it stands. But as far as constitutional changes are concerned, the Leader of the Opposition is well aware that I have indicated several times, from 1968 to 1971 and from 1975 to 1977, and again in recent statements, that we were ready to consider any constitutional changes necessary to provide the country with a better constitution.

* * *

• (1417)

COMMUNICATIONS

POSSIBILITY OF NEGOTIATIONS WITH PROVINCES ON JURISDICTION

Mr. Heward Grafftey (Brome-Missisquoi): The Minister of Communications being absent, Mr. Speaker, I shall direct my question to the right hon. Prime Minister. Could he tell the House whether the government has changed its policy and become involved with all provinces in a real negotiation process and given up at the same time the bilateral approach it had maintained up to now in its dealings with the provinces in the area of communications?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I am afraid the hon. member is ill informed. In fact, not only have we been doing for a year what he is suggesting we should do, but we started doing it under the mandate of the previous Minister of Communications. We have therefore proposed flexible administrative arrangements with all provinces. Some have agreed to discuss this matter with us and have signed agreements. In this case, of course, these are bilateral agreements, but these arrangements, as I have just explained to the leader of the opposition, result from a proposition which was made to the provinces as a whole.

POSSIBILITY OF MEETING WITH QUEBEC MINISTER

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, since the Minister of Communications made known outside the House her intention to call a federal-provincial conference on communications, can the Prime Minister tell the House whether the federal Minister of Communications will soon meet the Quebec Minister of Communications, Mr. O'Neil, before a federal-provincial conference on communications is held?

Right Hon. P. E. Trudeau (Prime Minister): I do not know, Mr. Speaker, if a minister of communications, either Mr. O'Neil or someone else, wants to talk with the minister, there is always the phone, the mail and the choo-choos, I reminded the Leader of the Opposition a moment ago that Mr. O'Neil was the one who refused to attend the conference on communications we had called last year in Edmonton.

* * *

[*English*]

FINANCE

EXPANSION OF NORTHERN TELECOM IN UNITED STATES IN SPITE OF TAX CONCESSIONS TO CREATE JOBS—GOVERNMENT ACTION

Mr. Edward Broadbent (Oshawa-Whitby): Thank you, Mr. Speaker. I have a question for the Minister of Finance. The minister is aware that Northern Telecom is currently reducing its Canadian labour force by some 1,000 and he is also aware that through the budget measures the House is currently debating the same corporation will get about $2 million in special tax concessions, ostensibly to create jobs in Canada. Is the hon. gentleman aware of a report in today's press which indicates that Northern Telecom is planning to spend $15 million on new expansion, not here in Canada but in the United States, moving for the first time to computer systems in that country? If the minister is aware of this situation, what course of action does he propose to take?

Hon. Jean Chrétien (Minister of Finance): I am not aware of the article to which the hon. member has referred. I will look into it. But I would point out that under Bill C-11 companies are entitled to a tax break only if they invest in Canada. If they invest in the United States they will not benefit from the provisions of the bill.

[Mr. Grafftey.]

Mr. Broadbent: The minister should take a more careful look at his legislation. There is a whole series of tax benefits to which corporations are entitled and these are not dependent upon the proviso the hon. gentleman has made. Will he look into this situation? There is no doubt about the accuracy of the report to which I have referred; the corporation is expanding into the United States and investing some $15 million there. They are getting some $2 million in special tax measures which are presently being debated in this House. If the corporation is doing this, will the hon. gentleman ensure that it does not get the money from the Canadian taxpayer?

Mr. Chrétien: These are two different matters. One involves a reduction of taxes in relation to new investment. If they have no new investment in Canada, they will not get any tax break. The other is the three per cent allowance for inventory purposes, and of course this applies to any corporation with inventories in hand. This is one provision of the tax bill designed to try to help industry keep some inventory in hand and, in doing so, keep some labour working.

● (1422)

Mr. Broadbent: A final supplementary question, Mr. Speaker. Is the minister trying to convince the House that the $2 million which they are going to get, whether for inventory purposes or for related purposes, will create the same number of jobs as if the money were spent directly in the economy?

[*Translation*]

Mr. Chrétien: Mr. Speaker, I am not sure I fully understand the argument of the hon. member. The 3 per cent production for inventory applies to all companies with inventories. One of the reasons why we have proposed this legislation is that we believe it is important to help industries carry their inventories because when they have inventories they can have longer production lines. This has nothing to do with investments. These companies will benefit from tax incentives if they invest in Canada; otherwise they will get no incentives.

* * *

HOUSING

INQUIRY WHETHER QUEBEC CAN BENEFIT FROM HOME INSULATION PROGRAM

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, my question is directed to the Minister of State for Urban Affairs.

Last weekend the wild northerly winds reminded us that insulation is always useful. On October 31 there was a meeting in Quebec City between the officials of the Central Mortgage and Housing Corporation, the minister himself and several hon. members and on that occasion the main subject of the discussions was housing and insulation. At that time, the minister informed us that there was a possibility, in the near future perhaps, that Quebec might endorse the Canadian Home Insulation Program and that the residents could take advantage of this federal legislation. Is the minister in a position to tell us today whether there were any developments

in this area and, if so, how people will have to proceed to benefit from this program?

Hon. André Ouellet (Minister of State for Urban Affairs): Mr. Speaker, there was an important development this morning at the federal-provincial conference of the energy ministers. Energy ministers for Quebec and Alberta stated that they entirely subscribed to the objectives of the government of Canada in the area of energy conservation. They also indicated their desire to implement in their respective provinces energy conservation programs, which enabled my hon. colleague the Minister of Energy, Mines and Resources to declare that he could consider the possibility of having all provinces benefit from the Home Insulation Program. Therefore I think that as soon as we have finalized the administrative measures to make the program applicable to all the provinces, we will be in a position to announce officially very soon that Quebec and Alberta will also take advantage of this program.

Mr. Lambert (Bellechasse): Mr. Speaker, in view of the Quebec government's delay in making that program available to Quebecers, could the minister tell the House whether some changes will be made to the program so that more home owners may benefit from it?

Mr. Ouellet: Mr. Speaker, it must be kept in mind that this program will be spread over a period of seven years so that the market will not become congested, and particularly in order to prevent too large an increase in the cost of products if demand is unduly high at the outset. This program was spread over a number of years so that in the first months or the first year, older houses in Canada will be eligible. But nobody, wherever he lives in Canada, should feel discriminated against under this program. If his house is not eligible immediately, it will be as the program moves ahead. It appeared to us initially that it was more important to deal first with older houses, precisely those which needed to be insulated more urgently and promptly. But because the two provinces did not join the program immediately, some citizens in those two provinces who would normally be eligible and may have already purchased material could be left out. So we will determine in the next few days whether the program can be made retroactive in those two provinces for those who would normally have been eligible when it came into effect.

* * *

● (1427)

[*English*]

FINANCE

SUGGESTED RE-EXAMINATION OF FORECASTS FOR 1978 AND CONVENING OF MEETING OF LEADING FORECASTERS

Mr. James Gillies (Don Valley): Mr. Speaker, my question is for the Minister of Finance and it arises from the report by the Industrial Conference Board that 17 forecasters who were reviewed across this nation have all made forecasts about the economy different from that of the Department of Finance. Given this circumstance, I should like to ask the minister whether he has instructed his officials to re-examine the forecasts they have made that deal with the economy in terms of inflation, economic growth and so on for 1978?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, we are constantly reviewing forecasts that we make, but we have no reason at this time to change them. We have forecast an economic growth of 5 per cent for next year and a 6 per cent growth in inflation. We have mentioned those forecasts, but sometimes the forecasting game is quite difficult. For example, on October 20 I said the growth for 1977 was to be 2 per cent, and now I am proven wrong as it is going to be close to 3 per cent.

Mr. Gillies: Mr. Speaker, given the fact that 17 independent forecasters have made forecasts that are different from those of the Department of Finance, would the minister not consider that reason for re-examination of his position? I would ask the minister whether he would be willing to do two things; first of all, would he table or make public the assumptions on which his forecasts were made to parliament so that they can be re-examined and, secondly, would he consider, given the importance of forecasts in the formulation of economic policy, and given the wide divergence between public and private forecasts, convening a meeting of leading forecasters of economic activity in Canada with members of the Department of Finance so there can be a close examination of what is really going to happen in the economy next year so our policies can perhaps be more accurate than they have been in the past?

Mr. Chrétien: Mr. Speaker, I do not really see the advantage of that. I have talked to some people who agree with our figures. I do not think, because there are 17 forecasters with 17 different results that this calls for me to change our position. I suggest that we have good advisers who can make some errors just as others can. This has happened in the past because forecasting is extremely difficult. Last year the OECD and the World Bank predicted 5 per cent growth around the world and it is going to be around 2 per cent. Sometimes forecasters cannot agree among themselves. You just gave an example of 17 who cannot agree among themselves. I do not see what I would gain by having them all around the same table. We could have a good discussion but it would not change the situation.

Mr. Gillies: Mr. Speaker, I think perhaps the Minister of Finance misunderstood what I said. The reality is that 17 principal economic forecasters from leading Canadian banks and leading Canadian trade associations—every single one of them—differed from the forecasts of the government, not among themselves. Given the importance of economic forecasting for policy making, and surely the minister would agree that we could not have a worse economic performance than we have in this country in the past few years, would he not do the sensible thing and bring this group together to try to find out if they can improve economic operations? Surely, he must want to do this?

[*Translation*]

Mr. Chrétien: According to my experience, Mr. Speaker, it is very difficult to get two economists to agree completely. Very often, opposition members themselves are not in agreement on a number of areas. I took my responsibilities. I announced that, to the best of my knowledge and after talking with government advisors, the Bank of Canada and others, our forecast for next year was 5 per cent growth. I have no reason at this point to change that, especially since we had 5.2 per cent growth in the third quarter of 1976, one of the best performances among developed countries at this time.

* * *

● (1432)

THE MINISTRY

POSSIBLE FORMATION OF CABINET COMMITTEE TO REPRESENT FRANCOPHONES OUTSIDE QUEBEC

Mr. Roch La Salle (Joliette): Mr. Speaker, in the absence of the Secretary of State, I would address my question to the Prime Minister.

Since some months ago, in a brief to the government—and I understand the Prime Minister met them on this—the Federation of Francophones Outside Quebec urged the establishment of a permanent committee of Privy Council, on which the federation would be officially represented, to prepare with the government that over-all policy for minorities. Could the Prime Minister state whether such a committee will be established?

Hon. Marc Lalonde (Acting Secretary of State): Mr. Speaker, as Acting Secretary of State, I would like to indicate to the hon. member that consultations are now going on, and an announcement will be made officially in due time.

Mr. La Salle: The Minister of State for Federal-Provincial Relations knows very well the importance that the establishment of such a commission represents for the federation. In view of a forthcoming announcement, will the minister tell the House if his government intends to approve the establishment of this commission which seems so important to the association.

Mr. Lalonde: Mr. Speaker, I have already answered the question of the hon. member in my earlier reply.

Mr. La Salle: I have a last supplementary question, Mr. Speaker. I know and everybody else knows that the federation is very concerned and is expecting an answer. My question is very serious, Mr. Speaker. Would the minister give the House his assurance that the federation will really be involved in the development of the overall policy that the Secretary of State intends to introduce?

Mr. Lalonde: For the second time in a row, Mr. Speaker, I must repeat to the hon. member that there will be an announcement in due course by the Secretary of State, after the consultations now in progress.

[Mr. Gillies.]

* * *

GOVERNMENT ADMINISTRATION

INQUIRY WHETHER GOVERNMENT INTENDS TO CHANGE DECENTRALIZATION POLICY

Mr. Gaston Isabelle (Hull): Mr. Speaker, my question is for the popular Minister of Finance. Considering that the decentralization policy of the federal government affects several federal employees on the Quebec side of the national capital region and that, since the election of the new Quebec government made of idealists and middle class pseudo-proletarians, the real estate market on the Quebec side of the Ottawa river is almost at a standstill and the vacancy rate has reached 30 per cent in some sectors, does the minister intend to postpone his decision concerning decentralization at least, until the "Lévesque referendum", to avoid the risk of personal bankruptcy for those many devoted civil servants?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, we do not intend to change our decentralization policy.

* * *

[*English*]

HARBOURS

REQUESTS FOR GRANTS FOR CONTAINER PIERS AT HALIFAX AND MONTREAL—GOVERNMENT POSITION

Hon. Robert L. Stanfield (Halifax): Mr. Speaker, my question is directed to the Minister of Transport. Can he confirm or deny the report, while making a very substantial grant toward the container pier in Montreal, that the Treasury Board has turned down the request of the government of the province of Nova Scotia for a grant for a second container pier in Halifax, Nova Scotia?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, that is not true. Both matters are still under consideration by the government.

Mr. Stanfield: Mr. Speaker, a couple of weeks ago the minister could not recall what the timing would be for the container pier in Halifax. Has he had a chance to refresh his memory? Can he give the House a firm date on which the department is prepared to recommend a second container pier for Halifax?

Mr. Lang: Mr. Speaker, it is increasingly evident to us the timing for increased activity in Halifax is such that construction for a new container facility would be about right to begin now.

INQUIRY AS TO DECISION ON CONTAINER PIER FOR MONTREAL

Mr. J. M. Forrestall (Dartmouth-Halifax East): Mr. Speaker, I have a supplementary question for the Minister of Transport. Is the government about to announce that it has decided to support the expansion of a new public container facility for the port of Montreal, and other related works, to the extent of approximately $85 million? Can the minister now tell the House whether that decision has been taken and will be publicly announced in the next few days?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, that decision has not been taken. Our analysis, that is the Department of Transport with the National Harbours Board, does agree that the need for the facility is now becoming timely. There is a time for it. The consideration of the government involves other things, including our total financial position at this time to do a variety of things that we would like to do. Therefore, the issue is still under consideration.

Mr. Forrestall: Mr. Speaker, is the miniser indicating to the House that the government has not decided to fund, up to approximately $85 million, the cost of developing and upgrading the contained facilities for the port of Montreal, together with some other related work? Is that what the minister is telling us?

Mr. Lang: Yes, Mr. Speaker, that is what I am saying. As I indicated to the hon. member for Halifax earlier, both of these matters are under consideration.

* * *

INDUSTRY

SUGGESTION HIGHER PROPORTION OF RAW MATERIALS BE PROCESSED AND TAX INCENTIVES TO INDUCE CONSTRUCTION OF PLANTS

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, I have a question for the Prime Minister. Because of the great need for producing more jobs in this country, and since one of the best ways of doing this is to process a far higher proportion of our raw materials to their finished state in this country, will the government give serious consideration to requiring those who export our raw materials to process a far higher proportion here in this country, and to also make available generous tax incentives, in addition to the DREE grants which have proved to be inadequate, to induce the construction of the additional factories which will be needed?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I would remind the hon. member that we have made a clear statement of policy to that effect. We were encouraging as much processing to be done in this country as possible. As the Minister of Finance reminded the hon. leader of the New Democratic Party a few moments ago, we have given tax incentives for investment in Canada in order for these processing operations to be established in Canada with the hope that it would create more jobs.

I have explained this so often to the hon. member that I am convinced that he does not have a clear grasp of the facts. I wish he would read some of my previous answers which reflect on this, and perhaps he will understand a little bit of what is involved.

Some hon. Members: Hear, hear!

Mr. Hees: Mr. Speaker, I have gone through the intense boredom of reading the Prime Minister's answers, and there has been nothing forthcoming regarding the answer I want today. Does he not realize the tax incentives offered in the past—the DREE grants and the rest—have not done the job and will not do the job? Is the Prime Minister not familiar with the fact that many countries require those that export their raw materials to process a far higher proportion of their raw materials to their finished state than we do in Canada?

Some hon. Members: Question.

Mr. Hees: Mr. Speaker, I am coming to the question. If the Prime Minister has got that through his thick head, will he get on with the job, instead of playing the fool in this chamber?

* * *

MANPOWER

CANADA WESTINGHOUSE ADVERTISING IN BRITAIN FOR WORKERS—INQUIRY AS TO AUTHORIZATION—ADEQUACY OF TRAINING PROGRAMS

Mr. Jake Epp (Provencher): Mr. Speaker, my question is for the Minister of Employment and Immigration. In view of the present unemployment rate in Canada, which is indicated to be one million Canadians unemployed, would the minister explain how Canada Westinghouse is authorized to advertise for workers in British newspapers, and whether or not those applications have Canada Manpower approval?

• (1442)

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, being a member of the Conservative Party and a strong supporter of business, I doubt if the hon. member would want us to interfere and tell that company not to advertise.

An hon. Member: That is a cheap shot.

Mr. Cullen: However, I can say that this does not have the backing of Manpower, and anyone that company would attempt to bring in under those circumstances would have to have skills Canadians do not have. Otherwise, they just would not be allowed into the country. They can spend all the money they want on advertising.

Mr. Epp: The cheap shot of the minister does not need any rebuttal. The point is that we are dealing with people's lives, and one million Canadians are looking for work. Why is it we are authorizing these advertisements in foreign newspapers for skilled tradesmen and turbine fitters when we are spending a

great deal of money on manpower training programs which are obviously not providing Canadians skills so that they can take those jobs? The program is not working.

Mr. Cullen: Mr. Speaker, the hon. member talks about a cheap shot and comes out with misleading information. I indicated that these advertisements are not authorized by the government. They can spend whatever money they want, but these workers still have to clear our department. They will not clear the department if Canadians have these skills and if Canadians can fill the jobs.

I disagree with the hon. member. The training program is excellent. We buy the courses because education comes under provincial jurisdiction. The provincial governments make the determination of the kinds of skills they would like to see and the people they would like to see trained. On that basis, we buy these courses under our adult occupational training program.

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SOCIAL SERVICES

PROPOSED STUDY OF SOCIAL COST OF UNEMPLOYMENT

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker—

Some hon. Members: Hear, hear!

Mr. Knowles (Winnipeg North Centre): I thank hon. members for that expression. I gather they are trying to give me a good send-off for my second 35 years.

Some hon. Members: Hear, hear!

Mr. Hees: To the Senate, Stan.

Mr. Knowles (Winnipeg North Centre): I thought I had friends here.

I should like to direct a question to the Minister of National Health and Welfare. In view of statistics out of Toronto—which I suspect would be found to be parallel to those in other parts of the country—concerning the increasing number of suicides, a large portion of them being due to unemployment or other forms of economic distress, will the minister have her department undertake a study of the social cost of unemployment with particular reference to suicides, mental illness, physical illness, family disorders and criminal tendencies so that the government, members of parliament and the people at large can be aware of how urgent it is to cope with the problem of unemployment?

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, I have mixed feelings about my reply to the hon. gentleman. I wanted to join with my hon. colleagues in this House in congratulating him on his long tenure of office and the work he has done on many government programs, but he just made an assumption which is so serious—and I am tempted to say almost bearing on irresponsibility—

Some hon. Members: Oh, oh!

[Mr. Cullen.]

Miss Bégin: —that I feel obliged to emphasize that there are no facts to justify relating unemployment to the rate of suicides. My department is monitoring this, and this was one of the first dossiers on which I asked for a briefing. We are monitoring and following the work of agencies in the private and para-public sector which are particularly good at analyzing social factors and other factors leading to suicide. The group of people which preoccupies me most is the one comprised of young people. I do not have at this moment a report on that, but before answering other questions on this topic I would like to verify exactly what the hon. member is referring to by talking with him later on.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I wonder if the minister will permit me to send over to her reports which show that these statistics come from responsible social agencies and also a document showing that in at least one other western country a serious study has been made which does show such a correlation between unemployment and social problems, including suicides. In the meantime, in view of the minister's responsibility for the health of Canadians will she use all the clout she has in the cabinet to push for programs which will minimize unemployment?

Miss Bégin: Mr. Speaker, I think it is obvious that we are all committed to such programs.

* * *

[*Translation*]

REGIONAL ECONOMIC EXPANSION

SUGGESTION DEPARTMENT WILL BE ABANDONED—GOVERNMENT POSITION

Mr. Pierre De Bané (Matane): Mr. Speaker, my question is for the right hon. Prime Minister.

Considering that newspapers report again that the government intends to eliminate the Department of Regional Economic Expansion and other departments, could the leader of the government tell us if there is some truth in that information which was published again yesterday to the effect that the government intends to eliminate the Department of Regional Economic Expansion?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I think that the minister himself indicated that those rumours were false. I shall simply add that they might originate from the fact that, more and more, we hear the premiers, their ministers and newspapers congratulating the government for its initiative, recapitulating the amounts spent during the eight or nine years of existence of that department and asking the federal government to continue that beautiful enterprise. I can say to the hon. member that we are satisfied that those rumours give to those who were against it, including hon. members of the party opposite, the opportunity to realize the great utility of that department.

[*English*]

CANADA COUNCIL

ADEQUACY OF DOCUMENTATION FOR FINANCIAL CONTRIBUTIONS—APPLICABILITY OF DIRECTIVES REGARDING ACCOUNTABILITY FOR GRANTS

Mr. Bob Wenman (Fraser Valley West): Mr. Speaker, my question is to the President of the Treasury Board. Do all Canada Council contributions have adequate financial documentation?

Hon. Robert K. Andras (President of the Treasury Board): Mr. Speaker, I will look at each document and give the hon. member a detailed answer. Generally speaking, I presume the arrangements are acceptable, but there have been sone queries, and I believe the Auditor General has looked at that.

Mr. Wenman: Do recent Treasury Board directives regarding government grant and contribution accountability apply to the Canada Council and, if not, why not?

Mr. Andras: I will be glad to go into that in detail with the hon. member when I appear before the committee.

Mr. Clark: Why not now?

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ROYAL CANADIAN MOUNTED POLICE

USE OF CONFIDENTIAL MEDICAL RECORDS—CO-OPERATION WITH ONTARIO INQUIRY

Mr. Bill Jarvis (Perth-Wilmot): Mr. Speaker, my question is to the Solicitor General. It relates to the Ontario government's inquiry into the availability and use of confidential medical reports obtained from the Ontario Health Insurance Program. Is it the policy of the Solicitor General and the government to co-operate fully in assisting this Ontario inquiry?

Hon. Francis Fox (Solicitor General): Mr. Speaker, it is always our policy to co-operate fully with any provincial commissions of inquiry when they are referring to matters within their jurisdiction.

Some hon. Members: Oh, oh!

Mr. Jarvis: I welcome this good news about a change of policy. What seems to be at issue in the Ontario inquiry are the procedures used by security units representing various levels of government to obtain this confidential medical information. I therefore ask the Solicitor General if he intends to be forthcoming and open in providing the Ontario inquiry with the procedures and methods used by any security unit under his direction or control.

Mr. Fox: Mr. Speaker, there is only one security service under the aegis of the RCMP, and the hon. member knows full well which one it is. I can only relate that it is our intention as usual to co-operate fully with the legitimate demands of any provincial commission of inquiry, as we have done in the past and will continue to do in the future.

Mr. Clark: Until you can get them thrown out of court.

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UNEMPLOYMENT INSURANCE

PROPOSED PROMOTION OF PROGRAM OF EMPLOYMENT RATHER THAN INSURANCE BENEFITS

Mr. Leonard C. Jones (Moncton): Mr. Speaker, my question is directed to the Minister of Employment and Immigration. Some years ago at a time of high unemployment a program was initiated in Moncton entitled "Do it Now". Subsequently there was a national program to encourage local citizens as well as business and all levels of government, to undertake necessary projects at home, in the office, in plants and in government, positively supporting the need for employment in areas such as the Moncton constituency and others in the Atlantic provinces. Would the minister now consider putting an immediate halt to the Unemployment Insurance Commission's promotion of UIC benefits and start promoting a program of employment to encourage citizens, corporations, governments, Crown agencies, Crown corporations to endorse work and employment projects by "doing it now" while men and materials are available?

● (1452)

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, first of all with respect to the preamble, I would indicate that the advertisements being placed now are for the information of those who might qualify or who are presently qualifying and is the kind of factual information that I think they need. I agree with the hon. member that the particular program he mentions seemed to catch attention at that time and was quite imaginative. I am prepared to look at it. The insulation program and others indicate that the government is in fact "doing it now" and not waiting for spring.

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EXTERNAL AFAIRS

REFUSAL OF REPUBLIC OF CHINA TO EXTEND VISA OF JOURNALIST ROSS MUNRO—GOVERNMENT ACTION

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, may I put a question to the Secretary of State for External Affairs concerning the decision of the People's Republic of China to refuse readmission to China of the *Globe and Mail* correspondent Mr. Ross Munro upon completion of his current assignment—the similarity in the name is purely coincidental. In light of the fact that no substantive reasons have been given so far for this action by the Chinese authorities, and as it is my understanding that the Canadian authorities are generous and understanding with respect to the movement of Chinese correspondents in this country, will any action be taken by this

government to protest this infringement of the rights of journalists in that country?

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, I am, of course, familiar with the case the hon. member mentioned. He used words such as "infringement". I am not sure if in the truly legalistic sense there is any infringement. As I understand the matter, a limited extension was being sought and the Chinese authorities did not choose to renew or extend. Therefore, whether there is a basis upon which to lodge a formal protest in diplomatic terms, is not clear. In so far as the gentleman himself is concerned, the last information I had was that there had been no request to us by him personally or by his employers to take any action. As I believe the hon. member is aware, that is normally the basis of such action. We are continuing to keep the matter under review but at the moment in any event it does not appear that any useful purpose would be served. I might say that I have also had discussions with the Chinese authorities with a view to opening considerably the access by Canadian journalists within China in a general way.

Mr. Munro (Esquimalt-Saanich): A supplementary question, Mr. Speaker. Perhaps the word should have been "curtailment" of the activities. It is my understanding that the Canadian embassy in Peking has protested on a number of occasions, two at least to my knowledge, about the freedom of movement within that country. Despite what the minister said about steps he has taken, I wonder whether he can indicate to the House any positive steps he is taking to ensure that western journalists will be able to report freely on things going on in China, as they see fit, for Canadian and western readers.

Mr. Jamieson: Mr. Speaker, to elaborate on the latter part of my previous answer, during a visit of the foreign minister of the People's Republic of China, I made a general representation to him about greater access by Canadian journalists. In addition and subsequent to his visit, at least two representations have been made specifically on behalf of Canadian journalists to my knowledge so in that sense we are indeed urging them to provide more access to Canadians. I have not seen the results of those representations yet, but the general reaction appears to be encouraging.

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SOCIAL SECURITY

REQUEST FOR CLARIFICATION OF MINISTER'S STATEMENT DENYING PROGRAMS TO THOSE NOT IN NEED

Mr. Paul Yewchuk (Athabasca): Mr. Speaker, may I put a question to the Minister of National Health and Welfare. Last week in response to questions the minister said that in order to finance the guaranteed annual income she would, to quote her exact words, "take away from those who do not need universal programs" in reference to family allowances and old age pensions. In view of the stir this has caused among old age pensioners in particular, would the minister explain what in her view constitutes the people who do not need universal programs with reference to the family allowance and old age pension.

[*Translation*]

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, I do not know if the hon. member was present at the meeting of the Standing Committee on Health, Welfare and Social Affairs which I attended yesterday afternoon for the second time, when the estimates of my department were reviewed and when I clearly explained that our programs—which reflect the position of the government and obviously has my full support—to which he is referring are universal and that there is no way they are going to be modified.

[*English*]

Mr. Yewchuk: Mr. Speaker, I do not think it is appropriate for the minister to say I was not at the committee meeting when she came in only for the last 20 minutes of it herself. In dealing with this question she did not clarify it but simply waffled on it. I should like the minister to tell the House what she meant when she said she would take away from those who did not need the universal programs. She has not explained that in committee, has not explained it in the House and I think she owes the country an explanation.

[*Translation*]

Miss Bégin: Mr. Speaker, we are talking here of social security and the objective of the government as well as that of my department—and I have stated it repeatedly—is to detect the weakest groups in our society, those which are the most in need, so as to grant them additional help.

[*English*]

REGIONAL ECONOMIC EXPANSION

REASON FOR GRANT TO ITALIAN COMPANY TO MANUFACTURE REFRIGERATORS IN QUEBEC

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, my question is for the Minister of Regional Economic Expansion. In view of the fact that his department recently announced a $2,657,500 incentive grant to the Merloni Finanzaria group of Italy to establish a factory in Quebec to manufacture small refrigerators and freezers, and in view of the fact that other Canadian manufacturers in this market, specifically, the Canadian Manufacturing Appliance Company Limited of London, Ontario, has already told its work force that the small appliances market is soft and all indications are for continuing soft markets and future lay-offs may result, can the minister tell this House why his department is using the taxes of Canadian workers to subsidize a foreign corporation in Canada and create unemployment in Canada?

[*Translation*]

Hon. Marcel Lessard (Minister of Regional Economic Expansion): It is a fact, Mr. Speaker, that an offer has been made to this company which will establish itself in Quebec in the near future and I should also tell the hon. member that last

week we again made an offer to another business concern, which will open in Moose Jaw, Saskatchewan, and which will also manufacture small refrigerators. These two firms are going to be of a highly specialized character. They are going to satisfy the needs of the Canadian market and also those of an export market.

In the case of the firm to which the hon. member is referring, its production will be exported mainly to the United States to replace products that are already being exported there from Italy by a similar firm. We then expect to conquer this American market with products manufactured in Canada, and the result of which will naturally be the creation of jobs in our country.

[*English*]

Mr. Rodriguez: Mr. Speaker, a supplementary question. The minister says that the Merloni group will be aimed at the export market. In view of information given to me by his department to the effect that only 50 per cent of their production will be in the export field and in view of the fact that markets in Canada are soft at the moment, can the minister tell the House what steps he has taken to guarantee that the company will not be taking Canadian money and then making sales in an already soft Canadian market which can only exacerbate employment conditions in Canada?

[*Translation*]

Mr. Lessard: There is indeed a guarantee which has been required from this firm. It is that it will not manufacture refrigerators of nine cubic feet or more already being produced in Canada or which were manufactured here till recently. This firm will specialize in small refrigerators and it has given us assurances that it will restrict its production, at least for a given number of years, to these small refrigerators. The market it is seeking as a target is largely American, and it naturally entails possible access to part of the Canadian market.

* * *

● (1502)

[*English*]

EXTERNAL AFFAIRS

CONTRIBUTION OF FEED GRAIN TO WORLD FOOD BANK—REQUEST FOR DETAILS

Mr. Jack Murta (Lisgar): Mr. Speaker, my question is to the Secretary of State for External Affairs. Has Canada agreed or offered to supply some 50,000 tons of feed grain to the proposed emergency world food bank that was in the news some months ago? If so, is the minister prepared to say when that emergency food bank will be in operation?

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, I thank the hon. member for having given me notice of this question. As a result, I can tell him that the 50,000 tons, costing about $7½ million, which I announced at the United Nations is part of a total amount in the emergency food reserve of the 500,000 tons. Therefore, our percentage is 10 per cent. This is only about one per cent of the total of nearly 50 million tons of wheat and flour which went into world export trade last year. In terms of any impact it is likely to have on pricing, it is generally regarded by all concerned as being minimal or insignificant.

With regard to the timing, I am not clear as to whether this will be put in at one particular time or how it is going to be drawn from the overall worldwide fund. However, the agency acting for Canada in this regard will be CIDA.

Mr. Murta: The important aspect of the minister's answer is who pays for the grain. This is what the western grain farmer wants to know. Can the minister advise whether that money will go from the federal government to the wheat board to be paid to the Canadian farmer or will it come from CIDA? What method does the government intend to follow in terms of payment?

Mr. Jamieson: If I understood the hon. member, the situation is as he described it, namely CIDA is the purchasing agent. It is a purchase from the wheat board in the normal fashion.

* * *

PRIVILEGE

MINISTERIAL RESPONSIBILITY IN ANSWERING QUESTIONS—RULING BY MR. SPEAKER

Mr. Speaker: Order, please. A question of privilege and a point of order was taken a few days ago. I was asked by the hon. member for Saskatoon-Biggar to find disorder, and by the hon. member for Grenville-Carleton to find privilege as a result of events which took place during the question period on November 28. I would like to try briefly to deal with that matter now. It arose out of questions put initially by the right hon. member for Prince Albert to the Solicitor General, but in his absence, and I quote:

—I would like to direct a question to the Acting Solicitor General, namely, the Minister of Consumer and Corporate Affairs—

Subsequently, when that first question was answered by the Minister of Justice, a supplementary question was asked. He said, "The Minister of Justice was one of the two applicants along with the Solicitor General and being the custodian of the Queen's conscience, if the Solicitor General was asked to appear, what would happen?" The third question by the right hon. member was whether the government or the Minister of Justice was going to take a decision. The first supplementary by the hon. member for Perth-Wilmot was in the following terms:

Mr. Speaker, my supplementary question is to the acting minister who, according to the *Journals* branch, is the Minister of Consumer and Corporate Affairs. However, I suppose pro tem it is the Minister of Justice.

The points of order and question of privilege ask me to find that that is against our procedures. I bring to the attention of

hon. members the exact wording of Standing Order 39(5) which is as follows:

Before the orders of the day are proceeded with, questions on matters of urgency may be addressed orally to ministers of the Crown—

I stress the word "ministers"; it is plural.

—provided however that—

The rule goes on to cite other aspects which are not relative to this particular argument. The fact that the plural is used in that Standing Order has always been interpreted in such a way as to permit questions to be put to the ministry in general. The question is whether the Chair can direct or require that those questions be put to an individual minister and in turn require that minister and no other to make an answer.

Our practice is based on the authority of the Chair to regulate the question period largely through disallowance of questions or answers which are out of order. Thus, questions which do not relate to the administrative responsibility of the government in general are disallowed, as are those which do not relate to a minister's administrative responsibility but, rather, relate to the minister's personal views or political or geographic responsibility.

Just as the Chair has the authority to prohibit questions, it equally has the authority to disallow attempts to answer which would equally constitute offences against those well-established practices. However, no authority exists in the Chair or in the House, for that matter, to compel an answer or to pass judgment on the quality of an answer if one is given. There are obvious sanctions in the political sphere, but none in our procedures for the obvious reason that it would be impossible to determine when any such requirement had been properly complied with. It is clear therefore, that when a question is put to an acting minister, no disorder or privilege can be found if that specific acting minister does not answer the question. Therefore, I must set aside the point of order and question of privilege on those grounds.

Can I find disorder or privilege in the fact that answers were given by another minister? Our practice in the absence of ministers has included a variety of responses, sometimes by the Prime Minister or his deputy, sometimes by acting ministers or by parliamentary secretaries, and on other occasions by other ministers who share responsibility for the particular jurisdiction or perhaps share a special responsibility for the particular subject matter of the question. In the case at hand, the subject concerned the Keable inquiry and, more specifically, an application to the courts to which the Minister of Justice was or is a party. There is no authority which I can discover which would have enabled me to prevent the minister from answering that question, provided his answers were in other ways in conformity with the procedures I set out earlier. They were in conformity with such procedural requirements and this is so regardless of which of those several capacities the minister is drawing upon to present an answer.

In various circumstances, hon. members who have put questions in the absence of ministers have expressed a preference that the question be answered in one of the ways I have set out, that is, by an acting minister, the parliamentary secretary, the Prime Minister, his deputy, or by another minister. In other circumstances, when an attempt has been made to answer the questions in that way, members have objected. Sometimes even in the presence of the minister to whom the question is directed, that minister will refer all or part of the response to another minister with whom he may share responsibility or who may, in the particular circumstances, be more knowledgeable about the particular subject matter.

However, I think in the final analysis it reduces itself to this. If any of these practices of sharing or referring questions in any way raises complaint, there is no action the Chair can take because, reduced to the final criterion, if no answer is offered by any minister in any capacity, none can be compelled by the Chair. Accordingly, I am unable to find, in the given circumstances, any matter of disorder or privilege.

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, I notice, but it may have been an omission, that in the course of your reasons for judgment today, you ignored any reference to the order in council that had been filed with the appropriate office of the *Journals* branch by the government of the day indicating to us the acting minister in each capacity as well as the second acting minister. Your Honour ignored that for the purposes of your reasons. You may want to comment on it. I presume the government did not file that order in council with the *Journals* branch of this House of Commons for nothing. They must have meant this to apply somewhere. This is something Your Honour may wish to comment on after I resume my seat. One begins to wonder what orders in council can be believed when the government openly files one to direct us to something and we suddenly find that in the course of answering questions in the House the government ignores its own order in council or the reasons behind it. There is that question as well.

That is not a question for the Chair. Quite frankly, it is a question of credibility. In any event, Your Honour did not deal with it from the point of view of the order in council, and that was part of my question of privilege. If Your Honour does not wish to deal with it today, that is all right with me, but I should like to have a ruling on the question of the order in council because I feel it is an important one.

● (1512)

Mr. Speaker: I think that upon reflection the hon. member will find that the pronouncement I just made does have application to the matter. It comes down to the point the hon. gentleman has made. It may touch on matters of credibility or of courtesy, but in the final analysis even if I accept that the Acting Solicitor General on the day the complaint was made was, in fact, the Minister of Consumer and Corporate Affairs—which may or may not have been the case—it seems to me impossible for the Chair to question the capacity in which a minister enters a discussion and attempts to make an answer, as long as the procedure is otherwise correct. If he were out of order, I would, of course, have to stop him whether or not an acting minister had been designated and was seated

beside him at the time. Whether this touches other considerations may be a matter for discussion, but there does not seem to be any procedural sanction for that practice.

* * *

BUSINESS OF THE HOUSE

WEEKLY STATEMENT

Mr. Baker (Grenville-Carleton): Mr. Speaker, may I ask the government House leader the usual business question? I am particularly interested in the matter of the designation of the last allotted day. There have been discussions, and the date December 6 was mentioned, but when the matter was subsequently raised the spokesman for the party opposite stated it would be agreeable to set it for Thursday, December 8. Would the hon. gentleman confirm this? Also, I have received some inquiries about the possibility of a recess over the Christmas period. Could the House leader tell us the plans of the government with respect to that?

Mr. MacEachen: The date of the final allotted day will be December 8. I understand that this date would be more convenient for hon. members opposite, and it is designated accordingly. As to the other question, it is my intention to suggest that the House adjourn for the Christmas break on December 21 and resume on January 23, 1978. That is the objective; it has not been put into a motion yet.

Mr. Speaker: It might be appropriate for me to indicate now, in relation to the business of supply, that the only indication I have had of dispute over legislative items or argument about items contained in the estimates and supplementary estimates was that given yesterday by the hon. member for Calgary Centre (Mr. Andre). So I am informing the House that those items to which he referred are the two items which will be argued tomorrow before orders of the day.

ROUTINE PROCEEDINGS

[*English*]

MANAGEMENT AND MEMBERS' SERVICES

Second report of Standing Committee on Management and Members' Services—Mr. Coates.

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

References to Standing Committees

COMMITTEES OF THE HOUSE

REFERENCES TO STANDING COMMITTEES

Hon. Allan J. MacEachen (Deputy Prime Minister): Mr. Speaker, I should like to seek the consent of the House to have references made to two standing committees. I would hope consent to these motions could be given without debate, otherwise I would not proceed with them at this time. One motion has to do with referring the document entitled "The Management of Canada's Nuclear Wastes" to the Standing Committee on National Resources and Public Works.

Some hon. Members: Hear, hear!

Mr. MacEachen: There has been a request that this be done, and if there is no objection I would proceed at the present time.

Mr. Speaker: Does the Deputy Prime Minister have leave to move that motion?

Some hon. Members: Agreed.

Mr. MacEachen: Thank you, Mr. Speaker. I move:

That the document entitled "The Management of Canada's Nuclear Wastes", tabled November 22, 1977, be referred to the Standing Committee on National Resources and Public Works.

Motion agreed to.

Mr. Munro (Esquimalt-Saanich): With respect to the tabling just now of this report—

An hon. Member: It was tabled long ago.

Mr. Munro (Esquimalt-Saanich): It was tabled, then, and it has now been referred to the committee. Would this preclude consideration of the report by the Standing Committee on Fisheries, Forestry and the Environment? The report is one which has important environmental implications, and I am wondering whether it might not be referred at the same time to the standing committee I have just mentioned.

Mr. MacEachen: It would be difficult, I think, to have two committees seized with the same report. Nevertheless, it might be possible to give consideration to accommodating the hon. member's interests. The Standing Committee on National Resources would certainly co-operate to achieve that objective.

The second motion has to do with the reactivation of the Joint Committee of the Senate and the House of Commons on the national capital region. The motion is somewhat lengthy. It has been circulated, I understand, to hon. members opposite.

Mr. Paproski: No.

Mr. MacEachen: I understood it was circulated some days ago. However, it might have been mislaid in the delivery system. Perhaps what I should do, Mr. Speaker, is read the motion and if hon. members have any objection or question, or if they wish for further consultation, I would defer moving it until a later date.

References to Standing Committees

Mr. Speaker: Perhaps the minister could do that first, and then we could see whether there is an objection.

Mr. MacEachen: The proposed motion would read:

That a special joint committee of the Senate and House of Commons be established to consider and report upon matters bearing upon the development of the national capital region, including the programs and operations of the National Capital Commission;

That 15 Members of the House of Commons to be designated by the House at a later date be the members on the part of this House of the special joint committee;

That the said committee have the power to send for persons, papers and records and examine witnesses; to sit during sittings and adjournments of the House; to print such papers and evidence from day to day as may be deemed advisable; and to adjourn from place to place within Canada;

That the said committee present a final report within 90 days of the adoption of this resolution taking into account the evidence given before the Special Joint Committee on the National Capital Region established in June, 1975, and the evidence given before the newly established joint committee;

That a message be sent to the Senate requesting that House to unite with this House for the above purpose, and to select, if the Senate deems it advisable, some of its members to act on the proposed special joint committee;

That the quorum of the Special Joint Committee on the National Capital Region be fixed at eleven (11) members, provided that both Houses are represented, whenever a vote, resolution or other decision is taken, and that the joint chairmen be authorized to hold meetings to receive and authorize the printing of evidence, when a quorum is not present, so long as five (5) members are present, provided that both Houses are represented; and

That the Special Joint Committee on the National Capital Region be authorized to retain the services of advisers and such additional professional, stenographic and clerical staff as is required during the committee's consideration and review of matters bearing upon the development of the national capital region.

● (1522)

Mr. Speaker: Does the minister have the consent of the House to propose that motion at this time?

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, despite my permanent caveat against joint committees, I will not object to the putting of this motion.

[*Translation*]

Mr. Lambert: Mr. Speaker, I just want to make a remark. I would very much have liked to receive the text of this motion in the two languages, because I feel more comfortable with the French language. So I thank the gentleman who just brought it to me and I might add that I agree with this resolution.

[*English*]

Mr. Speaker: The House has given its consent to the motion proposed by the minister.

Mr. Jones: Mr. Speaker, I do not agree with this motion.

Mr. Speaker: Order, please.

* * *

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

[Mr. MacEachen.]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today: 66, 178 and 457.

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

[*Text*]

INDUSTRY, TRADE AND COMMERCE POSTS LOCATED IN BRITAIN AND FRANCE

Question No. 66—**Mr. Jones:**

Are any Department of Industry, Trade and Commerce posts located in (a) England (b) France and, if so, in each case, how many?

Mr. Bernard Loiselle (Parliamentary Secretary to Minister of Industry, Trade and Commerce): There are two posts located in Britain, namely, London and Glasgow and one in France, Paris.

BUREAU OF INTELLECTUAL PROPERTY

Question No. 178—**Mr. McKenzie:**

1. What is the total number of persons under contract to the Bureau of Intellectual Property and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Mr. Alan G. Martin (Parliamentary Secretary to Minister of Consumer and Corporate Affairs): 1. As at October 3, 1977 eight, of which none is a retired public servant.

2. (a) 1975-76, $2,140.70. No retired public servants were contracted during this period. (b) 1976-77, $25,886.91. No retired public servants were contracted during this period.

EXPENDITURES BY DEPARTMENT OF CONSUMER AND CORPORATE AFFAIRS

Question No. 457—**Mr. Leggatt:**

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

Mr. Alan G. Martin (Parliamentary Secretary to Minister of Consumer and Corporate Affairs): Consumer and Corporate Affairs Canada does not record expenditures by constituency. Therefore, exact amounts spent in the constituency of New Westminster are not available.

[*English*]

Mr. Dick: On a point of order, Mr. Speaker, I did want to put a question to the Parliamentary Secretary to the President of Privy Council. In the first session of this parliament I put a question on the order paper on June 15, 1976, No. 5,752. This was moved forward to the second session, where on Monday, June 6, 1977, it was question No. 1,380. It has now been moved forward into this third session, and on Monday, November 28, appeared as question No. 29. I am wondering whether the Parliamentary Secretary to the President of Privy Council would indicate when the government is going to answer this question, which deals with Consolidated Computer

Incorporated and the government's involvement with that company.

Another matter which concerns me, and in connection with which I may have been losing certain rights, is that prior to this session I put a series of questions on the order paper during the second session of this parliament which dealt with the Department of Regional Economic Expansion, and in particular the Pembroke-Renfrew designated area. These were questions Nos. 2,559 and 2,623 in the second session of the thirtieth parliament.

On October 14, before the third session commenced, I received a telephone call from the office of the deputy minister of the department in which he suggested that the answers to these questions be made orders for return, on the understanding that the answers had already been prepared and that they could be tabled on October 20 or 21. On October 17 the questions were made orders for return, but they have not yet been tabled. I did not put my questions back on the order paper, in view of the undertaking given on the government side of the House, because I did not want to confuse the situation and have to wait another three months for a reply.

On October 27 I wrote to the office of the President of Privy Council, and on November 10 received a reply from his parliamentary secretary in which he indicated that those questions were not yet ready for tabling, in spite of the fact that I had been told by the Department on October 14 that they were. He indicated there was a translation problem; they had not been translated. We are now a long time past that date, and I am wondering when I might expect these answers. I have tried to co-operate by not confusing the order paper by placing the questions on again.

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, we will look into it.

GOVERNMENT ORDERS

[*English*]

INCOME TAX ACT

MEASURE TO AMEND

The House resumed, from Wednesday, November 30, consideration in committee of Bill C-11, to amend the statute law relating to income tax and to provide other authority for the raising of funds—Mr. Chrétien—Mr. Turner in the chair.

The Deputy Chairman: Order. House again in committee of the whole on Bill C-11, an act to amend the statute law relating to income tax and to provide other authority for the raising of funds. When the committee rose yesterday, clause 6 of the bill was under consideration. Shall clause 6 carry?

On clause 6—*Exchanges of property.*

Mr. Crosbie: Mr. Chairman, I spoke on this clause yesterday, so I will not take too much time provided we get answers to the points we are making. The minister was not here yesterday, but I imagine that this morning he read *Hansard* and knows the points which were raised. I want to put a few questions to the minister about the home insulation program. A provision in this clause makes taxable grants to people under the home insulation program in six of the provinces of Canada, namely, Newfoundland, New Brunswick, Ontario, Manitoba, Saskatchewan and British Columbia. These provinces have entered into an agreement with the federal government. I understand that today the energy ministers are meeting at a conference in Ottawa. The provinces other than Nova Scotia and P.E.I. are very upset at the program, in view of its discriminatory features, and they are proposing changes or perhaps a new program of their own. I further understand that Quebec and Alberta may now join the program. This means that eight provinces will be discriminated against, instead of six.

The point I am making is that under the program people in these six—or it may be eight—provinces who receive a grant to insulate their homes better, to a maximum amount of $350, must add that to their taxable income. This is only one aspect of the discrimination of the program in the six provinces compared with the program in Nova Scotia and P.E.I. where the amounts are not taxable.

I am sure that the minister is not a minister of finance who wants to bring into this House discriminatory legislation. I do not think the minister wants to see taxpayers in Quebec, Ontario, Newfoundland New Brunswick and so on, treated differently from the taxpayers of Nova Scotia and Prince Edward Island. I am, therefore, asking the minister if he will agree to remove this particular provision from clause 6, namely, subclause (5) which permits the government to carry out its announced intention of making the grants taxable.

I should like to see the home insulation program changed entirely, but I am not going to speak at length now because members from other provinces may want to speak on it. However, I do have a number of questions to ask, and the first is whether he will withdraw this discriminatory provision. I suggest it makes no sense. I cannot see any reason for the government of Canada telling recipients of grants in these provinces that they must add the amount to their taxable income and pay tax on it. Taxpayers of P.E.I. and Nova Scotia do not have to add their grants to their taxable income. I say it is an outrage. It takes my breath away. I find it so dumbfounding I can hardly speak. Indeed, I wish I knew another language to speak, such as Afrikaans or something, because I find this so repugnant and it is why the Canadian public must know about it.

Secondly, how much do the officials estimate they will get from this tax, in terms of revenue? For example, the program has been extremely unpopular. It started last January in the two provinces of Nova Scotia and Prince Edward Island. The new program in the other six provinces started on September 1. They all accepted with great reluctance. My information

is—and the minister can confirm this—that as of November 25 of this year, just six or seven days ago, there were only 5,096 applications received by CMHC for grants under this program, rather than the several thousand a day they were expecting from six of the ten provinces of Canada. I understand 2,270 cheques had been mailed out, for a total of $508,000.

● (1532)

It appears that this program is not popular with the public which has realized its tremendous inadequacies. The public is not very keen on it. I compare that to the situation in P.E.I. and Nova Scotia, Mr. Chairman. In those two provinces, up to June 9, and I only give the figures to June 9 because that is all I have, because of the improved nature of their program—a much better program they have been given—there were 28,106 applications received, just from these two small provinces, with 15,845 approved, with 4,717 grants paid up to that date. That is just in those two small provinces. The amounts that have been spent in respect of the ones that have been received and approved is $5,749,000. We can see that this is a very popular program in Nova Scotia and P.E.I., and justly so. It is a good program there. It is a better program. They get a better grant. They do not have the same restrictions, and the people down there are applying for it, whereas in the other provinces it definitely is not very popular.

I should like to ask the minister whether he can give us what his people calculate he is going to get in tax revenue by making these grants taxable in the other provinces? The estimate given by the Minister of Energy, Mines and Resources of what the program would cost across Canada in the other eight provinces, had they all gone into the program, not including Nova Scotia and Prince Edward Island, for the seven-year duration from September 1 to September 31, 1984, was potentially $1.4 billion. It was estimated that this year the program is going to cover 133,000 units, at a cost of $45 million. That forecast certainly seems wildly out, Mr. Chairman, if my information is correct that there are only some 5,000 applications, with only $500,000 spent to date. We are now at the beginning of December and we have this month, January, February and March—four months left in the fiscal year—and it seems very unlikely that the program is going to cost $45 million in this year or that it is going to cover 133,000 units. The estimate given for next year, 1978-79, is that it would cover 462,000 units, at a cost of $145 million. There is no indication, from the acceptance of the program to date, that this will be so at all.

I want to start with two questions. I have a lot of other questions and a lot of other observations too, but I am sure other members have so I will start with these two questions, Mr. Chairman. Will the minister tell us why he is discriminating against eight provinces in favour of two? Secondly, would the minister tell us what revenue he thinks he is going to pick up from that provision this year? In addition, what are the new figures in respect of what it is going to cost? It certainly is not going to cost $45 million.

[Mr. Crosbie.]

Mr. Chrétien: Mr. Chairman, perhaps I could save some argument if I explained now that there are two different programs. One was introduced because of a particular situation in Nova Scotia and P.E.I. Those provinces are almost completely dependent for their power on the importation of oil. Prince Edward Island is 100 per cent dependent on oil for its power. As you know, the cost of this energy has increased at the fastest rate anywhere, and faster than all other alternatives available. In terms of Nova Scotia, it is 84 per cent dependent on imported oil.

When we introduced that first program it was because we realized we needed some flexible policy. This is why we have some policies that apply under regional economic expansion, and so on, in different regions of Canada depending on their problems. The Canada Works program does not provide the same amount of money to everybody, and nobody claims that it is discriminatory because the situation is different in some areas than in others. We started that program with $500 in Prince Edward Island and Nova Scotia. After that we realized that this was a good means of saving some energy, perhaps other types of energy, and we decided to introduce a new program for the rest of Canada in the amount of $350. This was introduced by the Minister of Energy, Mines and Resources. It was decided that, rather than give $250 to everyone, it was better to give $350 with a tax on it. In this way the benefit to the rich from the program would be less than to a person who does not pay tax at all. This is another form of equalization. If we followed the other route with the money available to the government we would have given $250 to everyone, whatever their income. We decided to make the amount higher, but some will have to reimburse part of it if they are making greater revenues. I believe there is some element of justice there between the rich and the poor provinces.

There are two different programs. The one for P.E.I. and Nova Scotia had been established for the reason that these were the only two provinces so dependent on oil imports—100 per cent in P.E.I., 83 per cent in Nova Scotia, 32.5 per cent in New Brunswick, 1.7 per cent in Newfoundland and only 0.3 per cent in the province of Quebec.

Mr. Crosbie: What are your figures?

Mr. Chrétien: Mr. Chairman, I just explained that we decided on this program because of the added cost of oil in the Canadian economy to those provinces dependent on imported oil for the development of electricity rather than other forms of energy. We started that way, and expanded the program to cover other provinces with a different type of scheme. I just wanted to give that explanation. It is not my program, it is the program of the Minister of Energy, Mines and Resources. He decided to go with the $350 on a taxable basis rather than $250, not taxable, because we did not want to give exactly the same subsidy to each of the provinces, rich and poor.

[*Translation*]

Mr. Lambert (Bellechasse): Mr. Chairman, I should like to make a few remarks on this program which is likely to improve

the homes built before 1921. At first, this program was not available in the province of Quebec because of the reluctance of the provincial government. However, according to the reply given today by the Minister of State for Urban Affairs (Mr. Ouellet), it seems that the negotiations are making good progress and that Quebecers will finally be able to avail themselves of this program. But the Minister of Finance should not take away with one hand what a department is giving with the other.

It is unthinkable that this grant, which is not very large but will nevertheless prove useful, should be taxable. For instance, in the case of a wage-earner with an income of some $10,000, the taxation rate is, let us say, 15 per cent; so he is then very likely to have to pay out the $350 he may have received as an insulation grant. That is why I feel that the Minister of Finance should reconsider his position and look very seriously into the purpose of that isolation program. It is not designed to help millionaires who live in well-insulated residences, but it is aimed at low wage-earners who live in houses which, while comfortable, are not adequately insulated. Heating costs are higher and there is less comfort. Such are the conditions in most houses built before 1921.

I do not want my comments to be considered as being against the program, on the contrary. I would like it to be extended. That is why I asked the Minister of Urban Affairs today whether it would be possible to make up for lost time. He held out some hope saying that he would do his utmost to make the program and the applications filed in Quebec and Alberta retroactive under the regulations.

I realize that the Minister of Finance has a very heavy responsibility and that he must find funds to cover the administrative costs of all departments. However, it should not be merely an accounting procedure. If the Department of Urban Affairs or the Department of Industry, Trade and Commerce gives $350 to an individual, a home owner will have to refund $275 in his income tax return. It is no longer a $350 grant. This must be watched closely. I ask the Minister of Finance to reconsider seriously whether it would be possible for him to find some other sources of income and to remove from Bill C-11 the clause which will specifically make taxable as income a grant which will surely become less effective if Bill C-11 remains in its present form. I always consider that this will particularly apply to low and middle income people. Considering that the purpose of this program is precisely to help those people, I think we should not trick them, we should not give them the cards to take them back immediately after; of course, they shall never win if we take the cards back after giving them. I ask very seriously to the Minister of Finance to introduce an amendment to Bill C-11, and I think that all Canadians will be very thankful for this.

● (1542)

Mr. Chrétien: Mr. Chairman, to answer the hon. member, I think that the purpose of taxation in an area such as this one is to make the subsidy more useful to low income people than to people who pay a lot of taxes. This was considered the most favourable way to enable people in the lower income brackets to have $350, because probably they do not pay much tax or they pay no tax at all. Those people will not be taxed. The higher the income, the higher the tax to be paid on this amount.

Of course, we always have a difficult choice to make in public administration. What is the best method to spend the available funds? We thought we should use this method and that it was preferable to give $350 to the poorest people than to give $250 to both rich and poor people.

[*English*]

Mr. McGrath: Mr. Chairman, I should like to make a few brief references to the remarks of the hon. member for St. John's West and the response of the minister thereto. I was astounded when I heard the minister's rationale for making a distinction between Prince Edward Island and Nova Scotia on the one hand, and the other six provinces on the other hand that are coming in under this program for the $350 taxable grant. It makes no sense and it does not stand up to scrutiny and analysis. Surely the minister must realize that.

We are not dealing with the cost of electricity. It is the cost of heating homes that we are dealing with. Surely that was the rationale behind the grants in the first instance. If it is looked at from that basis, then the minister's arguments do not hold at all. In Newfoundland, over 70 per cent of the homes are heated by oil, the same offshore oil which has to be imported into Prince Edward Island and Nova Scotia. In Prince Edward Island, approximately 98 per cent of the homes are heated by oil. In Nova Scotia, approximately 90 per cent of the homes are heated by oil. Thus, why make a distinction? It really defies logic and it makes no sense.

The only reasonable rationale one can arrive at is that there was election fever in this country last summer. Presumably the word went out from the Prime Minister to all ministers to put together whatever programs could be used as part of an election platform. In this regard, the government had the program implemented in Nova Scotia and Prince Edward Island. It was designed to come to the rescue of Gerry Regan and his Liberal cabinet in Prince Edward Island which was in trouble at the time. This program was generous and adequate, but certainly not overly generous. Each householder could receive $500 tax free for the purpose of insulating a home or helping toward the cost of insulation. Quebec and Alberta refused to go along with the program because there was no adequate consultation with the provinces.

The government decided this would look good on an election platform—$350 to every Canadian householder for the purpose of insulating homes. One can get away with that in election rhetoric and on an election platform. My colleague has indicated that one would be required to spend over $500 in order to receive the $350 which was taxable; so this hastily conceived and hastily executed program came into existence. Now it is a total flop and a failure. There is no way in which the minister can rationalize or justify the inequality of a $500 tax free allowance to householders in Nova Scotia and Prince Edward Island and a $350 taxable allowance in the rest of the

country. This program has been perceived by Canadians as a bad one, hence the very disappointing response to date from the people of the six provinces qualifying for the program.

I have a question for the Minister of State for Urban Affairs. Why was a new bureaucracy established outside the existing establishment of CMHC? Why was it established in the city of Montreal, in a province that is not participating? There is only one logical explanation for that, and that is because Montreal is the constituency of the Minister of State for Urban Affairs, and the Prime Minister. Why could the government not use the existing offices of CMHC? These offices are already established right across the country, and have adequate personnel. Why did the minister not use the provisions of the Income Tax Act, which would require no additional establishment? An amendment to the Income Tax Act could be made for the tax deductible allowance up to a certain amount for insulating homes. Surely that would have been the simple way to do it. It would have been the fair and equitable way, as well.

Mr. Chrétien: And expensive.

Mr. McGrath: As a result of a partisan response to a political situation last summer, we are faced with this hodge-podge that the minister cannot justify in any sense. What we are being asked to approve is a program which discriminates against the people of Newfoundland, New Brunswick, Ontario, Saskatchewan, Manitoba and British Columbia. The fact these provinces do not have Liberal governments does not have very much to do with it, although I am suspicious. One can only conclude that the government moved in the case of Nova Scotia in order to get Gerry Regan out of a tight jam. The government had no response to the energy crisis in terms of a national energy conservation program, but it took a step in the right direction. I concede that this was a step in the right direction. But instead of applying the program to the rest of the country, we have to pay a penalty. In Newfoundland and New Brunswick we have to pay the same price for offshore oil as they do in Nova Scotia and Prince Edward Island. We are talking about the price of oil in terms of heating a home and in terms of conserving consumption in order to do our part in this energy crisis.

● (1552)

I ask the minister to reconsider the answer he gave to the hon. member for St. John's West, and to tell us where he gets those misleading statistics with respect to the amount of electricity which is generated by oil in Newfoundland as opposed to the amount of electricity generated by oil in Prince Edward Island and Nova Scotia. That really has nothing to do with it.

An hon. Member: Certainly it has.

Mr. McGrath: We are talking about the price of home heating oil and about the price of heating a home. There is a small percentage of homes in Nova Scotia and Prince Edward Island heated by electricity. However, the vast majority of them, as is the case in the rest of Canada, are heated by oil, so why not have the same program apply to all of Canada, instead of this discriminatory program which we are now asked to support?

Mr. Jones: Mr. Chairman, this particular clause of the bill is obviously the most disturbing. It reminds me of a cliché which, reworded, would go something like this, "The government giveth and the government taketh away, but sometimes the government taketh away before it giveth". I think that is what has happened in this situation.

This clause not only discriminates against some parts of this country and their citizens, but it is also based on a double standard. If we must have taxation and taxation statutes, they should be fair, equitable and just. This particular clause is not just or equitable. It is certainly unjust and discriminatory. It is not even good legislation. I do not know who drafted this clause or who caused it to be drafted, but I suggest that the minister should use his good common sense and legal background. Let us not hold this legislation up any further. There is nothing to be gained if we have to have a few more mandarins going over a few more forms.

The minister should withdraw this clause. Is the clause an indication of some things which are to come in the future? Are all government grants, subsidies, forgivenesses, reduced interest rates and benefits given to people under, for example, NIP and other programs to be taxable in future under the Income Tax Act? I would like the minister to answer that question. It is a fair question, and if he is fair he will answer it. If he is utterly fair and true to the people of Canada and this parliament, he will not only answer it but he will withdraw this clause.

[*Translation*]

Mr. La Salle: Mr. Chairman, I should like to take the occasion to raise two points. First, of course, that grant, which is not a real one, and that lack of consultation which should have been considered necessary. I feel that Quebec, perhaps like one or two other provinces, could probably have benefitted from those grants at the same time as some other provinces did. The responsible minister will probably understand that it is likely that such lack of consultation with the provinces results from the fact that the provinces have not all accepted the program.

In my opinion, the fact that the provinces are not allowed to participate in drafting a policy is a typical example of lack of consultation. This is unbelievable, Mr. Speaker. I feel that if the minister wanted to be generous at that level of $1 billion, it would have been possible for him to meet with the officials of the provinces, to talk with them about these objectives, about the importance, of course, for the federal government to see that energy is conserved and, therefore, I believe the provinces could have made excellent proposals, and, at the same time, it would have been possible, I think, to come to an agreement and allow every province, according to its own needs and ways, to benefit from that grant and also allow all the citizens in

every province to benefit from it. But that was not my point yet.

The federal government submitted a program they had drawn up by themselves, and they told the provinces: Take it or leave it. Today we realize that with a new conference the provinces will probably be forced to participate. That is a kind of blackmail I want to denounce. When some people talk about a new federalism, like the Minister of State for Federal-Provincial Relations (Mr. Lalonde) did last Saturday, they do not mean that kind of approach. I have to blame our colleagues from Quebec, who also sit on the other side of the House, for not having urged the minister to invite the provinces to discuss those matters. Some of my colleagues on this side of the House have expressed the same concerns like I did.

It seems to me that if the federal government had been honest when talking of true consultation with its provincial counterparts, it would have been possible for any Canadian to get this subsidy wherever he comes from. That is what I wanted to point out and I regret once again that we, the people of Quebec, did not manage to get it. Of course, they will bring forward other arguments, that the government of Quebec is so particular and so on. There has been a lack of consultation and the absence at the negotiation table of provinces which, in the present context as well as in the future, should be participating in the elaboration of a national policy.

So long as this government will keep the kind of attitude it has shown for so many years, we will keep on experiencing difficulties regarding objectives which are intrinsically good, I repeat, but which are often unpracticable for certain provinces and for certain reasons.

Moreover, Mr. Chairman, the minister responsible for this legislation is trying to justify it by saying that it is not his program after all. That is a fact, we acknowledge that this is not his program. However, he exercises a responsibility today. If the minister responsible for such a program has made a mistake, I think he has the responsibility and the duty to correct such shortcomings and injustices that may be found in this legislation. Once again, we may be told that we are taking perhaps too much time in this House to argue over these things. I think that those people who are likely to benefit from these grants are quite interested in learning today that there are still members who understand this injustice and who want and ask in a very democratic way that the minister correct a situation or an injustice which is quite obvious.

Of course the minister says the grant could have been only $250; he now offers $350 to get back part of the money. This reminds me of today's statement on family allowances. In 1977, the government spent more than $175 million a month in family allowances but it does not tell us how many millions it got back by taxation. I call this false representation. It is dishonest on the part of the government to present such measures to the public. It tries to fool the public by telling it it is getting $350, knowing full well that in certain cases this does not amount to $350. The member for Bellechasse (Mr. Lambert) has already talked about this subject as well as other members before me.

Why don't we clearly establish the true amount of the grant which a particular citizen will get? Most of these homeowners are not people with tremendous revenues, and even if only $15, $25 or $50 are taken off this grant, it is unfair on the part of the minister to present us this subsidy as a $350 grant. Once it is made taxable, it can no longer be called a $350 grant. In those circumstances, I dare believe that the Minister who admitted earlier that it was not his program, although this is hardly an argument, must assume his responsibility and be fair towards the legislation which he is bringing forward. If he wants to be fair, I believe that he cannot avoid his responsibilities. In consequence the tax on this subsidy must be immediately removed.

If the government were to do it, I would be ready to trust them. In other words, the way this legislation has been presented is highly hypocritical. We will not accept that Canadians be misled in this fashion. Clause 5, page 7, must be withdrawn so that this subsidy be totally left to those who meet the criteria and I believe that in these conditions it will meet its purpose as the main purpose of the legislation is fundamentally worth while. In view of the circumstances I hope the minister is going to reconsider the presentation of this bill and tell the House immediately that this subsidy is not taxable.

● (1602)

[*English*]

Mr. Marshall: I want to make one or two short points in support of my colleagues. The minister indicated that by taxing the insulation grants the program was equal to both the rich and the poor. I want to tell the minister that there are people at the lower end of the income scale, on welfare, who do not even care about tax. They cannot even find the $500 they have to spend to get the $350. So they will not benefit, and they need it more than anybody.

There are people with homes that are not worth insulating. They are spending millions and millions of dollars of government money through welfare, through low and fixed incomes, and they cannot afford oil at $70 or $80 a month which they are paying now in Newfoundland. There are widows on welfare getting $131, and they are paying $60 and $70 of it for fuel because they can only afford an oil stove. What is insulation going to do for them? This has to do with thousands of people not only in Newfoundland but right across Canada. To indicate how quickly this program was put together, to qualify in Newfoundland homes must have been built before 1941. The same with regard to insulation; it has to comply with CMHC standards. Mr. Speaker, we were not even a province of Canada in 1941, we did not join confederation until 1949, so how can we comply with CMHC standards which were never there?

An hon. Member: Were there houses there in 1941?

Mr. McGrath: Answer that one.

Mr. Marshall: Yes. I just say that the government are wasting millions and millions of dollars because they give 50-50 under the Canada Pension Plan to the province and most of that money of the low and meagre income earners is going toward trying to keep a home heated. They are paying too large a percentage of their low incomes for heating, when they cannot even afford food. I ask the minister, is there any humaneness in his body or in his soul? He should recognize the hardship that is being caused. While this program will help a number of people in Canada, it is not going to do anything for the poor who need it most.

Some hon. Members: Hear, hear!

Mr. McRae: I am rather appalled, Mr. Chairman, by some of the comments that I hear from the other side, particularly on this clause, section (5) of clause 6. It seems to me that when one talks about discrimination as between provinces, certainly when we are dealing with energy and oil, we have vast discrimination in terms of the subsidies paid to the eastern half of the country, the area receiving oil from offshore, the area east of the Ottawa Valley line. That kind of discimination is extremely important. I would be the last person in the world to say that policy should be changed. I believed it was the right policy when we brought it in, and I support it.

Two provinces, just because they happen to have Liberal governments, are under fire. I find it rather interesting that with respect to the opposition, which has nine or ten seats in the province of Nova Scotia and at least two seats in the province of Prince Edward Island, none of those members is presently involved in this debate. I would like to point out that when we brought in this program—and, many people who have seats in this House and are not here today raised the question at the time—these two provinces had a vast dependency on oil for the production of power. At that time it was roughly 100 per cent in terms of Prince Edward Island, and 65 per cent or 70 per cent—I am not sure of the figure, but it was in that order—for Nova Scotia. The price of oil was something like $1.75 a barrel.

When the world price of oil went to $12 a barrel, and $8 or $8.50 a barrel in terms of what it was costing after the subsidy in those areas, they were in a very precarious situation. The provinces themselves asked for an extra subsidy with respect to that oil, and the federal government, in its wisdom, said, "No. If we give you an extra subsidy on oil it will be a subsidy year in and year out. Since heating and electrical needs depend a great deal on oil—not all heating needs, of course, but certainly electrical needs depend totally on oil—we want to do something that will put you in a better position so you will not consume as much oil." That is precisely why we set up this program in Prince Edward Island and Nova Scotia. Those provinces wanted to move in this direction, and we assisted them. No other province has a dependency of greater than than 30 per cent for oil and hydro.

I think this is important. We responded to a need in an intelligent way. One of the ways of responding was to grant a permanent subsidy to those two provinces to help them pay for the oil, but we said no, that was not the intelligent way to go about it; the best way was to support them in terms of developing an insulation program, which is being used, which means they will be using a great deal less oil. I cannot too highly stress the importance of this insulation program. I would like to see a much better program for the rest of the country. I am one of those who fought very hard for the program. However, I realize that a government which is $8.5 billion in deficit cannot afford to do everything it wants to do.

Some hon. Members: Oh, oh!

Mr. McRae: I believe the $1.4 billion for the program for all the ten provinces—actually, eight of them will be using it—is a rather important step. It seems to me that we should be encouraging this program and the whole notion of insulation. One of the hon. members from Newfoundland is concerned, and rightly so. He has shown that concern constantly in this House.

Mr. Munro (Esquimalt-Saanich): I rise on a point of order, Mr. Chairman. The purpose of being in committee of the whole is to ask specific questions relating to clauses of the bill before us. We are now dealing with clause 6 and its various subclauses. The present comments are merely a defence, as I understand it, of the provisions and are not directed toward asking questions.

An hon. Member: Filibuster.

Mr. Munro (Esquimalt-Saanich): I would ask the hon. member, if he has questions, to ask them so that the rest of us can put some questions.

The Deputy Chairman: Order, please. I suggest that the decision of last week was that an hon. member could speak for 20 minutes and then ask questions.

● (1612)

Mr. McRae: Mr. Chairman, I would like to make a point. Three members spoke for their full time dealing with this particular problem, condemning the program in Prince Edward Island and Nova Scotia.

Some hon. Members: Question.

Mr. McRae: I am going to ask a question. I am also going to try to put the whole problem in perspective. I believe very strongly the most important thing we have to do in the next ten years is develop a conserver society.

Some hon. Members: Question.

Mr. McRae: I sat and listened when you did your bit. Now you listen.

Some hon. Members: Question.

Mr. McRae: I have 20 minutes. I will get to the question. I will not take any longer than is necessary. In another six or seven years we will have a serious problem in this country. By

1985 there will be a world oil supply problem. There must be a lot more conservation. I would like to see a lot more money put into this program, but the government's position at this time is very difficult. In any event, $1.4 billion is a good start. I cannot see a more fair way of doing this than by giving the most you can, taking more from those who can afford it and less from those who cannot. Otherwise, the money would be much less. Those who cannot afford it will not be able to do it. They will be stuck with higher fuel bills. While this clause is not desirable, it is necessary and the government has to be supported in this situation.

I would like to hear some comments from members from the two provinces that have been mentioned with regard to how they feel about the necessity of the program put into effect in December of last year and February of this year. It was an absolute necessity. Those two provinces would have been bankrupt if something like this had not been done. I do not think the other provinces of this country have the same need. I agree they do have need. We do not discriminate against any province; we try to help each province with its special needs. This was a special need; therefore I will support what has been done under this program. I will give all the support I can to it.

Has the minister or the parliamentary secretary any indication whether the provinces of Quebec and Alberta are still considering coming into the program? I ask this because it would have some bearing on the cost to the federal government.

Mr. Lumley: Mr. Chairman, my understanding is that discussions are taking place even at the present time with regard to those two provinces.

Mr. Munro (Esquimalt-Saanich): Mr. Chairman, I am pleased that the previous speaker mentioned the number of the subclause which we are discussing. One of the comments I made in my earlier intervention in the debate on second reading was related to the complexity of the bill and the difficulty of finding, in this 225-page document, the matters of concern to my constituents. I was unable to be here during the past couple of days when this bill was being discussed. I came back to learn that clause 6 was under consideration. I then learned that the home insulation program was the particular matter under discussion. I had been raising matters under clause 6 which had to do with exchanges of property, the roll-over of family properties. I may be wrong in having considered that that is a matter treated in this section. However, in clause 6(2) there are certain definitions which have a bearing on the matter of the roll-over of properties, not necessarily corporate properties but family properties, farm properties in particular.

When I intervened on November 16 I asked a couple of questions. I would now like to get specific answers to those questions. I do not know whether the parliamentary secretary is in a position to answer or whether some of the advisers might be able to help him on this matter. Is any thought being given to providing an index or glossary for bills of this complexity so that anyone who has to go through it, whether it be a member of parliament or a tax adviser, could find their way much more easily than at present, knowing exactly what elements are being covered? That is my first question. I have four more I would like to ask.

[*Translation*]

Mr. Chrétien: Mr. Chairman, I shall certainly look into the hon. member's suggestion. If I can help the hon. members of the opposition to understand the bill better, I shall be happy to do so. I personally find a legislative measure like this one very complicated and very difficult.

Mr. Munro (Esquimalt-Saanich): I find it difficult to follow the minister. There are some factors grouped together in one clause or in another. An index would certainly be very useful to all members.

[*English*]

The second question has to do with the specific matter of the taxation year. I am not sure whether it would be here, or whether I would have to look into the Interpretation Act, or where, but whose taxation year is at issue when we are talking about the exchange of a farm property? I am looking at page 4 of the bill, subclause (2) and the amendments under 13(4) which have been changed. Is this the taxation year of the government or of the individual who is making the return?

Mr. Chrétien: Mr. Chairman, it is the fiscal year of the individual, not the government.

Mr. Munro (Esquimalt-Saanich): I thank the minister for that answer. It does clarify it. At about line 25 or so it is stated:

—in his return of income under this part for the year in which he acquires, as a replacement for the former property, a property (in this subsection referred to as a "replacement property")—

There is a time element involved here. We are talking about a change of property from one that is now being used to one that will be used, the existing property and the replacement property. Is the time measured from the acquisition of the new property or is it measured from the time of sale of the old property? This is very important because there is a two-year averaging possibility in determination of the capital gain.

Mr. Chrétien: Mr. Chairman, it is in the income tax return after he bought his property.

Mr. Munro (Esquimalt-Saanich): Therefore, the sale of the previous property can be made, for determination of the capital gain, within the two-year period following the acquisition of the replacement property?

Mr. Chrétien: To qualify, the property must be real property and the replacement must be acquired before the end of the year following the year of the sale.

Mr. Munro (Esquimalt-Saanich): Yes, but this prejudges the issue of a change of property, that the sale must take place first and the acquisition follows, if I follow the logic of that statement. It is not always possible to do this. Sometimes the

acquisition has to precede the sale. I do not think one has to go to a bank in order to carry out such a transaction. A piece of property may go on the market and it may have to be bought before the sale of the property already owned.

● (1622)

Mr. Chrétien: In order to qualify, the properties must be real property and replacement must be effected before the end of the year following the year of the sale. So the purchaser has to acquire in the year after he made the sale.

Mr. Munro (Esquimalt-Saanich): Is the minister saying that the period is not two years, as I understood at one time, but only 12 months?

An hon. Member: It could be nearly two years.

Mr. Chrétien: Under the present rule regarding roll-over treatment, the replacement assets are to be acquired within two years.

Mr. Munro (Esquimalt-Saanich): Then if it is a matter of a sale and an acquisition, does it matter which operation takes place first?

Mr. Chrétien: I understand that a person could buy before selling. Obviously, it would be before the sale, so it would be even better for him than if he had to wait. So he has one year after acquisition.

Mr. Munro (Esquimalt-Saanich): One year after the acquisition in order to determine the amount which might be considered as the capital gain?

Mr. Peters: That is not true.

Mr. Munro (Esquimalt-Saanich): There seems to be some doubt about that aspect of the operation. I am not trying to cause puzzlement; I am trying to clear things up for an accountant who is advising a client in my riding as to the best way of dealing with this matter, so that he may determine whether he should proceed now with either a sale or an acquisition. There is one further cloudy issue in my mind along with these others. I do hope I am clarifying these issues.

Mr. Chrétien: Perhaps the hon. member would allow me to read a statement which I have before me. It will probably clarify this complex question. I can understand that it is difficult for everybody, even for me, to understand this complex question clearly. This is an important change. It expands the tax deferral, commonly called the roll-over, on certain dispositions of appreciable property. When a depreciable asset is disposed of for proceeds which exceed its unappreciated capital cost, the recapture of the depreciation allowed in previous years may occur. The special roll-over rule eliminates its recapture to the extent that the proceeds are reinvested in a replacement property. Under a roll-over, the property is not exempted; the tax is simply deferred until the replacement property is disposed of.

[Mr. Munro (Esquimalt-Saanich).]

Mr. Munro (Esquimalt-Saanich): I thank the minister for that clarification. It is on the record now and I leave it to the accountant to interpret it. The first of my final two questions in this area is this. Suppose by some chance the farmer in question should decide to obtain a property which will cost him more than the property he now holds, as a replacement property, because he needs more pasturage or a greater extent of hay meadows than he holds on his current property. He can get it, say, because it is in an area where the unit land cost is less expensive than his existing land. Suppose he obtains his larger property at a smaller unit cost than he sells the old property. In that case his apparent capital gain could be large. Is it, then, a legitimate capital gain? Does he have to make a capital gain on the basis of acre for acre, or is the capital gain just the difference in what he nets from the proceeds of the total sale as against the acquisition of the new property?

Mr. Chrétien: There is another clause which deals with capital gains. We are talking about a completely different problem here. When we get to clause 13(4)(1) the hon. member probably will get the explanation he wants. We will be coming to that clause later on.

Mr. Peters: Yesterday, Mr. Chairman, the hon. member for Moncton made the very true statement that maybe members of parliament should give consideration to scrapping the whole act, starting over again with language that the minister, the officials and others can understand. If we are here to make laws just for the lawyers, then we have done a great job. Most of the discussion which has taken place on the clause we are considering does not refer to anything which is in the bill. The bill does not even mention the insulation program. There is a clause which says that the provisions of another program outside the bill will be allowed to be taxed and outlines the manner in which it is to be taxed.

If the minister were smart, and he is, and if he were interested, which he may be, then he would consider scrapping the kind of legislation before us and would be concerned with writing simple legislation which says exactly what it means. I think it would do a great service to the country and it would certainly save people a lot of legal fees. It would save us trying to understand a lot of jargon, and it would save us having to ask a lot of questions, if the legislation were in language which you could read and understand.

I was interested in the argument which took place about the insulation program. That is dealt with in clause 6. The arguments which took place were mainly over two points. For the first time, the present minister has done a very good job in relating the grant to income tax. He said that a flat amount would not be given, but that the amount allowed would be taxed. This would result in equality between the low end and the high end. Normally, when we give tax exemptions under the heading of personal income tax we provide a big benefit to the high income earners and very little benefit to those in the low income range. Often this goes further than meets the eye. It may result in a substantial reduction of the total tax the taxpayer is paying. It may place him in another category and

the savings may be in the hundreds, or even thousands of dollars. It all depends on the category in which the taxpayer concerned is already placed.

I agree with the minister, although I recognize there is some argument from those to my right that there may be a measure of inequality here. In my opinion, that is the way the income tax structure should be rewritten and it should be done in such a way as to take out a lot of the junk now in it. I could read some paragraphs to you, Mr. Chairman. It would defy Shakespeare to tell you what they meant. There is one right here:

(a) Property, the proceeds of disposition which were proceeds referred to in the subparagraph—

Then it gives about four places where you can look it up. It all means absolutely nothing except to a lawyer who is going to take a case involving, say, the selling of a property where the proceeds are used for a purpose related to something else altogether. No wonder people just pay their income taxes without ever knowing what for. It is like receiving a parking ticket or speeding ticket; you never go to court to fight it because you know you will not win the argument anyway.

● (1632)

Some bright professor at Osgoode Hall had his students examine this bill and write a critique on it. I gather each student dealt with a different section of the bill. I should like to read part of what was said about this clause. I think the minister may be interested in it since he believes in national unity. The conclusion is this:

Unfortunately the changes are proposed at a time when they might inadvertently help the separatist cause in Quebec. Many firms are already leaving that province and setting up business elsewhere. These tax changes will make it even easier for them to make such a move.

He is referring there to the roll-over provisions. In talking about the present law, he comments:

When a taxpayer disposes of capital property he must pay tax on any capital gain or recapture of capital cost allowance that arises from the sale. There are provisions for exceptions with respect to involuntary replacements such as those that occur when property is destroyed by fire and replaced or rebuilt with insurance proceeds. If the replacement occurs within the time specified by the act the taxpayer can defer capital gain or recapture to the extent that the proceeds of disposition are used to acquire a replacement property.

All very simple, I presume.

There are no provisions for a deferral for any other reason; for example if a farmer sells his farm in order to buy a larger one he will have to pay tax on any capital gain arising from the sale.

Hon. members will be aware that there are cases where even a different use of a property results in an involuntary sale, and capital gains tax has to be paid. These comments are by a young person at Osgoode Hall who one day will be one of the legal beagles of our society. Some of these young students will find their way into provincial legislatures, and some into the federal parliament. Others will end up as the civil servants who make these stupid laws and hon. members will be surprised to find that, even though they are broad-minded today, five years from now they will be as narrow-minded as the rest of their colleagues in that particular field. He then commented as follows:

According to the budget document "The existing tax treatment of voluntary replacements is an impediment to desirable relocations by businessmen and farmers." In this respect the change should increase the mobility of capital and encourage the expansion of small farms and businesses into larger more economical units.

The previous speaker was inquiring about that.

(2) Presumably, since the provisions are not confined to small businesses and farmers, the largest benefits will flow to large business relocations. A major merchandiser might close a downtown store, relocate in a plaza and defer capital gains tax on the sale of the downtown location, or a business may take advantage of local subsidies encouraging relocations in another community. While there may be good social arguments in each case that the relocation is not "desirable" the companies will still benefit.

(3) A "replacement for a former property" is defined in the proposed bill as property which" . . . was acquired by the taxpayer for the same use as the use to which he put the former property". This will undoubtedly cause problems of interpretation. How "same" must the use be? Could, for example, a businessman sell land and buildings in the city and purchase unimproved land in the suburbs with the intention of building on it and be eligible for the tax deferral?

Here is a young lawyer asking the lawyers whom the minister has at his command how much sameness there must be. I presume he is asking these questions rhetorically of his students, but be that as it may, it would be nice if a young student, before getting his degree, found out what "sameness" was. How should this clause be interpreted? As for a businessman selling land and buildings in the city and purchasing unimproved land in the suburbs, my guess is he would be eligible for a tax deferral. This is how all developers make their money. They pretend to be farmers although they are not competent to farm, but they defer taking a decision on their property and in that way get a deferral. If I can give a non-legal opinion, I would say they could get a deferral here. This professor continues:

Such interpretation problems can be resolved by litigation—

Which will make his job interesting and very rewarding.

—but in the meantime there will be a degree of uncertainty that is not conducive to good business planning.

This is why you need lawyers, Mr. Chairman, one who is certain and one who is uncertain. Then you have that little man with the odd hat and gown down at the front who judges which one is more uncertain about the question than the other. Almost every word in this legislation requires a legal definition and leaves a great deal of uncertainty. I continue:

(4) The gain deferred in effect provides an interest free loan to the business. The benefit gained from such relocation may or may not justify this form of tax subsidy.

I should have liked him in his tender, developing years to say whether he thought it did or did not, but I suppose the fact that he raises the question is an indication that he questions whether or not this is good practice.

(5) There may be problems with anticipatory conversion. Can an ongoing business purchase new premises and move into them gradually, then sell the old location and still claim the tax relief? This would seem to be a legitimate and often necessary step and on principle would comply with the intent of the provisions. However the act does not specifically provide for such transactions and on a literal reading such deductions probably would not be allowed.

Then he adds his last comment, which I quoted first, that allowing roll-overs of this kind and transfers from one province to another will help the separatist cause, and that many

businesses are moving out of Quebec now probably because of the tax structure of the federal government. I should also like to refer to the inability of the federal government to assist unity in this country. Mr. Chairman, why did the federal government decide not to pay the same subsidy for insulation of a house right across Canada? Why did we not decide to do that? Why do we not say to every person in Canada who wants to insulate his house which is of a certain type and of a certain age that we will give a subsidy? We could write it off under the income tax, or do whatever we liked. But we did not do that.

● (1642)

Instead, the people in P.E.I. and Nova Scotia are in very bad shape, so we say that we will give them a special subsidy of $500. If any other provinces want to participate, we will give them a different kind of program. This is why we have all the problems of disunity in this country. The federal government has no guts. The federal government does not provide anything. We did not even build the Trans-Canada Highway across this country. The only thing we ever did in the way of unity in this country was at the initial stage of confederation by putting a railway across the country. We did not put the Trans-Canada Highway across the country; we joined up a bunch of provincial highways and called them the Trans-Canada Highway.

We now have the opportunity to help people with respect to insulation. The Liberal member for Fort William said he supported this program because he thought it was a good one. For whom did he think it was a good program? Is it a good program for all Canadians? Why has the federal government not got the guts to put in a program of its own and say it will use the income tax to pay for it, but it will be a federal government program? Then if somebody in Quebec wanted to insulate his house, we could give him the same benefit as somebody in Nova Scotia. No bloody way; that is not the way we do it!

We made one concession to Quebec. We put all our head offices down there. This is very interesting, because I cannot phone the minister of energy or the minister of the environment and get a copy of the regulations. I have to send a letter to Montreal. You cannot phone, because they will not answer the telephone in Montreal. You have to write a letter to Montreal before you can even get a bulletin. Isn't it really time that we put in a federal program? The minister is a federalist. How can he agree with the crackpot programs we work out on an individual basis, with one province played against another—and they are played one against the other? If Newfoundland wanted this program, it would be different than the one for P.E.I. and Nova Scotia. British Columbia is to have a different one. The one you are working out today with Quebec will be different again. They are all different. Why are they not Canadian? It is just as cold in Ville Marie as it is in Haileybury, but they are just across the river, one in Quebec and one in Ontario. Why should two citizens, one in each place, not be treated in the same way? No wonder there is disunity in this country.

[Mr. Peters.]

Even a simple little thing like the federal government making money available, not very much but some, for insulation is done on a different basis in different provinces. The money should be available to everybody. These people pay the same money for their postage stamps. There are many things they must buy for which they pay the same, so why is there not equality when we have a program like this? I am having difficulty with another program that is in another part of this bill.

Mr. Chrétien: Mr. Chairman, perhaps the hon. member would permit me to ask him a question. Is he advocating that the programs under DREE should not apply in northern Ontario?

Mr. Peters: I am suggesting that the programs under DREE should apply the same in northern Ontario as they do in other parts of Canada, but they do not.

An hon. Member: They are the same.

Mr. Peters: No, I am sure they do not apply in the same way, because we have to get approval from Toronto. Where do we in Northern Ontario find our worst enemy, but in Toronto?

An hon. Member: There is an office in Sudbury.

Mr. Peters: There is a master agreement you are renegotiating now. I talked to the Ontario minister and he said you were pretty tough negotiators. He was blaming you. But it is my opinion that you have to go to him to get your master agreement, and you can only do what you agree to do. Another province will agree to do something different, so it is different in Quebec than it is in Ontario. Anyone from northern Ontario or northern Quebec knows our provincial capitals may not be our best friends on most occasions.

I am making a plea to the minister. This minister sincerely believes in unity. I am sure he does. He would have gone as provincial leader of the Liberal party in Quebec if he did not believe that. He believes his role is here, and he is going to make this his role. Will he explain why we are playing around with this kind of clause. Why do we not just put it into the other act and put in here that all people can take advantage of it? I congratulate him on the way he has written it in, and I congratulate him for the fact that he is giving greater benefit to the little guy than to the rich one. I congratulate him on the system he is using. This is a system we have used for a long time. I would like to see him talk to his colleagues, because he has to supply the money for any plan they have. He is now in a position to do this. He should provide some equality for the various programs in the provinces. This young student will be interested in your answer, because it is his charge that this roll-over program is going to be divisive and will do nothing for unity.

Mr. Chrétien: Mr. Chairman, in reply I would like to say that this roll-over program is intended to help people who want to expand their businesses. This will give them the opportunity of having the necessary liquidity to progress. I think it should

be looked at in that light, but it has no relationship whatever to national unity. You can stretch the discussion very far in this House if you want. For example, on the question of a subsidy for the insulation program, that is in this bill because when the program was announced by the Minister of Energy, Mines and Resources, in collaboration with the Minister of State for Urban Affairs, they said the program would involve $250, untaxable.

This is not really my program, but I am ready to defend it. I am defending the position of the government, but it is stretching the rules of this House a bit when we get involved in a debate in which I am not really the minister responsible for a program. It so happens that when the program was debated in the House of Commons, it was known that it was in the package; but the time to debate it was at the time the program was presented to the House of Commons, and not at this time. We started with a program that had relationship to the cost of oil in the maritimes. The production of electricity in P.E.I. is 100 per cent dependent on imported oil, and in Nova Scotia it is dependent on oil to the extent of 83 per cent. This program was well received there. We have tried to find a way that would extend the program somehow across the land with the resources we have available.

I do not blame the hon. member for suggesting that we should make it equal across the land whatever the cost is. This is the policy of his party, the NDP, to spend as much as you can; the public sector should do everything. I do not agree with that policy, but I accept it. What puzzles me in a debate like this is the position adopted by the official opposition. They are always criticizing us in this House because of the level of government expenditures. They say we are terrible about spending and we could not care less about it. However, his colleagues here are asking us to extend this program without putting a tax on, which would cost the taxpayers $500 million over a period of seven years. The same people are telling me not to spend so much money. The hon. member should talk to his friends, because it would cost $500 million more to adopt what he is suggesting this afternoon. Members of that party are always suggesting that we spend more and more, and then they get up and complain because of the level of government expenditures. I hope that hon. member will talk to the hon. member for St. John's East.

Perhaps I should point out that the financial critic for the opposition party, the hon. member for York-Simcoe, has chosen to absent himself from the House today. Perhaps that is because he knew his colleagues were going to put pressure on me—

Mr. Paproski: Mr. Chairman, I rise on a question of privilege. Our financial critic will be here this evening. He was delayed because of flying conditions in this area. I do not think the minister should make that kind of statement at this time. He should withdraw that statement.

Mr. Chrétien: I am very pleased that the hon. member has raised that question of privilege, because yesterday I was in Toronto talking with the executive of the Canadian Chamber of Commerce.

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

Mr. Chrétien: I did not happen to be here. I am always caught in the middle. Because I was not here yesterday, I have to excuse myself. I would have preferred to be here in order to listen to the remarks of the hon. member for Joliette, the hon. member for St. John's East, the hon. member for St. John's West and the other Tory members from Newfoundland. The hon. member for Provencher indicated that this was a bad policy. Things would be worse if the Conservatives were in power.

• (1652)

Mr. Peters: Mr. Chairman, I am interested in the erudite remarks of the hon. Minister of Finance. He understands the economic background of the requests made by various parties. My party believes in universal benefits for everyone. The minister has indicated that he is willing to negotiate those contracts up to $1.4 million with any of the provinces. Perhaps that would mean one would not receive $250—

Mr. Chrétien: Mr. Chairman, the hon. member has referred to $1.4 million. I should like to point out that the figure is $1.4 billion. Apparently there are 1,000 million in a billion.

Mr. Peters: I thank the hon. minister for correcting the figure I referred to.

The Deputy Chairman: Order, please. I regret to interrupt the hon. member, but his allotted time has expired.

Mr. Hamilton (Qu'Appelle-Moose Mountain): Mr. Chairman, I should like to return to the subject raised by the hon. member for Esquimalt-Saanich concerning the principle of the roll-over. All of us agree that this concept of rolling over from one type of property to another is now being recognized to a limited degree in this legislation. Some 15 years ago I recall the hon. member for Edmonton West spoke about this question at a tax foundation meeting. It has taken that long to get into the tax records of this country.

As the minister is aware, my party voted in favour of this legislation on second reading but we wanted to make proposals in order to improve it. I am concerned about the use of the words "Canadian privately-owned corporations". The original budget motion referred to the disposition of capital property after March 31, 1977, and contained provisions relating to involuntary dispositions being modified. It is the word "involuntary" which caught my attention. Surely this deserves some thought before any amendment to this legislation can be made.

The Minister of Finance and other government members have travelled to various countries of the world. They proposed to the newly-developing nations the setting up of joint enterprises with Canadian subjects on one hand and national subjects on the other. This was in an attempt to get certain enterprises started. The Minister of Finance made that pro-

posal on a trip when he was the minister of industry, trade and commerce.

Young Canadians have put their technical know-how and managerial experience into the joint enterprises with the newly-developing nations. Lately, nations have demanded that half of the shares of the joint enterprise be owned by nationalists, which is only natural. That would leave 50 per cent of the shares in the joint enterprise to be shared among those who provide the capital, the administration or management and those who worked on the idea. More and more Canadians are receiving incomes because of their technical know-how.

Since these nations do not have the money to pay big salaries, Canadians have received their returns in the form of shares in these joint enterprises. The minute a joint enterprise becomes successful, the majority of the shareholders want to buy out the shares. Usually because it is provided in the bylaws of the company, suddenly these Canadians are informed that their shares will be bought by the majority of the other shareholders. When they return to Canada with those shares, they can be treated as income or capital gains even if the shares were not paid for in the beginning. I hoped this type of property would be considered under this legislation.

On Monday I asked what the objection was to non-Canadian, privately-owned corporations having the same advantage under clause 3. I should like to ask the minister the same question under this clause. In this concept of property and the transferring of it, it should be equitable to the young Canadians who have attempted to establish these joint enterprises around the world. What would be the objection to giving those Canadians the same roll-over privilege for using their expertise and know-how to help the joint enterprises in newly-developing nations?

Mr. Epp: Mr. Chairman, I have a few comments I should like to direct to the Minister of Finance in regard to the insulation program that we are discussing at this time. As a general rule, I agree with the minister that Canadians are asking for too much from the government. This government has shown the lead by spending 43 per cent of the gross national product, which is too high. We have moved the area of fair taxation to the area of confiscation.

Referring to the remarks of the Minister of Finance in reply to the opposition asking for more funds, surely there is a difference with regard to an energy conservation program which would have long-term effects on Canada's balance of payments.

The Deputy Chairman: Order, please. It being five o'clock, it is my duty to rise, report progress and request leave to consider the bill again later this day. Is that agreed?

Some hon. Members: Agreed.

Progress reported.

Mr. Peters: Mr. Speaker, I rise on a point of order. We have made some progress, but I should like to ask the unanimous consent of the House to continue with Bill C-11 for the next hour.

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

Mr. Kaplan: No.

Mr. Benjamin: Why not? We are trying to help the government.

Mr. Deputy Speaker: Order, please. Even with the request of the hon. member, there is nothing to prevent the Chair from going through the normal procedure. What is being suggested is that the committee sit beyond five o'clock, so I will ask whether hon. members are ready to return to consideration of Bill C-11 in committee of the whole. When shall the committee have leave to sit again? Later this day?

• (1702)

Some hon. Members: Agreed.

Mr. Knowles (Winnipeg North Centre): Now.

[*Translation*]

Mr. Deputy Speaker: Hon. members have heard the suggestion made by the hon. member for Timiskaming (Mr. Peters) to come back to the committee of the whole House to consider Bill C-11.

[*English*]

The hon. member for Timiskaming (Mr. Peters) suggests that we return to the consideration of Bill C-11 in committee of the whole.

Mr. Kaplan: Mr. Speaker, instead of giving up this important private members' hour, perhaps we should sit between six o'clock and eight o'clock.

Mr. O'Connell: Mr. Speaker, I think all of us are aware that the party represented by the hon. member making this suggestion is conducting a filibuster against Bill C-1001, and it is just another form of that filibuster to suggest that we not discuss it now but, instead, discuss Bill C-11. I think it would be more conducive to the proper order of our business if the hon. member and his colleagues would agree to send Bill C-1001 to committee. Then we would be pleased to discuss Bill C-11.

Mr. Deputy Speaker: We have not yet reached private members' hour and consideration of the bill to which the hon. member refers.

Mr. Rodriguez: Mr. Speaker, I rise on a question of privilege. I am really hurt and annoyed by the reaction of the hon. member for Scarborough East (Mr. O'Connell), who has accused my colleagues of filibustering some private member's bill which is being smuggled into the House by him. The hon. member accuses us of filibustering. I resent that, and my hon. colleagues and I demand that he withdraw his remarks.

Mr. Deputy Speaker: I must say that the Chair cannot go as far as accepting the request of the hon. member. The hon. member for Scarborough East (Mr. O'Connell) has expressed an opinion. I do not think he went as far as imputing motives

which are unparliamentary, so I cannot accept the question of privilege of the hon. member. It is the impression of the Chair that there is not unanimous consent to suspend private members' hour.

Mr. Peters: Mr. Speaker, I would like to withdraw the request I made. I had the impression that the hon. member for Scarborough East (Mr. O'Connell) had remained in Toronto due to travel difficulties. I was surprised when I saw him after I made the request. I did not expect the hon. member would be here to sponsor Bill C-1001, so I assumed we could go ahead with Bill C-11.

Mr. O'Connell: Mr. Speaker, I appreciate the comments of the hon. member and I am pleased that he will withdraw his suggestion, but I have been in the House this afternoon.

Mr. Peters: I am sorry; I did not see the hon. member.

Mr. Symes: A question of privilege, Mr. Speaker—

Mr. Deputy Speaker: I hope it is not related to the point we have just disposed of.

Mr. Symes: Mr. Speaker, the hon. member for Scarborough East (Mr. O'Connell) accused hon. members in my party of conducting a filibuster. I dispute that. That has a negative overtone which Your Honour said was not there. My definition of the word "filibuster" is "deliberate delay". We are examining the bill and bringing out our criticisms of it. I do not think that should be complained about.

Mr. Deputy Speaker: In my opinion the hon. member's remarks demonstrate that the Chair was right. The hon. member is disputing the point of view of another hon. member. What I said was that although the remarks of the hon. member for Scarborough East might have been interpreted as a reflection upon hon. members, in my judgment it was not a reflection imputing motives. In my mind, and I am sure in the minds of hon. members, words used in debate blaming other hon. members of delaying legislation have been used very regularly in this House. Perhaps using the word "filibuster" might not be pleasant—

Mr. Rodriguez: Terrible; absolutely shameful.

Mr. Deputy Speaker: —or one of the best of our parliamentary practices, but I feel that the point raised by the hon. member does not represent a question of privilege.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Deputy Speaker: Order. It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised at the time of adjournment at 10 p.m. are as follows: the hon. member for Frontenac-Lennox and Addington (Mr. Alkenbrack)—Penitentiaries—Millhaven—Reason for withholding names of inmates involved in hostage-taking; the hon. member for Northwest Territories (Mr. Firth)—Public Service—Delay in contract negotiations with nurses in Inuvik area—Request for report; the hon. member for Humber-St. George's-St. Barbe (Mr. Marshall)—Industry—Pulp and paper—Effect on Canadian industry of loans to foreign countries to establish plants.

It being five o'clock, the House will now proceed to the consideration of private members' business as listed on today's order paper. As there are no notices of motions (papers) listed, the House will proceed to the consideration of private bills.

PRIVATE BILLS

[*English*]

BELL CANADA

The House resumed, from Thursday, November 24, consideration of the motion of Mr. O'Connell that Bill C-1001, respecting Bell Canada, be read the second time and referred to the Standing Committee on Transport and Communications, and the amendment thereto of Mr. Leggatt.

Mr. Les Benjamin (Regina-Lake Centre): Mr. Speaker, I had just commenced my remarks prior to six o'clock last week and I wish to complete them in the time allotted to me.

At the outset I would like to say that I never thought I would live long enough to see the feelings of my colleague, the hon. member for Nickel Belt (Mr. Rodriguez), hurt so much.

An hon. Member: That ought to go down in *Hansard* as the joke of the century.

Mr. Benjamin: If the hon. member's feelings are hurt and he feels wounded by the remarks of my good friend, the hon. member for Scarborough East (Mr. O'Connell), hon. members can imagine how I must feel.

An hon. Member: You are grinning from ear to ear.

Mr. Benjamin: I really do not care what the hon. member for Scarborough East wants to call our participation in the debate on Bill C-1001. If he chooses to call it a filibuster, there really is not much the hon. member for Nickel Belt can do about that. If the hon. member wants to call our exercising

what we consider to be our duty and responsibility a filibuster, that is up to him. It is not the way I and many other members, of parliament look upon that kind of participation in debate.

● (1712)

The bill presented to us has in it matters that are nothing new as it pertains to some of its provisions: they have come forward in this House concerning other corporations and entities in our country. I am surprised, Mr. Speaker, that Bell Canada would have the nerve to want to make these kinds of changes in view of their protestations with respect to their desire to provide great public service, telephone communication service. One would think that they would be anxious and available for full public scrutiny, that they would have no objection to coming before the parliament of Canada.

The provisions in this legislation allow them to evade that kind of examination, scrutiny and accountability. I do not think any self-respecting company which provides a public utility would want to do that, and since it is in fact a public utility is all the more reason it must be subjected to the maximum public scrutiny and accountability. Something like a telephone line, a sewer line or water line is a natural monopoly. It is a monopoly because it is so impractical and economically stupid. You do not have to be a socialist to agree to this. You can be a good free enterpriser having competing telephone lines running down a street side by side, or two competing water or sewer lines. So it is, in fact, a monopoly and it is providing a public utility.

If Bell Canada needs more capitalization for the operation of telephone communications systems, they are quite welcome to come to parliament at any time to ask for that increased capitalization authority and explain how they would use the increased capital to improve the telephone and other communication facilities they are now providing to the public. But no, Mr. Speaker, I have not sensed much of that. I believe the passage of this bill means they will then be able to branch out; they will be able to venture into other kinds of enterprises, other kinds of businesses. We know, in this country, from bitter experience what has happened when a public service or utility has been allowed to go beyond its original purpose. One has only to look at the CPR which for many years siphoned off millions in profits or used the value of assets or their borrowing capacity to pile up capital investments in enterprises other than the provision of a railroad transportation system.

An hon. Member: Then get the subsidy.

Mr. Benjamin: They were able to move into profitable areas other than the provision of a railroad transportation system, and made excellent profits. One has only to look at CP Investments Limited, Marathon Realty, Canadian Pacific Oil and Gas—you name it, Mr. Speaker—Cominco, CP trucks: what the hell that has to do with the railroad I have not been able to figure out. As a result of that, their rail transportation suffered, and still does. I, for one, have no faith whatsoever that in allowing Bell Canada to have a few billion dollars more of capitalization ability is going to mean a substantially improved telephone service to people in the parts of Canada which Bell Canada serves. Bell Canada will be into a lot of other things and will become a monopoly in other fields.

My colleague, the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas) last week effectively pointed out, and I need not repeat his figures, and threw into a cocked hat the arguments of the hon. member for Winnipeg South Centre (Mr. McKenzie), because Bell Canada is serving larger cities that cost more when the opposite is the case and always has been. I am happy that no one else has tried to sell that kind of silly economic argument.

The treating of a telephone system as a public utility in our law is logical, because that is what it is, a public utility; and, of course, we have always said and believed it should be publicly owned. But if it is going to be privately owned, it is all the more reason why it should remain under the aegis of the parliament of Canada, answerable and accountable to its customers, shareholders and to the people of Canada through this parliament. It is all the more urgent that the matter of public control and accountability be retained. This bill weakens, if not destroys that principle. One would think that would be pretty straightforward, Mr. Speaker. This is not socialist dogma that I am putting forward.

Private enterprise governments of various levels in this country and other parts of the world have long since recognized and operated on the basis of anything that is a public utility is, in most instances, publicly owned and controlled as a Crown corporation. Or, failing that, there is a strong and strict requirement for that privately owned corporation operating a public utility to be accountable to a legislature or a parliament. Our experience with the regulatory agencies in Canada, CTC or CRTC, as far as the majority of the public is concerned has not been too good. In the overwhelming majority of decisions made, those two illustrious agencies have come down on the side of the corporation wanting some benefit, and wanting to be relieved of some responsibility or liability. No matter how many briefs and submissions have been made by ordinary citizens or members of parliament, organizations or members of the other place the decision almost invariably of the so-called regulatory agencies have come down on the side of CPR, Bell Canada or some such outfit.

So the experience of what regulatory agencies do historically has been bad as far as the people of this country are concerned. In fact, Mr. Speaker, the actual regulation provided by the CTC, and later the CRTC as far as we are concerned is unacceptable. They have been, in my opinion, from their actions and the results of their decisions, unwilling to act on behalf of the public, on behalf of the consumers of telephone service. They have allowed telephone rates to go up even when Bell's increases have been unjustified. In 1976 this candidate for expansion into the private sector, the beneficiary of this bill if it were to pass, had a net income, after taxes, of $289 million. They not only have that kind of profitable operation, but accumulated deferred corporation taxes as of 1976—and God knows what they will be by the end of 1977—of $719 million. That is an interest-free loan from the people of

Canada. Included amongst those people of Canada are the subscribers of Bell telephone. They are paying twice. They pay the rates that Bell charges and they lose the benefit of taxes that should have been collected from Bell.

● (1722)

I hope the day comes when the total deferred taxes of Bell Canada are equal to what would be a reasonable purchase price of the whole damn company. We could just say to Bell Canada, "Now we are even. Your unpaid taxes equal the value of the company, and we are taking it over". We could give them $1 to make it a legal agreement.

Mr. Rodriguez: And bus fare.

Mr. Benjamin: We could write off the books of Canada the amount Bell owes in the form of deferred taxes. The people of Canada would then take over ownership of the company.

Mr. Kaplan: What about the 22,000 shareholders?

Mr. Benjamin: The hon. member asks about the 22,000 shareholders. I have a list of all the widows and orphans who own Bell Canada. I could use up all my allotted time by reading it. There are "poor" shareholders like Canada Life, Canada Permanent Investment, Canada Permanent Pooled, which is the same investment, Canada Trust Investors, Canada Trust RSP—I wish it read "RIP"—Canadian General Life, Canadian International Investor Trust, Capital Growth, Commercial Finance, Confederated Life, Confederated Dolphin—I suppose that is some kind of fish outfit—and Crown Life.

I bet these are all welfare cases. If corporate investors did not get their earnings from their investment in Bell Canada, I am sure they would have to apply for welfare! The list also includes Crown Life, Dominion Life and Eaton Commonwealth. We must make sure the Eaton family does not end up in the line-up at the Toronto welfare office. There is also Economic Investments. It is an economic investment. If you had the bucks and bought some shares over the past few years, you would have done pretty well. I wonder if I have provided the hon. member who asked me about the 22,000 shareholders with enough names to satisfy him. If not, one of my colleagues would be glad to finish reading the list. In our list of these "widows and orphans" are the likes of names that I have already read.

Mr. Deputy Speaker: Order, please. This might be the time to inform the hon. member that the time allotted to him has expired. Before he carries on or opens another line of discussion, it will be necessary to seek the unanimous consent of the House. That is the only way he can continue.

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Deputy Speaker: There does not seem to be unanimous consent.

Mr. Max Saltsman (Waterloo-Cambridge): Mr. Speaker,—

Some hon. Members: Hear, hear!

Mr. Saltsman: I should perhaps caution my colleagues to be a little careful with their applause until they have heard me speak. Life in Ontario is somewhat more complex than life in Saskatchewan when it comes to these issues. I sometimes envy the rather straightforward manner in which these matters can be tackled under these circumstances. I want to speak to some extent as a person who has always admired Bell Canada. In my view, Bell Canada is one of the best companies we have in this country. I have been around the world, as have most of us who are here. I do not think there is a finer telephone system in the world. I say this as a preamble because I have some criticisms to make. However, I want to put it in that kind of perspective.

With regard to nationalization, I am not particularly fussy about nationalizing Bell Canada. I do not see that it would save the taxpayers of Canada any kind of money. I should point out that while some of the companies who hold shares in Bell Canada may not exactly be starving widows and orphans, we are looking at a lot of corporations, whether it is the Eaton Corporation or others, who are investing on behalf of many thousands of shareholders. As I said, I wish things in Ontario were as straightforward as in Saskatchewan. However, there is no way that anyone is going to nationalize Bell telephone without paying compensation to the people involved. We are not talking about a faceless corporation but a lot of people who have invested their money. Whether carefully or otherwise is beside the point. The point is there will have to be compensation. I would just as soon Bell telephone had the headaches as a government corporation.

If nationalization takes place, it will not be because the government can make more money with Bell Telephone than what it is costing at the moment. The complexity of the arguments back and forth about how much money Bell is making, how much they are entitled to make, and the government's efforts to discount those arguments, as well as all the complex arguments that take place, will be so great that somebody will throw up their hands and say enough is enough.

I wish to make a few comments on Bell telephone. It is one of the few companies in this country that is Canadian. Were it not for Bell telephone, that part of our industry would be dominated by foreign ownership. Were Bell telephone not as big and powerful as they are, they would have been taken over by foreign corporations a long time ago. I realize we now have legislation which prevents that. However, in terms of effective research, and this is not to say that Bell telephone does all it should or does not get very considerable benefits from our tax system as do other corporations, to some extent they utilize those benefits to a greater extent than other corporations. Bell Canada gets blamed for almost everything that goes wrong. Sometimes I think that corporation does not have a friend in the world. A lot of that is not the fault of the corporation, but a lot is. To some extent, this debate demonstrates what the problem is with Bell Canada.

Let us talk about the things that are not Bell's fault. You cannot help but be big if you are in the telephone business. It

is silly to have competing corporations. You cannot help but be a monopoly if you are in the telephone business. In many ways, Bell telephone is a kind of government within a government. This is really important. Like governments, they cannot please everyone. The difficulty is that Bell does not recognize that it is unique. Sometimes they say they understand it. My feeling, from talking to people in Bell, is that they have not sufficiently recognized the kind of responsibility that goes with being big, with being a monopoly and with having to please everyone as governments in fact try to do but not always successfully. Like governments, all kinds of things get heaped on their head by virtue of the fact they are like that. Bell wants to operate and be a business like other business, when in fact it is not a business like other businesses. This is the critical difference and why Bell gets itself into far more difficulties than is necessary.

I started my remarks by saying there are many things about Bell for which we should be happy and grateful. However, when Bell starts to behave in the way it does, it never seems to put its best foot forward. If it does, it winds up with that foot in its mouth.

● (1732)

One senses a feeling of resentment among Bell executives that they should have to go to the House of Commons and ask for the powers they feel they should possess. But Bell is in a very special position. It is not a business like other businesses because it is a monopoly and because it plays a social role in our society. Telephones are no longer a luxury, they are a necessity, a public service. In this situation Bell should be prepared to explain in some detail the reasoning behind its requests and to answer rationally to the House of Commons. Bell Canada is almost a government within a government. It should recognize its social responsibilities and be prepared to subject itself to the same kind of examination as, for example, government agencies.

Some people talk about nationalizing Bell Telephone. I do not want to nationalize Bell Telephone. But if the corporation argues that it is only a private organization whose only concern is to satisfy its customers and its shareholders—and I believe an effort is made to do this—then all those responsible will find themselves in trouble. If the company were to recognize its special responsibility I think it would do very well when it came to the House of Commons to ask for certain additional powers, and so on.

I believe the company has a very good case to make in terms of its expansion. I, for one, believe that if Bell is open about things and is subject to the scrutiny of the House of Commons, there is no reason why it should not expand into other fields. However, I am reluctant to see it expand in the absence of some justification for such a course. Bell executives want the House of Commons to give the company a blank cheque with which to do as it pleases.

Perhaps the actions the corporation has in mind are good, but we should not be called upon the accept this automatically. It sometimes happens that the severest criticism voiced in the House of Commons is directed against Crown agencies and other instruments of public policy. If my hon. friend from Regina-Lake Centre, whom I admire greatly, thinks that nationalizing Bell is likely to solve all the problems, he need only look toward AECL, or Air Canada, or some of the other agencies which have been the subject of attention from time to time in this Chamber. There is no guarantee that bringing industries under nationalization will automatically make things better. What makes agencies responsible to the public purpose is the fact that the House of Commons can scrutinize their operations.

I realize it is a nuisance for a private corporation to be obliged to come to the House of Commons where, for example, my hon. friends from Northern Ontario can ask questions about their constituents getting adequate telephone service. They bring up the case of constituents living two miles or so from a telephone line and ask why they cannot be connected to the service without having to pay very large sums of money. Well, we are trying to help not only the service from person to person but from province to province and from region to region. We do not say to a person that because he was silly enough to live outside the main centres of population he should be deprived of the services of hospitals, of television, education and so on. I am sure Bell Telephone executives would agree that a person should not be left without hospital services—from what I know of them, they are decent, humane people. But when it comes to telephone service they take a different view, though access to a telephone might be just as vital in some circumstances as access to a hospital. They say, "If you want to get a telephone it will cost you $2,000 to spring a line because we are not in your district."

We say that a company in the position of Bell Canada has a special social responsibility, but I know what the answer would be. It would be along these lines: "If we accepted such a responsibility it would be unfair to our stockholders or to telephone users in other areas, because people in those other areas might be paying more for telephone service if we extended uneconomic lines to people living in more remote areas."

I am sure that people in Waterloo-Cambridge, for instance, are already paying out money to help those in other areas of Canada. And they are happy to be doing it. That is part of being a Canadian. We had a flood in my area a few years ago and we were helped by people in other communities. That is what being a Canadian is all about. This is what we find so hard to get through to the consciousness of Bell Canada—the idea that it is not a business like other businesses. If the corporation insists on taking the line that it has responsibility only to its shareholders then it will invite the kind of answer given by my hon. friend from Regina-Lake Centre who says, "If that is the situation we shall have to nationalize the company." It is an understandable response.

In some ways Bell behaves like a government and it has to be treated like a government. Governments have always complained that the opposition wants to criticize their actions too much. Consider the system of dealing with estimates in the House. There are some advantages about the new system, but

a great deal has been lost since the practice of examining estimates directly in the Chamber was abandoned. Members of the House of Commons could say, as we have been saying during this private member's hour, that they would not allow certain items to go through or certain estimates to pass until they had been given satisfaction. The government complains, of course, that the opposition is being irresponsible, that it is holding things up. But how else in a society like ours, where the government exercises a virtual dictatorship, particularly in the years just following an election, can members air regional grievances? How do you force the government to back off its high horse without the opposition performing its function of saying it is not prepared to let legislation go through unless these grievances are satisfied?

● (1742)

The same can be said of Bell. How do you get Bell to back off its very lofty, estimable, but nevertheless very real high horse? We cannot, unless they come to parliament and get approval. When they come to parliament for approval we will raise issues which we have raised with them privately over the years, and regarding which we have not yet received satisfaction. Either we get that satisfaction or Bell will not get what it wants. That is the situation. Surely Bell should understand its role and should meet the members of the House who have grievances such as I have outlined. Members from northern Ontario in particular have longstanding grievances with Bell. It is not a matter of losing face or hurting pride but of recognizing the social responsibility of a company with a charter like Bell Canada.

Bell would be well advised to understand its role. It is not like other companies. If a person is not satisfied with the service of a particular company he can go somewhere else. It is not like going to the government. Of course, if you are not satisfied with the government you can take care of it at the next election, but how can you take care of Bell? Without a vigilant opposition to scrutinize the operations of Bell when it comes to the House of Commons, Bell is relatively unfettered. I realize there are controls, regulatory agencies and so on, which do a reasonably good job, but they cannot deal with the special problems of different regions caused by grievances against Bell Canada.

I see you are getting somewhat restless, Mr. Speaker, so I will sum up. Bell creates problems for itself by not accepting with pride the fact that it is an effective corporation. It does a good job, but it also has a special public responsibility. It must admit it is not a company like others and that it must accept its social responsibility. It must admit that it understands the sort of grievances which are raised by members of the opposition and that it must work harder to persuade members of the opposition of the correctness of its position. If this sort of change in attitude were to take place in the boardrooms of Bell, I think everyone would be happier and Bell might have more friends in this country, among whom I hope I am numbered.

Bell Canada

Mr. Derek Blackburn (Brant): Mr. Speaker, I enter this debate because I represent the riding of Brant where the telephone was first conceived, I believe in 1874. In my riding there is a very fine Bell homestead, the upkeep of which costs Bell Canada very little, though it nonetheless likes to take pride in the fact that Alexander Graham Bell spent a summer there, during the course of which he conceived the idea of the telephone. I only wish Bell were a little more charitable to some of its customers than it has been to the Bell Homestead Foundation in Brantford.

I realize that the state of Massachusetts and the mayor of Boston, when we were celebrating a couple of years ago the 100th anniversary of Alexander Graham Bell's concept, took some exception to the claim that the telephone was actually invented in Brantford, Ontario, rather than Boston, but I think that all those very mute Liberals who have not spoken on this bill will agree that it is nice to know that the telephone was at least conceived in Canada, not another country.

We are discussing here a very significant and important bill. Bell Canada has a monopoly in its field. It is a privately owned company which is sustained as a monopoly through legislation in the provinces of Ontario and Quebec, and to some degree in New Brunswick, the Northwest Territories, the Yukon, and perhaps in other parts of Canada as well. Not only is its presence in those provinces guaranteed; it must also accept the guarantee of service.

I should like to relate to the House for a few moments a rather tragic situation—I do not mean emotionally tragic—which exists in my constituency. It has to do with the Six Nations Indian reserve and is really a legal problem. In 1959 the Band Council passed a certain resolution, and passed another one in 1960. According to Bell Canada's lawyers, Bell cannot upgrade service until these two resolutions are withdrawn. I was on the reserve a few weeks ago for the opening of a beautiful new school on the Six Nations reserve called the Jamieson Memorial School. The Jamieson family on the Six Nations reserve has made an outstanding contribution to the field of education, medicine, and other endeavours, particularly agriculture. I do not know how much the school cost to build but I would say it was in the neighbourhood of $300,000 or $400,000. Yet this school had no telephone, and the reason for this was some legal hang-up with Bell going back to 1959.

Since Bell cannot instal a telephone in this brand new school, Mr. Speaker, what would happen, as has happened in schools in other jurisdictions, if a child gets ill or injures himself at sports, or suffers some mental or physical affliction? How can the school call an ambulance if this brand new elementary school, the teachers in which are doing a fine job, cannot use the telephone? It cannot even telephone the parents of children in need of assistance.

I think Bell Canada pays its top executives a salary of around $200,000 a year gross, yet because of some legal hang-up going back to 1959 Bell cannot put one damned telephone into this new elementary school on the Six Nations Reserve. Obviously something is wrong with Bell Canada.

I have waited a long time to make these remarks. The people on the Six Nations reserve did not ask me to make them, but I am now putting them on the public record. If we examine the situation in other remote areas of Ontario and Quebec, just to take these two provinces alone, we will find the same kind of hang-ups with Bell Canada. Rural service is not the same as urban service. Something has to be done about this.

● (1752)

If Bell Canada is given carte blanche to expand its investments and enter into new ventures, without being accountable to the House of Commons or one of its committees, and at the same time enjoys a monopoly, then we are not assuming our responsibilities as members of parliament. Bell Canada cannot have it both ways. It cannot be a government sponsored monopoly, and then move into the private sector and expand.

Although I was not present when the hon. member for Regina-Lake Centre (Mr. Benjamin) made his remarks, my understanding is that he indicated the answer was to nationalize. The hon. member for Waterloo-Cambridge (Mr. Saltsman) indicated that perhaps it was not the best idea, but if Bell Canada did not clean up its act, the only alternative would be to nationalize it. I am not saying that we should nationalize Bell Canada, although other members of my party believe in that concept. If Bell Canada were nationalized, the cost of buying out that very large corporation might be borne by Canadian taxpayers, and the net result might be higher rates and poor delivery. Crown corporations properly managed by their personnel, and not by Liberal appointees, can make a profit and provide a good service. Further, they are required to take a loss now and then in certain rural and remote areas of the country where private enterprise would never dare to enter.

How can a monopoly have the best of both worlds? Taxpayers are backing up big corporations like Bell Canada, even though it is providing a certain minimum level of service and it is a privately owned corporation that is making a profit. Bell Canada has been given money by an act of parliament through the CRTC. Regardless of the Anti-Inflation Board, that firm has received one increase after another in the past three years. If we are going to provide it with money in this way, it cannot earn money in the private sector as well. If the company finds it more lucrative, obviously it will move more and more into the private sector and less and less toward providing a service to its customers.

It has been argued that if the government goes against "Ma Bell" a lot of shareholders will suffer. The unwillingness to eliminate widows and orphans has been emotionally presented. I am not trying to downgrade or be critical of the orphans or widows of Bell Canada employees; but I should like to point out some of the large companies which have holdings in Bell Canada. Confederated Life holds 63,087 shares; Manulife Diversified has 101,200 shares; United Corporations has 80,142 shares; and the list continues.

Mr. Kaplan: Mr. Speaker, I have a question for the hon. member. How many stockholders or policyholders do these corporations have? I am talking about the large stockholders of Bell Canada which have been referred to here.

Mr. Blackburn: We are referring to private investment versus public investment. We are not talking in terms of individual shareholders of other corporations. We are referring to the amount of money invested by large corporations in a private corporation which has a monopoly attached to it. That is what we are talking about.

An hon. Member: Right on!

Mr. Blackburn: In fact, I think the hon. member's question is quite out of order. If the hon. member for York Centre (Mr. Kaplan) is now appearing in this Chamber as a great champion of big corporations backing Bell Canada, I will sit down and let him have the floor. What about the subscribers? Are they not entitled to a choice? We are talking about the shareholders of Bell Canada, the subscribers of Bell Canada, and Bill C-1001. If the hon. member wants to make a speech, as far as I am concerned, he can. I think his constituents will be very upset if he rises and makes a speech right now championing large corporations that have invested in Bell Canada. That corporation is increasing its prices for services to private people, industries and corporations. Perhaps the hon. member should think of that before he rises to his feet.

Mr. Speaker, may I call it six o'clock?

Mr. Deputy Speaker: Order, please. The hour appointed for the consideration of private members' business having expired, I do now leave the chair until eight o'clock p.m.

At six o'clock the House took recess.

● (2002)

AFTER RECESS

The House resumed at 8 p.m.

GOVERNMENT ORDERS

[*English*]

INCOME TAX ACT

MEASURE TO AMEND

The House resumed consideration in committee of Bill C-11, to amend the statute law relating to income tax and to provide other authority for the raising of funds—Mr. Chrétien—Mr. Turner in the chair.

The Deputy Chairman: When the committee rose this afternoon clause 6 of the bill, as amended, was under consideration.

Mr. Epp: Mr. Chairman, just before we rose for the dinner hour I was pointing out that, to a great degree, I was in

sympathy with the minister's interpretation of remarks relating to spending. I suppose the task for the minister and for all of us is to rationalize spending into those areas where it could do the most long term good, and simply eleminate it in those areas which are non-productive.

During second reading debate on Bill C-11 I raised a question as to whether the minister has considered the roll-over provision for primary property. The question was whether the roll-over provision for primary property would allow the sale of a family farm or family business, and whether taxes could be deferred by buying into a bigger unit. Can a farmer or businessman roll over his farm or business to a close family member without the assessment of capital gains? I am willing to put an upper limit, that is, a dollar value, but without question capital gains taxes militate against sons and daughters taking over farming operations. Can the minister give me some indication as to why that was not extended?

Mr. Chrétien: Mr. Chairman, I understand that 98 per cent of farmers qualify for that roll-over, so I do not see why the hon. member is preoccupied with this. Most family-owned farms can be rolled over.

Mr. Epp: I am not speaking about the roll-over of a farm where a farmer buys a larger unit. Because the average age of Canadian farmers is now approximately 60, many people want to get out of their farming operations and roll them over to close family members.

Mr. Chrétien: They can be rolled over for children or wives, but not for third parties. If this is done within the family, there is no problem.

Mr. Crosbie: Mr. Chairman, I want to make one last attempt to see if I can talk any reason into the Minister of Finance. I doubt that I can, but I am going to speak dispassionately. I do not want to get excited or to rouse any partisan impulses on the part of any member. I want to speak in a tone of sweet reason. I have not tried this tone with the government opposite before, but I am going to try it now just to see if I can get through to it.

Before getting into this insulation business I would like to mention that the minister of mines and energy from Newfoundland is in the gallery. He is not in the distinguished visitor's gallery or in the diplomatic gallery. He is a humble man, and he is in the people's gallery tonight. He is in Ottawa attending a conference.

Mr. Knowles (Winnipeg North Centre): All Newfoundlanders are humble.

Mr. Crosbie: The hon. member for Winnipeg North Centre says that all Newfoundlanders are humble. That is very true, and one of the most humble is the person now speaking.

I would like to get back to clause 6(5) which has to do with the Minister of Finance and the government wanting to make taxable certain grants which will be paid to people who want to re-insulate their homes in all the provinces of Canada except Nova Scotia and Prince Edward Island. I want to make it plain that we are not suggesting that more money be spent in Canada. We are saying we believe the Nova Scotia and PEI programs are good programs, and we are delighted that the people of Nova Scotia and P.E.I. have them and are going to get grants to help them insulate their homes, which will save on the use of oil, coal and so on for heating their homes. What we say, however, is that the same program should apply to anybody in Canada no matter where he lives, and that the half-baked program which now applies in the other eight provinces should be changed to correspond with the Nova Scotia and P.E.I. program. However, if the government will not do that, at the very least the grants it makes in the other eight provinces should not be added to taxable income, just as they are not added in Nova Scotia or P.E.I.

The Minister of Finance has stated what the government has said from the start of these two programs, and that is that the reason there is discrimination in favour of Nova Scotia and Prince Edward Island is that they have higher electricity costs and that they are highly dependent on oil for the production of electricity. I agree that they are more dependent on oil to produce electricity than any other province, but that is no reason to give them a special program for the insulation of homes. If we are going to institute a program on the basis of need, we should look at all the costs which face the householder.

● (2012)

For example we have a man who lives in Nova Scotia with his family and makes $10,000; a man and his family in Quebec who makes $10,000; and another man and his family who live in Newfoundland who make $10,000, so we have to try to see who is the most needy of these people. It may be the man in Nova Scotia who has the highest electricity bills because in Nova Scotia they use oil more than the rest of us do to produce electricity. Let us assume, which is not true, that the electricity bills are higher in Nova Scotia and that they are lower in Quebec and Newfoundland. But, then we have to go and look at everything that affects the requirements of that man and his family. We have to look at the cost of living in Nova Scotia compared to Newfoundland and Quebec; where is it highest? We have to look at taxes and all the costs the man has to bear, what he has to spend his disposable income on, and we have to look at the people in that province to see what their per capita disposable income is. You have to look at all these factors before you can decide where there is the most need.

Simply because Nova Scotians have the highest electricity costs, which I do not agree they have, but if we assume for the purposes of argument because they have the highest electricity costs, it does not mean they have the most need.

Mr. Chairman, in Newfoundland in 1975 the per capita personal income of an average Newfoundlander compared to the national income per capita was 69 per cent. In Prince Edward Island it was 68.6 per cent. Newfoundland and Prince Edward Island were pretty well the same as far as disposable personal income per capita was concerned. In Nova Scotia it

was 79 per cent. The average Nova Scotian was considerably better off than the average Newfoundlander or Prince Edward Islander in 1975. In New Brunswick it was 77 per cent. So that the New Brunswick citizens were slightly worse off than the people in Nova Scotia. The people in Newfoundland and Prince Edward Island were considerably worse off than those in Nova Scotia. Let us say that the average Newfoundlander had a lower income than the average Nova Scotian. Then you have to look at their living costs and which province has the highest cost of living. I can assure you it was the Newfoundlander.

On the basis of need for this program, and looking at the need on a provincial basis, a better case could be made out for the Newfoundlander than the Nova Scotian. There is simply no point in plucking out of the air one aspect—the cost of living of a Nova Scotian and a Prince Edward Islander and comparing that to the cost of living of everyone else in Canada, and saying because that is higher, therefore they need a better home insulation program than the rest of Canadians.

If anyone is listening with any kind of dispassionate approach at all, the reason the government gives for a better program in Prince Edward Island and Nova Scotia falls to the ground. There is no rationale, except a political one. There is no use in the minister getting up and saying because electricity costs are higher in Nova Scotia and Prince Edward Island that they need this program more. As I explained yesterday and this afternoon, they do not heat their homes in Prince Edward Island and Nova Scotia through electricity, they heat them through oil principally, and some coal. Ninety per cent of the homes in Nova Scotia are heated through oil fired furnaces or stoves, and 98 per cent of P.E.I. heat their homes through oil. This program helps them to save oil, but it does not help them to save electricity. It has no connection to electricity. The electricity is only a wet blanket or a red herring thrown out ten months ago to justify having a program in Nova Scotia and Prince Edward Island, and not having one in the rest of the provinces. It is federalism in reverse.

Not only that, but the program offered to the rest of Canada is regressive and inequitable because you receive the same program no matter which province you live in—whether it is a wealthy province or a poor province. Newfoundland has the highest unemployment and the lowest average income and they have the highest petroleum product prices of any part of Canada, yet Newfoundland is offered an inferior program and Nova Scotia and Prince Edward Island the superior one. It makes no sense. The program offered to Newfoundland and the other eight provinces is worse than that offered in Nova Scotia and Prince Edward Island.

I will just recapitulate the seven reasons very quickly. This program is uniform in the eight provinces and it gives the richer provinces exactly the same amount of subsidy as the poorer provinces. It does not take into consideration the fact that in some provinces there are higher energy costs, with the exception of electricity in Nova Scotia and Prince Edward Island. There are higher energy costs in Newfoundland than in Nova Scotia and Prince Edward Island especially when you take into consideration the cost of petroleum products, together with the fact that electricity rates have gone up in Newfoundland I would say at least 100 per cent in the past two or three years. You should be looking at energy costs not just electricity.

In Newfoundland you have the highest unemployment and lowest average income levels in Canada and the highest petroleum product prices. The highest prices for gasoline are in Newfoundland. The highest price for oil which you burn in your furnace at home is in Newfoundland. That is where the program is most needed. I am not saying it should not be in effect in Nova Scotia and Prince Edward Island, but you can make a better case on the basis of need in Newfoundland.

Then you look at the climate—where is it the coldest? My God, it is much colder in Labrador, the Yukon, the Northwest Territories, northern Ontario, northern Manitoba, Saskatchewan and Alberta than it is in Nova Scotia and Prince Edward Island. Prince Edward Island and Nova Scotia have relatively mild climates. There should be one program and it should be uniform across Canada and it should be the Nova Scotia-P.E.I. program. The grants should not be taxable and they should be administered on the same base. There is no justification for a different program in eight of the ten provinces, and a better one in N.S. and P.E.I.

As I said before, if it is a question of money, and we realize and we do not want the Minister of Finance to spend more than he can, he has a huge deficit this year—$8.5 billion or $9 billion is it?—the figures stagger the mind. I suggested the solution yesterday, take the N.S. and P.E.I. program and start applying it in part of the country this year, based on the greatest need, based on the unemployment rates, the income levels, the cost of living levels, the climate or whatever and start over the next three years applying it to the whole country, so that all the costs do not have to be implemented immediately. If you do not have the money to apply it in all ten provinces at once, you have already done it in P.E.I. and N.S. for some peculiar reason—which I think is a political one—but in the rest of Canada start to do it over three or four years. Do not continue this half-baked program that is now before the House in clause 6.

Today at the conference of ministers of energy, the eight provincial ministers, excluding P.E.I. and N.S., have made suggestions to the Minister of Energy, Mines and Resources of Canada. They have made a lot of compromises but the one thing all eight provinces are agreed on is that these grants should be non-taxable. I do not know whether the Minister of Energy, Mines and Resources agreed with the suggestions because he would have to go back to the cabinet. However, a very reasonable proposition was put to him today by the other ministers of energy, aside from agreeing that grants should be non-taxable, and that is there be no preconditions in every province. You will recall, Mr. Chairman, that there were four conditions to comply with in order that a province would be able to enter this program—other than N.S. and P.E.I., they did not have to agree to any conditions. I said how unfair it was for the federal government to try to dragoon and push this

program into effect to make the provinces agree to certain conditions. Today the Minister of Energy, Mines and Resources has agreed to drop that. He has agreed to stop this bully-boy federalism, this Kung Fu federalism which he and the hon. member for Rosedale were so fond of.

● (2022)

If you did not agree with the former minister of finance, the hon. member for Rosedale—Kung Fu—you got the fiscal foot right in your mouth. You had to bend to him, or else. We hope that the present Minister of Finance, the hon. member for Shawinigan—

Mr. Chrétien: Saint-Maurice.

Mr. Crosbie: —the hon. member for Saint-Maurice, will be a more flexible federalist and not as Kung-Fu-ish as his predecessor, the hon. member for Rosedale.

The Minister of Energy, Mines and Resources today agreed to drop these provisions. Quebec and Alberta apparently are going to join the program because there are no pre-conditions. If the government can drop the pre-conditions, surely it can do justice to the ordinary taxpayer and householder in Canada and stop this nonsense.

In Newfoundland, New Brunswick, Ontario, Manitoba, Saskatchewan, British Columbia, Quebec and Alberta you are going to be taxed if you insulate your home, because any grant will be added to your taxable income. However, if you are in Nova Scotia or Prince Edward Island, the new tax havens of Canada, you will not be taxed. Surely we should stand this clause over until the Minister of Finance can get the cabinet to ratify dropping this ridiculous, discriminatory, illiberal, undemocratic, and certainly un-Tory measure that he has before the House.

Some hon. Members: Hear, hear!

Mr. Crosbie: I do not want to be criticial of the government, as you know, Mr. Chairman.

Mr. Chrétien: You would never do that!

Mr. Crosbie: Our objection to this clause is not the raising of tax revenue in the right way, or to the tax itself. We object to the fact that it is discriminatory.

The Minister of Finance got up in the House today. I have some respect for his intelligence until I hear some of the things he says. Then I temporarily lose that respect, but my hope rises again. Perhaps he is not as unreasonable as he sometimes appears. He tried to justify this discrimination by saying that the government spends more on Canada Works in some provinces than in others. Sure it does, because there is more unemployment in some provinces than in others. That is why it spends more. But that has no connection with the home insulation program. That is our whole point. It is not footing the money for the home insulation program in areas of need equally across Canada.

It is not just in Nova Scotia and Prince Edward Island that this is needed. The man in Newfoundland or Quebec who earns $5,000 a year needs it just as much as the man in Nova Scotia.

The estimated cost of insulating the average home is $900. Outside of Nova Scotia and Prince Edward Island the maximum grant is $350. You still have to put up a great deal of your own money to insulate your home.

Along comes the government to encourage you to insulate your home in order to save energy. The department says if your home is properly insulated, you will save 38 per cent of your heating costs. The government will give you $350 if you spend the maximum, but you will be taxed on it. On the one hand they encourage you, and on the other they take it back.

The principle seems to be that the government feels we need to have this tax because it is progressive. The hon. member for Regina-Lake Centre said that he agreed with the taxation principle because the higher your income was, the greater the amount of the grant you would pay back to the government. That is the real NDP principle, progressive taxation. We all happen to agree with that.

The point is that it is not being applied everywhere in Canada. The government should apply that principle to everyone in Canada. Why should the rich in Nova Scotia and Prince Edward Island get the advantage of these grants without tax? If the principle is right, the grants should be taxed all across Canada.

If you want to encourage people to insulate their homes, you do not add the grants to their taxable income. This is the most illogical proposal the government has made in at least two or three days. It makes a lot of the illogical proposals, but this is the worst since I have been here. I am speaking more in sorrow than in anger, as hon. members can see.

The hon. member for Fort William is, according to my observation, an intelligent man. He is very interested in the energy field. He supports the government's program because they use oil more for electricity in Nova Scotia and Prince Edward Island. That just does not wash. It has nothing to do with that. If we are going on the basis of need, it should apply to all ten provinces. The needy in all those ten provinces should get the same treatment. That is not the way it is now. I want to move a motion as follows:

That clause 6 be amended by deleting subclause 5 and renumbering the remaining subclauses accordingly.

Subclause 5 deals with this iniquity which makes the grants taxable. The people who live in the eight provinces outside of Nova Scotia and Prince Edward Island are going to put up a statue to me, if I am successful. It is like no taxation without representation. They have not got any representation on the Liberal side of the House if this is not carried.

If there is a member in this Chamber who can argue that the people of his constituency should be taxed simply because they do not live in Nova Scotia or Prince Edward Island, and his people re-elect him, I say there is something fundamentally wrong with the communications system in Canada. We will

somehow have to get to every household to be sure they are defeated.

If members opposite who come from Ontario, Quebec, New Brunswick, Newfoundland, Alberta, Saskatchewan, Manitoba, British Columbia, the Yukon and the Northwest Territories vote to tax their people for insulation grants, when those in Nova Scotia and Prince Edward Island are not going to be taxed, they deserve the ultimate punishment, banishment by the electorate. It cannot be justified.

Some hon. Members: Hear, hear!

Mr. Chrétien: Mr. Chairman—I am sorry—I thought the hon. member had finished.

Mr. Crosbie: I am not finished. I was only taking a breath. If the minister is getting up to agree to withdraw the clause, I will subside and we can get on with this.

There are a couple of other items. Heating bills will be reduced by 38 per cent. This afternoon I made the mistake of speaking for five minutes and asking a couple of questions. I never got another chance to speak until tonight. I will not make that mistake again. I will speak my full time, and then ask my questions at the end.

I do not want the Minister of Finance to be thought of by some people as Mr. Slippery Heels. I know he does not mean to be a slippery heel. He wants to give us the full information and not try to slide around or slip out of anything. I have a great deal of regard for that hon. gentleman.

This afternoon I asked him two questions which he did not answer. The first question was: what do the minister's officials calculate will be the tax return to them by having these grants taxable in eight provinces of Canada? What, if anything, will that be for the government?

The other question was: what is the estimate of the cost of the program excluding Nova Scotia and Prince Edward Island? When the Minister of Energy, Mines and Resources introduced this program, the estimate was that it was going to cost $45 million by the end of March, 1978, and that the program would cover 133,000 units. Their estimate was that next year it would cover 462,000 units and cost $145 million.

I gave figures to the committee this afternoon which showed that up until November 25 there had only been 5,000 applications and only half a million dollars spent. Obviously it will not cost $45 million this year. People are not going for it. They do not like it. They know it is inequitable. Obviously it is not attractive to them despite the fact that they should insulate their homes better. Can we have these figures?

These are my questions that were ignored when the Minister of Finance got up this afternoon and made a political reply, which he should not do. As Minister of Finance, he should not be political. He should be like his predecessors who were never political, the hon. member for Rosedale and the former member for Ottawa-Carleton. They were predatory, but not political. The minister should just deal with the facts.

[Mr. Crosbie.]

The Deputy Chairman: Order, please. I regret to interrupt the hon. member but his allotted time has expired.

● (2032)

Mr. Chrétien: I think I have to reply to this point because I should like to have the amendment disposed of very quickly. I would point out that the cost of the program is $4.7 billion over seven years for the eight provinces to which he referred, and the cost of the program if it were not taxable would be $560 million more, and would increase the total cost of the program to $5,160 million.

The hon. member discussed the design of the program at length. There was further discussion about it today involving the Minister of Energy, Mines and Resources and his provincial counterparts. I gave the reasons why the government had to move in two stages. It is a difficult proposition. I find it extraordinary that, after four weeks spent here in discussing the financial situation of the nation, one member of the House should get up and propose an extra item of expenditure, like $560 million over the next seven years. I say once again that I hope that proposal will be defeated very quickly, and I shall be watching the hon. member for Provencher closely to see what attitude he takes toward it.

Mr. Crosbie: I do not like to interrupt the minister, but he is not factual. Our proposal would be to extend the same program as they have in Nova Scotia and Prince Edward Island over a period of four or five years. I did not advocate spending another $560 million this year. The hon. member should not twist my words. I do not want to lose my respect for the hon. gentleman, because I did not have too much to start with.

Mr. Paproski: Might I ask the minister a question concerning the insulation program which Alberta has now agreed to join? What was the deal with Alberta, and what other deal did the federal government abandon in order to get Alberta into this program? The answer might shed a little light on things, so perhaps we could have an explanation.

Mr. Chrétien: There was discussion on this subject between the ministers today and they reached an agreement. I do not know the terms of that agreement. I have been in my place here all day, and I cannot be in two places at the same time. The Minister of Energy, Mines and Resources, who is responsible for that program, will be in the House tomorrow and hon. members can put questions to him at that time. We have spent a lot of time in this Chamber today discussing a program which does not come under my department. I merely want to say that if the proposal of the hon. member for St. John's West is adopted we shall be spending another $560 million. You know, Mr. Chairman, I shall be very pleased in my speeches around the nation to draw attention to the double-talk of the official opposition.

Mr. Paproski: I want to know whether this involves any tax. Surely the Minister of Finance must have had a conversation with the Minister of Energy, Mines and Resources before he went into the meeting today. What kind of sweetheart deal did

he make? Some provinces have stayed out of it, and there must be a reason for them to want to get back into it.

Mr. Chrétien: The hon. member can address his questions to the Minister of Energy, Mines and Resources tomorrow. I must say I should like to get agreement to this clause quickly. After all, we are on the verge of completing our fourth week of debate on a bill of 160 clauses, and we have reached clause six. We have a long way to go.

Mr. Epp: On a point of order, Mr. Chairman, I have a fair amount of respect for the minister but I do not think he would wish to give an incorrect impression of what I was saying. What I said to the minister was that I would support him in whatever cut he was willing to make to reduce the present 43 per cent of the GNP which represents public spending. I also said there were many ways in which government spending could be reduced.

An hon. Member: Where?

Mr. Epp: If the hon. member for St. Catharines had been in the committee today and had seen some of the things we spent money on and some of the estimates of the Secretary of State, he would have blushed with shame. I say to the Minister of Finance: Spend money wisely; spend money on projects such as insulation which will enable us to reduce energy consumption and improve the balance of payments. That is the way to go; cut back on programs which are of little or no value.

Mr. Chrétien: I was merely pointing out that if the committee were to adopt the amendment of the hon. member for St. John's West and make these grants not taxable over a period of seven years, it would cost the treasury $560 million. People can make their own judgment.

Mr. Paproski: The Minister of Finance is trying to convey the impression that he never speaks to the Minister of Energy. I do not see why we should vote on the amendment at this time when the minister cannot tell us what the deal was with Alberta. It is important that we should know. Surely he knew what was happening at that conference.

Mr. Chrétien: I have great confidence in the Minister of Energy, Mines and Resources, and I am very pleased he was able to make a deal with the two provinces which were not included in the program. I must admit I was not there during the negotiations. Apparently, though, an agreement was reached and I am pleased about it. I am sure my colleague did not go beyond his mandate; I know what it was. I hope the hon. member will not vote in favour of an amendment which will cost more than $500 million. Perhaps he should go and help the Eskimos of Edmonton to play a little football.

Mr. Paproski: I want to ask the minister this: what was that mandate? He will not tell me what the mandate was. He does not know what the mandate was. Maybe Alberta is going to save money for the treasury. The minister is not telling us the truth. I am surprised that the minister should stand there and talk about something he doesn't know.

Mr. Forrestall: Mr. Chairman, is the only way to get the floor here by rising on a point of order?

The Deputy Chairman: The hon. member for Broadview.

Mr. Gilbert: Thank you, Mr. Chairman. I want to direct a question to the Minister of Finance. He has told us it will cost $560 million if we accept the amendment moved by the hon. member for St. John's West. May I remind him that that amount would be spread over a period of seven years, which would mean $80 million a year, or less. In the interest of establishing the principle of fairness and equity in all provinces, rather than just two at the moment, would the Minister of Finance say that this is an unreasonable amount to pay?

● (2042)

Mr. Chrétien: Mr. Chairman, there is a very funny atmosphere here. The suggestion appears to be, "What's $80 million a year?"

Mr. Forrestall: Mr. Chairman, I have a very simple observation to make to an otherwise generally intelligent individual. I think that the Chamber, or those in it who are listening to the minister, would reject the sophistry of the position he has been taking in the last 20 minutes, and I think he is aware of that. I would commend to the minister some reading as to why we have a Canada today, such as that by Joe Howe. I would also remind him that he knows precisely what is the position of the opposition in this regard, and I suggest he review his Canadian history. Or is he so narrow minded that he only reads some other histories of Canada?

I say to the minister, don't use that argument unless you want to be divisive in this country. I have watched him and some of his colleagues debate and argue in this Chamber for 10 or 12 years, and I am accusing him of sophistry in the casual, offhanded manner in which he rejected a serious amendment. The minister knows exactly what I am talking about. Nova Scotians and Prince Edward Islanders do not want to be accused of being alone in this nation. Don't stand there and tell me half truths, Mr. Minister, tongue in cheek; because you know differently. Do not ever let me privately believe that you are capable of going to such an extent with respect to a serious amendment to your proposal.

Mr. Chrétien: I want the hon. member to know that the first program was designed to assist two provinces in Confederation which rely almost absolutely on imported oil for their energy. The energy crisis hit those two provinces more than any others. The federal government designed a special program to aid people in this land who were worse hit by the cost of oil than others. Those two provinces were more dependent on oil, Nova Scotia and Prince Edward Island. We tried to find a solution that would give the people in those two provinces assistance, since unfortunately they were the victims of the increase in the price of imported oil.

We were aware that this might create some resentment. It was not an easy thing to do. I am a member from Quebec and this did not assist my province. As I recall it, I was President

of the Treasury Board at the time and I had some qualms about it, but I understood that the principle of our Confederation is that when one province is hit by disaster more than any others, it is the duty of the government to come to its aid.

Some hon. Members: Hear, hear!

Mr. Chrétien: Since people said it was a good idea to make money available for home insulation, we decided to apply the program to the rest of the country, making availale $350 for everyone, part of which was to be taxable. I agree that making the program applicable to two provinces only was a difficult idea to sell to the nation; but any observer will recognize that that action had nothing to do with politics. Prince Edward Island is 100 per cent dependent upon oil for electricity; Nova Scotia is 84 per cent dependent. Those two provinces depend on oil, not only for home heating but for the production of electricity.

Since there was so much complaint about this, the government decided to set up another program of the same type. I wish we had been able to provide $500 for everybody. In the first instance the grant was given to compensate individuals who were hit by the increase in the price of oil more than others. The new scheme has been accepted by all provinces, including my own province of Quebec, and Alberta.

Mr. Forrestall: What are you talking about? Just look at the distribution of wealth in Montreal.

The Deputy Chairman: Order. The minister has the floor.

Mr. Chrétien: Mr. Chairman, I have tried to give a down to earth, clear explanation of the reason the government took action. In my judgment, that was the way we should have operated. If a drought occurs during the summer in one area of the country, then we have a special program to aid that area. If there is a flood, again we have a special program. When these two provinces were hit more by the increased price of oil, we designed a program to help them. We wanted to help those who were suffering most from the increase in the price of oil. I should like to have a vote on this matter right away to see who are the responsible members of the House of Commons and who are not.

The Deputy Chairman: The hon. member for Fort William on a point of order.

Mr. McRae: Mr. Chairman, I should like the minister to clarify one point. We are talking about $560 million over seven years—

Mr. Forrestall: That is not a point of order.

The Deputy Chairman: Order. The hon. member for Fort William has the floor on a point of order.

Mr. McRae: No, Mr. Chairman, I do not have a point of order. I have a question I want to put to the minister. He mentioned $560 million over seven years as being the additional cost of this amendment. He is in no way giving the same benefits to the whole country as exist in Nova Scotia and Prince Edward Island; this only refers to making it totally tax free?

Mr. Chrétien: Yes, Mr. Chairman. If the amendment carries this will mean the $350 would not be taxable at all, and the cost to the treasury will be $560 million over seven years.

Mr. Whiteway: Mr. Chairman, I have five questions for the Minister of Finance, and the fifth question will determine how I vote on this amendment. I was in committee this afternoon with his colleague, the Minister of State for Urban Affairs, so if my questions have already been answered I hope he will forgive me for asking them again.

• (2052)

Does the minister have any plans to extend this home insulation program to any home built at any time, rather than the various years depending on the province?

Mr. Chrétien: Mr. Chairman, this is a question on the administration of the program, which does not come under me. Thus I am not in a position to give a precise answer to the hon. member's question.

Mr. Whiteway: My second question is: if the Minister of Finance has ever been out in the prairies and has been subject to those howling prairie winds in January and February, he will know that, as important as insulating the walls may be, insulation for windows and doors, such as double and thermal glazed windows, is as important. Would the minister consider extending the program to the insulation of windows and doors?

Mr. Chrétien: Mr. Chairman, this is another question about the management of the program, which does not come under me. That comes under the jurisdiction of the hon. Minister of Energy, Mines and Resources or the hon. Minister of State for Urban Affairs. As far as the big winds of the west are concerned, I know a little bit about it, even if I am from Quebec. The hon. member should know that my grandfather arrived in St. Paul, Alberta, in 1905.

Mr. Whiteway: Mr. Chairman, I will group my third and fourth questions together, because perhaps the minister will consider them better answered by his colleague who did not answer them in committee this afternoon.

Miss Bégin: Are these questions as to the amendment?

Mr. Whiteway: They have to do with the amendment. The fifth question, depending upon the minister's answer, will affect how I vote on the amendment. I know hon. members opposite are anxious, but I am now dealing with my third question, and then I will deal with my fourth and fifth questions.

There are many problems in relation to those who sell the insulation and those who install it. Some Johnny-come-lately and Mickey Mouse companies have sprung up overnight in order to make a quick profit on the insulation program.

Mr. Blackburn: It is called free enterprise.

Mr. Whiteway: Has the minister looked at this?

Mr. Chrétien: Mr. Chairman, I wish I could give the hon. member a precise answer to his question; but those questions concerning the administration of the program should be asked in committee when the ministers responsible are present. I will not comment on their behalf in regard to those technical questions.

Mr. Whiteway: My fourth question is: as was indicated this morning on the CBC, there were approximately 60,000 grants applied for, and only 3,000 cheques were sent out in reference to the program. Does the minister project that all the funds will be used this year? If not, will he carry the surplus funds left over into next year's program?

Mr. Chrétien: I think the hon. member would be well advised to deal with his fifth question right away, because this is another question about the management of the program for which I am not responsible.

Mr. Whiteway: Mr. Chairman, my fifth question is critical to me because I grew up on the south shore of Nova Scotia, although I represent the keystone province of Manitoba. My question will be very simple. It will put my mind to rest, as well as the minds of hundreds of thousand of Canadians, particularly from Nova Scotia. My question is—

Mr. Paproski: Will the minister resign?

Mr. Whiteway: Was any political consideration given to making the provinces of Prince Edward Island and Nova Scotia tax-free under this program?

Mr. Chrétien: Mr. Chairman, I am pleased to tell the hon. member that there was absolutely no such consideration. It was strictly relative to the fact that Prince Edward and Nova Scotia were dependent on oil. All the figures were looked at before a decision was reached, because we were aware of that very difficult problem. It would have been easier to include another province which had the same situation. Then we would not have been accused of acting in the way we did because these two provinces have Liberal governments. We are not stupid—

Some hon. Members: Oh, oh!

Mr. Baker (Grenville-Carleton): Don't mislead the House.

Mr. Paproski: Once a Liberal, always a Liberal.

Mr. Douglas (Bruce-Grey): We have to have a chance to speak once in a while.

Mr. Chrétien: I am glad the hon. member asked that question. There was absolutely no such consideration given to that. It was related to the fact that these two provinces have been hit more than any other province by the increase in the price of oil.

Mr. Whiteway: Mr. Chairman, I have a supplementary to my fifth question.

Mr. Benjamin: He has had his five questions.

Mr. Whiteway: This is question No. 5(b).

The Deputy Chairman: Order, please. The hon. member for Selkirk has 20 minutes in which to make his speech.

Mr. Whiteway: When I was growing up down on the south shore of Nova Scotia, one afternoon I had my dog out in the woods, and I had my old twist steel 16-gauge shotgun. I wanted to teach my dog how to retrieve. I had my gun loaded. I threw a stick out, shot, and the old dog never moved.

An hon. Member: It must have been a Liberal.

Mr. Whiteway: Rather than shoot the dog, I decided to give the old boy another chance. Therefore I will give the minister another chance. I am wondering whether, on closer reflection, the minister might repent and decide to tell us the truth—

Mr. Fraser: Or be shot.

Mr. Whiteway: We will not hold it against him. There are only two provinces in Confederation with Liberal governments. We realize those provinces are struggling. Perhaps the minister might come clean and tell us if there was any political consideration given to making Prince Edward Island and Nova Scotia tax free under the program?

Mr. Chrétien: Mr. Chairman, I can only repeat what I said when the hon. member was not in the House. I should like to give the figures for the percentage of electricity generated by thermal processes. Newfoundland is 1.7 per cent; Prince Edward Island is 100 per cent; Nova Scotia is 83.1 per cent; New Brunswick is 32.5 per cent; and Quebec is 0.3 per cent. Therefore the figures indicate those provinces which were suffering most because of the increase in the price of oil.

We have designed a scheme to help those provinces face their difficulties. We have applied the normal principle in this land: when there is a disaster in one area, we attempt to help. All day long members have been accusing us of doing our job because of the political stripes of those provinces. That is absolutely not true.

I am pleased that the hon. member asked his question. I am a little bit of a politician, and I had a funny reaction when I was confronted with that scheme. Sometimes we have to make difficult decisions, and the cosmetics of them are not easily defended. Not only did we want to help those provinces in regard to insulation, we wanted to find a way to help those people who, by sheer accident of nature, were dependent more upon oil than any other part of Canada.

Mr. Whiteway: Perhaps the minister can answer this question: why was the principle not maintained of having those best able to pay being given the least from government help, which they do not need? Why was the grant in Nova Scotia and Prince Edward Island not $1,000 or $2,000, and maintain the

deductibility or the taxability of the grant? There are some rich people in Nova Scotia and Prince Edward Island. Why did the minister not maintain the principle of its being taxable and simply increase the grant to maintain consistency for our provinces?

● (2102)

Mr. Chrétien: I tend to agree with the hon. member. The two programs were designed in different contexts. Today we are debating an aspect of one of the programs. The second grant was made taxable. It was felt that it would be more just if the people with some means receiving that grant were to pay tax back to the government. However, the poor would not pay any taxes at all. Perhaps we should have gone to $1,000 for P.E.I. and Nova Scotia and taxed it, but it was not designed at the same time or under the same circumstances. I recognize that the hon. member has a point, but there is nothing I can do.

We are debating these programs at the same time. One program has been going on for a few years, and the other one is a new scheme. From the experience of having a grant taxable we felt it would be more just in order to cope with the two personal positions. However, I have to admit candidly that the programs were designed at different times, and sometimes we are faced with some difficult situations like the one we have here. I cannot withdraw anything I have said. They were designed at different times for different purposes.

Mr. Benjamin: Mr. Chairman, I have been listening carefully, and I must confess that I have some sympathy for those who support the amendment, but I also have some sympathy for the Minister of Finance. At the outset I want to say, as the minister himself has said, that he might be ignorant, but he is not stupid. This minister is a nice fellow, but he would not be so stupid as to bring in a program which would benefit the only two Liberal provinces left in Canada. I believe him. I do not believe the hon. member for Selkirk, or any other accusations or intimations. I believe the minister when he says that the two programs were set up in two different contexts.

I would like to ask the minister a question. If the programs for the people in Nova Scotia and Prince Edward Island are equitable and fair, regardless of the different contexts surely they are equitable and fair for the people of all the other provinces? The programs have an excellent principle. We support the programs 100 per cent. The amendment only suggests that they apply evenly all across the country.

When the minister responds I would also like him to tell us how he calculates the $560 million. That is very important, because we were hit with $580 million the other day.

When the minister spoke about imported oil I understood him to say—I certainly got the impression—that all of a sudden it was just Prince Edward Island and Nova Scotia which relied heavily on imported oil. The minister and everybody else knows that that is the case in all five eastern provinces.

[Mr. Whiteway.]

Mr. Chrétien: Mr. Chairman, with the hon. member's permission I would like to clarify this right away. I said that they were more dependent because there was an element in their internal economies which made them more dependent on oil. They need oil for heating their homes, running their cars and so on, but in Nova Scotia and P.E.I. the production of electricity is dependent on imported oil, and when the price of imported oil was increased those provinces were hit hardest. That is why we tried to design a program to help them in a different way. Perhaps we should have used another vehicle, but that was the vehicle chosen at that time. There are statistics to prove that there was a need.

The other eastern provinces are also dependent on imported oil, but because of the use of oil in the production of electricity, Nova Scotia and P.E.I. have more dependence.

Mr. Benjamin: I thank the minister for that reponse. I think he is correct, except that while all five eastern provinces rely on imported oil—and not just for the generation of electricity—I would like the minister to have his officials look at the costs for home owners in Quebec, New Brunswick and Newfoundland as well as for those in Nova Scotia and P.E.I. In the former three provinces there are a larger number of homes to heat.

This matter has to do with home insultation and whether the cost of it can be deducted for income tax purposes, but the cost of the generation of electricity in Nova Scotia and P.E.I. is not the only consideration. There are people who may have to heat their homes with electricity, and the minister's argument is perfectly valid in that regard, but there are people who have to heat their homes with oil, and the majority of them live in Quebec, New Brunswick and Newfoundland. These people suffer the same kind of handicap as power companies which have to create electricity from oil.

Mr. Chrétien: Mr. Chairman, I just want to repeat that we have chosen a vehicle to help the people of Nova Scotia and Prince Edward Island because the increase in the cost of oil caused a large increase in the price of electricity over a short period of time. At that time we tried to find a mechanism to help home owners. It could have been in the form of grants, but some said that we should also give an incentive to people to insulate their homes at the same time. We designed a program like that. It was not in relation to the fact that houses were heated with oil, because that is the case in Quebec and elsewhere. It was a vehicle to reimburse those who were affected not just by the increased cost of heating homes but also by the increased cost of electricity. We used that vehicle.

There are people who ask why we have done this just for Nova Scotia and Prince Edward Island and why not for the rest of the land. We designed another program which was less generous. It amounts to grants of $350 of which part is taxable for those who pay taxes, so part of that will come back to the government. The departmental advisers examined the question of who would apply for these grants. They have made calculations. If a person is in the highest income bracket, he will return more than half of his grant to the government in taxes.

My officials have calculated that the program will cost $1.4 billion. In fact probably $1.9 billion will be disbursed, and some $560 million will come back into the coffers of the government in taxes.

Mr. Benjamin: I am glad to get that clarification from the minister in terms of why it was felt certain things had to be done, and why later on there were two separate operations. I appreciate that, and I accept it completely, but I am still not convinced about the $560 million. However, I will leave that aside.

I believe that the principle of re-insulation has to be followed no matter where we live, and the government's desire for energy conservation is laudable. Any benefit the government wishes to use, whether it be a tax benefit, a grant or any other mechanism, should be used if it conserves energy. The government might, however, try to prevent the rip-offs by wholesalers and retailers of insulation materials which are going on all across the country. That would be a benefit. Before the AIB dies an unnatural death, perhaps it should be turned loose on checking the prices of insulation materials at the wholesale and retail levels. Alleged shortages in some cities should be looked into. I recognize that there are legitimate shortages in other cities. Looking into some of these things might be of as much benefit as any grant or tax benefit.

I would like more explanation from the minister about the $560 million. I would like to know how he arrived at that figure. I would also like to remind him of a question I raised earlier, which he has still not answered. In terms of insulating homes, energy conservation and the costs of imported oil, he has really begged the question of what it costs a person in the five eastern provinces who heats his home with heating oil rather than electricity. My suggestion to the minister is that there is the need for a blanket program to cover all of those. Maybe he will do it in his next budget, I hope so and I hope he is making a mental note of this.

● (2112)

Mr. Chrétien: I do not have the answer as to the cost of heating a home with oil in different provinces. I am not the minister responsible for the program, it is a program in the energy field, and I am the Minister of Finance. I am in a handicapped position tonight to answer for a program which has been designed by the Minister of Energy, Mines and Resources and the Minister of State for Urban Affairs. I am trying to be explicit but those technical questions you are putting to me could probably be answered by an expert in the Department of Energy, Mines and Resources. I do not know that as I am not a specialist in that field. I have to admit that with a lot of humility.

Mr. Benjamin: The government's program of aid for insulating homes may be valid in the Atlantic provinces where no doubt there are many more homes which are older than homes in the more recently settled parts of Canada, for example, Ontario, the prairie provinces and British Columbia. One of the problems confronting myself and other members from similar parts of Canada, when you talk about aid and comfort for a person who insulates a home built prior to 1921 is to find one. I have been looking around in my city, Mr. Chairman, and also around the rural part of my constituency for homes still occupied and being used for something else besides a granary built prior to 1921 and it would be easier to find a sod shack that an immigrant lived in. If there were still a sod shack on the prairies, he could take advantage of the program because there were always chinks and holes in the shack the blizzard and wind blew in, and maybe he could save some coal and wood that was burned in that sod shack. The year 1921 indicates to me that the minister and the government are not serious. They do not really mean business about energy conservation. My goodness, even the couple of provinces who have said 1941—that is a remarkable improvement over what the federal government has at the moment. Surely he cannot expect ordinary citizens in this country, let alone members of this House, to really take seriously a program that provides aid to homes built prior to 1921. I do not know how many homes my colleagues on all sides of the House would find in their particular ridings, if they took a reading on it, but there are not many still occupied and built prior to 1921. I have a couple of slum landlords in Regina, but they are not taking advantage of the program, because they are collecting the welfare cheques from people who are living in them.

An hon. Member: Shame!

Mr. Benjamin: The minister expects us to accept all the arguments. I do not agree with various and sundry mean aspersions and motives that have been cast upon him, I know he is not that stupid. But I think he is extremely stupid in trying to somehow validate a way of implementing an excellent program and idea. The amendment brings some equity into a laudable objective. The $560 million even if the minister is accurate, I am not sure whether it is $560 million of taxable income or $560 million in income tax that would be lost—which one is it?

Mr. Chrétien: Income tax we lose.

Mr. Benjamin: If it is $560 million in income tax he would lose, he can recover twice that amount by forgetting about the rest of the provisions in Bill C-11.

Mr. Chrétien: I do not want to carry a debate too long on that because I am not the minister responsible for the design of the program, and I cannot have an argument with him. I know the cost of it and when they designed a second program, they included an element, rather than $250 for everybody, they felt it was better to have $350 for everybody and make it taxable, so the rich will return a portion of it to the Crown. Because they have included that in the program, I have one little amendment to Bill C-11. If you have any quarrels with this, you always have the privilege to take that up with the minister responsible when he is here in the House of Commons or in committee.

An hon. Member: You are stuck with selling it.

Mr. Chrétien: I agree.

Mr. Stevens: Mr. Chairman, it is nice to have the Minister of Finance back with us today. I understand he was looking for me earlier in the House, and I want to assure him that I am here and very eager to get on with the passage of this bill.

If I could take a little different tack dealing with this amendment, I direct the minister's attention to the income tax motion which states that for the 1977 and subsequent taxation years a grant received under the Canadian Home Insulation Program be included in the income of the recipient, or in the case of a married individual residing with his spouse, and the income of the spouse with the higher income. My question to the minister is this: the income tax motion deals only with the Canadian Home Insulation Program, but we find that the wording of subsection 5 refers to an amount received under a program that is a prescribed program of the Government of Canada. Could the minister indicate why we have what appears to be a much wider wording than was initially set out in the income tax motion?

Mr. Chrétien: I do not understand. There is not a fundamental difference between the two.

Mr. Stevens: I realize the minister might be quite tired. But I read the difference. That is unbelievable. The difference is in the income tax motion. It refers to only one narrow program, it refers to the Canadian Home Insulation Program. But when we find the provision in the act, which after all is just across the page, it does not refer to insulation at all. It says it is applicable to a program prescribed by the Government of Canada. That, Mr. Chairman is an entirely different reference, and in fact, let me underline it. I question whether the draftsman have the authority to draft the section the way it is now, bearing in mind that the original income tax motion was a very much more narrow motion than it has ended in the bill that is before us.

Mr. Chrétien: I can explain, Mr. Chairman, why the drafting looks a little broader than in the actual act. If there are programs of the same nature, it could be that the ministers responsible come to us to extend those programs. If we change the program, the act as drafted will permit us to proceed in the same way. We will have the same legal authority.

● (2122)

Mr. Stevens: Mr. Chairman, for the record, the minister better clarify his earlier answer. He just got through telling this committee there is no essential difference between the income tax motion and subclause (5) before us as far as the bill is concerned. Now he has told us there is in fact a difference.

Let us be blunt about it. What the government is asking for in this subclause is an extremely wide power to tax, with no further reference to this House. If you read the technical wording, what it is saying is from now on, if it prescribes a program to be taxable, it is automatically taxable. In other words anything this government chooses to do in the line of new grants or new programs, rather than coming through us as it did in the income tax motion and saying that it would like to tax the Canadian Home Insulation Program, in future we will never hear of it. It in fact will simply prescribe a program to be taxable. If you like, I will in due course read the impact of what it is doing here. First, I think the minister should clarify for us what exactly he and his colleagues have in mind when they say prescribed program of the Government of Canada.

Mr. Chrétien: Mr. Chairman, I explained this earlier. I thought it was quite clear. We can introduce a program. It is not a question of having the right to tax. We can decide to extend or modify a program or decide to give more grants, for example. This bill will authorize the government to make it taxable, if it wishes. It is not a matter of taxing.

Mr. Stevens: That is bad.

Mr. Chrétien: We are not asking for the right to tax.

Mr. Stevens: You cannot ask us to give you that power.

Mr. Chrétien: Mr. Chairman, of course we can. It is related to a grant program that we can initiate if we want. We can initiate a program without coming to the House of Commons. Eventually we come, at the time of estimates. In the drafting of this, the drafters have forecast that it could be modified in the future. If we want to apply the same system of giving a grant and taxing it, we are getting this authority for that kind of program and it is related to a program of the same nature. This is the way the advisers are informing me of their purpose in designing this clause.

Mr. Stevens: Mr. Chairman, I point out to the minister again that if that is his wish, his draftsman or his officials should have so indicated in the tax motion, but they did not. It asks for a very simple provision, to tax grants received under the Canadian Home Insulation Program. With all due respect, I suggest that is all the minister can attempt to legislate tonight. That is all he has asked for. However, he has now gone further. His officials are attempting, secretively, quietly if you like, to change what they had asked for in the income tax motion. They have drafted the provision before us which broadens it so that now any program that is a prescribed program of the Government of Canada will be taxable. All they have to do is prescribe a program to be taxable.

I feel it is important that we, as members of this House, find out from the minister exactly why they have so extended the ramifications of this subclause. Frankly, the minister in most of his replies kept referring to grants within the insulation field. However, the proposed subclause (5) does not limit itself to insulation. The word is not mentioned. It could be any program. Will it cover, for example, grants under DREE? If they decide to make a grant under DREE, are they at the same time or some time in the future going to say that is a prescribed program under this subclause, and automatically taxable?

Let me emphasize the section we are amending here, 56(1), which starts off by saying:

Without restricting the generality of Section 3, there shall be included in computing the income of a taxpayer for a taxation year—

Then there are all kinds of subheadings right down to (r) in the present act. A little later I will read (s) which is the one they now want to bring into effect. It would say that they may tax any prescribed program of the Government of Canada.

My question is: what authority has he which allows them to shift from an income tax motion that is quite narrow in its ramifications to a proposed subsection in this act that is much wider?

Mr. Chrétien: Mr. Chairman, I do not have anything to add to what I said in my explanation earlier.

Mr. Stevens: Mr. Chairman, may I ask the minister why the section is not clear and why does it simply not refer to a grant received under the Canadian Home Insulation Program, period? Then there would be no doubt.

Mr. Chrétien: Mr. Chairman, I explained what the government is seeking. If we have to change the program, we want the power to make the added grant like the original grant. It is as simple as that.

Mr. Stevens: Will the minister go further and indicate what his officials have in mind? Obviously he is not familiar with the subsection. What do his officials have in mind as to the things they will include as prescribed programs of the Government of Canada that might subsequently fall under this subsection?

Mr. Chrétien: Mr. Chairman, I explained to the hon. member why we want this broader power. If we decide to give a grant in a fashion that it can be taxable and part of it therefore returned to the Crown if it goes to a different class of citizens, the principle is there. The hon. member is right when he says that is what we are seeking. That is exactly what we are seeking. I admit that very clearly to the committee.

I am not hiding anything. It is not for the officials to decide what kind of grants there will be in the future. It is up to the government to decide.

It is the government that is the government, not the officials.

Some hon. Members: Hear, hear!

Mr. Stevens: Mr. Chairman, those backbenchers have to do that periodically just to stay awake. They somehow remind me of seals. They have to flap their flippers now and again.

On a point of order, Mr. Chairman, may we have a ruling as to whether subclause (5) is in fact within the income tax motion before us. In short, is it proper? Bearing in mind the income tax motion and the wording before you, Sir, has the government got the authority under that motion to propose subclause (5) the way I have outlined it?

The Chairman: I am very much aware of the point raised by the hon. member and his preoccupation with it. However, I must say that the point of order he is raising is being raised at the wrong time. The clause as it is is in front of the committee in its entirety. I find great difficulty in accepting the point of order and making a judgment on a subclause in regard to which there is already an amendment put forward by the hon. member for St. John's West which is proposing to eliminate the subclause. This does not prevent reconsideration at a later moment, but right now, looking at the matter technically, we are considering the amendment of the hon. member for St. John's West to delete that subclause. The matter is not closed, but hon. members will find it hard to convince me that this is the right time to deal with this matter.

• (2132)

Mr. Baker (Grenville-Carleton): The difficulty here is that what is contemplated in the statute goes beyond the recommendation of the Governor General. This is very serious, if it is the case. I suggest, with respect, that an issue of this magnitude can be raised at any time, notwithstanding the fact that an amendment has been put to a clause which may well be invalid, depending upon the finding of Mr. Speaker. You have suggested, Mr. Chairman, that the committee has no power to deal with that aspect but, with respect, I ask you to reconsider that opinion. I do think this is an issue of such magnitude that the clause ought to be allowed to stand until the point of order has been dealt with. In the meantime we could go on to deal with another clause. In my view, the members who have spoken have raised a valid point, and I respectfully suggest we let the matter stand in anticipation of a ruling by the Speaker of the House after hearing argument from members on both sides, should that be considered necessary.

[*Translation*]

Mr. Chrétien: Mr. Chairman, I find it quite funny that hon. members are assuming rightly that the motion of the hon. member for St. John's West will be soundly defeated when the vote is taken and I entirely agree with them. As for the point of procedure, Mr. Chairman, I gave the explanations deemed necessary to the committee and I leave it to the Chair to decide on the point of procedure.

[*English*]

Mr. Nielsen: It is not a question of having any fear about the amendment being defeated.

Some hon. Members: Oh, oh!

Mr. Nielsen: The minister laughs, but I am being quite sincere in making my contribution to this argument. One of the fundamental principles with respect to any taxation legislation is that it must be warranted by the Governor General and it is usually brought in under very restrictive terms. Thus, the application of the tax legislation is confined to the home insulation program. What the government is seeking to do in this legislation is to apply taxation to any program, not simply the insulation program, which takes from parliament the right to tax these other programs and gives that power entirely to the cabinet.

Centuries of our parliamentary practice make it clear that all taxation measures must be introduced by a message from

the Governor General in specific terms. I suggest respectfully that the government has exceeded the terms of reference which were brought before the House and that the clause we are considering now, if passed in its present form, would give the cabinet the right to tax instead of the House. My House leader has made a reasonable suggestion. Because of the importance of the substantive point involved, in view of the length of the bill and the progress made to date there can surely be no good reason for objecting to the clause being stood for consideration by the Speaker.

Mr. Chrétien: It is very often the case that propositions are put before the House of behalf of the government and debated, with the understanding that the rules will be established by regulation. We were discussing that the other day when I had a very agreeable exchange with the hon. member for York-Simcoe. We were talking about when the rate would be fixed. I said it would be fixed before the fall. We were discussing whether the rate would be flexible. I attempted at the beginning of the debate to explain why we were seeking the authority to make detailed arrangements of this kind.

In order that we should not spend the entire evening dealing with this point, I would make the following proposal: let us first vote on the amendment to scrap the whole thing. If that amendment is adopted there will be no need for the point of order. There will be no need to discuss whether it is legal or not. If, later, members on the other side want to take the whole clause into consideration, I can see no objection. There is some validity in the point they raise and I believe they have the right to raise it. There are a lot of precedents for the government's position, but I do not have them here. However, the Chair will look into them.

If the Chair rules that there is too much of a spread and that we should be confined precisely to the prescription in the ways and means motion, I will go along; it will not be the end of the world for me. I am not seeking broad powers. I just want to be fair. I am afraid that in any case we will not pass the bill tonight. It is not in the cards. I would point out that we are on the verge of closing our fourth week on this debate. I like it very much. I am happy. I am smiling all the time. We are having a lot of fun.

Mr. Stevens: That would be agreeable to us, Mr. Chairman. I do have a few comments to make and a few questions to put to the minister before we vote on the amendment, but after we have finished making our observations and asking any questions which hon. members may have in mind, there is no objection to voting on the amendment and then turning to some other aspect.

The Chairman: I want to satisfy members of the committee as far as possible, but I must say I still feel this question was raised at the wrong time. I would point out, too, that even the proposal by the minister, one which seems to be acceptable, indicates that the Chair was right in asserting that this point of order was raised at the wrong moment.

[Mr. Nielsen.]

• (2142)

I do not want to restrict expressions of opinion. The hon. member for Grenville-Carleton has requested that Mr. Speaker make a decision. We are in committee of the whole and the question is before the Chairman of the committee. I am sure the hon. member will accept my feeling that I should not request the Speaker to make a ruling on the operation of the committee over which I am presiding, unless my ruling is questioned. I would be ready to stand the clause by unanimous consent, leaving the way open to the hon. member to make his request when Mr. Speaker is in the chair, rather than to me. Otherwise I would be more or less making a decision which strictly I have not been asked to make, the request being made of Mr. Speaker.

I hope we can resolve this problem without forcing me to make a decision, since there is apparently unanimous agreement among the committee. If hon. members are so agreed, I would be ready to listen to comments on the clause by the hon. member for York-Simcoe and perhaps permit the committee to vote on the amendment moved by the hon. member for St. John's West.

Mr. Stevens: Mr. Chairman, on the basis of your observations I should like to direct the minister's attention to the actual wording of the clause which appears at page 35 of the bill, paragraph (s). In considering my colleague's amendment, which really seeks to strike this provision, it is important we get the full purport of what the provision proposes to do.

The reason I refer to paragraph (s) is that, with all due respect to the draftsman, I do not believe is comprehensible. Essentially, Mr. Chairman, it is worded in such a way that it could be non-applicable. It provides that the income of a taxpayer will be taxable if—and then paragraph (s):

> —the amount of any grant received in the year under a prescribed program of the Government of Canada by
>
> (i) the taxpayer, other than a married taxpayer who resided with his spouse at the time the grant was received and whose income for the year is less than the income for the year of his spouse, or
>
> (ii) the spouse of the taxpayer with whom he resided at the time the grant was received, if the spouse's income for the year is less than the income for the year of the taxpayer.

I am sorry the minister has left because I wanted him to explain in relatively simple language what on earth the officials have in mind by such complicated wording, wording which I have been advised by tax lawyers is incomprehensible.

Mr. Lumley: Basically, Mr. Chairman, what the provision is saying is that it is brought into the income of the husband unless the income of his spouse is higher, when it would be brought into her income.

Mr. Stevens: The officials may have told the parliamentary secretary that that is what they thought they had said, but that is not what they have in fact said. If my colleague's amendment is defeated, then this is another matter we may have to consider. If paragraph (s) cannot be reworded so that it says what the parliamentary secretary has apparently been told is what the bureaucracy thought they were saying when they

initially drafted the provision, then we will have to reconsider our position. Would the parliamentary secretary, between now and the time when we reconsider this clause, presuming that it is going to be stood, take a new look at paragraph (s) to see whether the officials feel the wording is as clear as it might be?

Mr. Lumley: Mr. Chairman, obviously we will take a look at it, as the hon. member suggests. I remind him I am not an expert in drafting either, but this paragraph has been approved by the Department of Justice.

Mr. Stevens: I am sorry the Minister of Finance is not here, Mr. Chairman, because my next question is really a question of policy. It has to do with the fact that one department seems to have said something in regard to taxing insulation grants which is different from what is now put before us by the Department of Finance. I am referring to the little booklet published by the Department of Energy, Mines and Resources called "Keeping the Heat In". At page 91 of this little booklet various kinds of insulation are discussed, and the following appears: "Unlike many other forms of dividends, these are 'tax free' ".

My question to the parliamentary secretary is this. The Department of Energy, Mines and Resources has put out a booklet, chapter nine of which deals with what they call the dollars and cents. First of all, it encourages people to insulate their homes, to take the steps we have been discussing today. The department then represents that these steps will be "tax free", in quotes. Then on October 20 the Minister of Finance comes charging in with a proposal to tax the very grants which the government has been offering certain people in Canada for home insulation purposes. I am asking, is this really fair?

Mr. Lumley: Obviously, Mr. Chairman, I cannot answer for the Minister of Energy, Mines and Resources, but I will ask him the reason for this.

Mr. Stevens: Would the minister attempt to have this matter clarified before we deal with this clause again, and report to us in the House? I see we have a babbling socialist over there who is always trying to speak on behalf of the government. I would remind this babbling socialist that the parliamentary secretary did not say he would report to the House; he simply said he would have a word with Energy, Mines and Resources. Let me assure you, Mr. Chairman, that when you have dealt as long as I have with this rabble on the other side, you have to get it right on the record or you won't get any place with them.

Mr. Darling: Mr. Chairman, I have been endeavouring to make an intervention since 20 minutes after eight and have finally been recognized. I rise in support of the amendment moved by the hon. member for St. John's West. I represent an area which is a reasonably cold part of this great country of Canada, an area where the economy is not as good as it is in other parts. Therefore I feel the government should consider this amendment. I am quite sure if most members opposite searched their consciences they would feel the same way.

• (2152)

I am sorry the Minister of Finance is not here, but I should like to ask the parliamentary secretary to the minister if he would confer with the whiz kids, those mathematical mandarins beside him who figured out that it was going to cost $560 million extra if the $350 grant were tax free, in order to determine if that is correct? Is this correct in terms of dollars and cents in lost taxes?

Mr. Lumley: Mr. Chairman, it would cost that much more to implement exactly what the hon. member is suggesting.

Mr. Darling: Is this on the basis of $350 for every grant?

Mr. Lumley: Yes, Mr. Chairman.

Mr. Darling: Have they given consideration to the statement made by the Minister of State for Urban Affairs that the average grant is not $350 but is $211? Let us see the whiz kids answer that.

Mr. Lumley: Mr. Chairman, the hon. member seems to enjoy taking shots at the so-called whiz kids. I think they are two hard working servants of this government.

Some hon. Members: Hear, hear!

Mr. Lumley: Yesterday these so-called whiz kids came up with a figure off the top of their heads of $175 million for the motion proposed by the Social Credit party. Hon. members opposite have criticized that as well. Approximately 24 hours later, these so-called whiz kids came up with an accurate figure of $160 million. Thus, for whiz kids they are pretty well on.

Mr. Darling: I thank the hon. parliamentary secretary. I did not mean it in any derogatory way. I am delighted to see the hon. Minister of State for Urban Affairs has just entered the Chamber. If the parliamentary secretary wants to get it straight from the horse's mouth—

Mr. Paproski: The horse's what?

Mr. Darling: —the Minister of State for Urban Affairs stated in committee this afternoon that the average grant authorized by his department, and the Department of Energy, Mines and Resources, is only $211 and not $350. Therefore that will reduce the amount considerably. I should like to have the comments of the parliamentary secretary on that.

Mr. Lumley: Mr. Chairman, obviously when one looks at a program like this there are a lot of assumptions which have to be made. The $211 figure referred to by the hon. member is based on the applications received so far. Obviously that may not apply, depending upon the number of applications received.

Mr. Darling: Mr. Chairman, I appreciate that. I am delighted to see the Minister of Finance returning to the Chamber. I am sorry he was not here to answer my earlier questions. I have the greatest sympathy for the hon. minister. I appreciate

what he has stated this evening. He is endeavouring to do a good job. He has to make a decision which would be a difficult one even for Solomon. His decision with regard to the $350 grant is whether it will be taxable or considered part of the income of all taxpayers, other than those in Prince Edward Island and Nova Scotia. Despite the logic of this, it is a difficult thing for members of parliament to return to their ridings and explain this.

Prince Edward Island and Nova Scotia have high costs of electricity, but they will receive tax free $500, almost a third more than other parts of the country which have been just as hard hit economically and where unemployment is very high. Those other provinces should receive the $350 tax free. The government will be in receipt of increased income taxes. That $350 should be given across the board.

Since I thought the minister had flown the coop for the night, I directed a question to the parliamentary secretary concerning the $350 grant. The minister's assistants have figured that it would cost $80 million a year, or $560 million for seven years, on the basis of present grants paid out. I am sure the Minister of State for Urban Affairs will verify that the amount paid out now averages $211. Out of the $80 million paid by the government, it will receive moneys back in income taxes from the people installing the insulation. It is on this basis I think the minister should reconsider, and I am sure the wonderful citizens of Saint-Maurice will bless him for it.

Mr. Chrétien: Mr. Chairman, I would like to agree with the members of this House. Nothing would please me more than that. But when it is costing $560 million to be nice, I should like to reflect on that before it is called to a vote. I have some sympathy for the hon. member because he has to go to his riding and explain the difference.

We started on this program because we were looking for a vehicle to help the people of Nova Scotia and Prince Edward Island who were worst hit by the increase in the cost of imported oil. They use oil for their automobiles, their homes, as well as their electricity. That was the area most affected. Part of being in Confederation is that when somebody is in worse shape than others, as good Canadians we rush to help them.

Some hon. Members: Hear, hear!

Mr. Chrétien: I am sure the people in Parry Sound-Muskoka will be proud of the hon. member. It should be pointed out that we are ready to help when someone in Canada is in bad shape.

Mr. Crosbie: Mr. Chairman, when I spoke this afternoon at 3.30 o'clock I asked the minister for an estimate of what would be collected in taxes during the next taxation year because of the fact that these grants are taxable in the eight provinces other than Nova Scotia and Prince Edward Island. As yet I have not received an answer to that question.

Now we have this amendment which proposes to eliminate this clause in order for the grants not to be taxable anywhere.

The minister has indicated that it will cost $560 million. That is a misstatement, that is not true, and that is not correct. Before voting on this clause, the minister should provide a calculation of the $560 million in order for us to see how it is reached. The estimate of the Minister of Energy, Mines and Resources was that it would cost $45 million this year, and next year it would cost $145 million. The entire amount paid out in grants will be paid back in taxes, according to the Minister of Energy, Mines and Resources. Thus there is not a word of truth in the Finance Minister's calculation. He has indicated that it will cost $560 million over seven years. There is not a smidgin, a particle, a crumb, an iota of truth in that statement. It is a positive untruth. Let us have the figures.

The Deputy Chairman: Order, please.

Mr. Crosbie: I have more to say. I am only getting warmed up.

The Deputy Chairman: It being ten o'clock, it is my duty to rise, report progress, and request leave to consider the bill again at the next sitting of the House. Is that agreed?

Some hon. Members: Agreed.

Progress reported.

• (2202)

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

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

PENITENTIARIES—MILLHAVEN—REASON FOR WITHHOLDING NAMES OF INMATES INVOLVED IN HOSTAGE-TAKING

Mr. A. D. Alkenbrack (Frontenac-Lennox and Addington): Mr. Speaker, I rise tonight pursuant to a question which I put to the Solicitor General (Mr. Fox) on November 23. This matter arose as a result of the refusal of the Department of the Solicitor General to make public the names and records of the convicts who, a week previous, took a hostage at knifepoint at Millhaven, barricaded a section of the prison for several days, created serious trouble and, under duress, obtained certain concessions from prison management which, I am thankful to say, have since been repudiated by the Department of the Solicitor General.

Previously I asked why the Department of the Solicitor General gave the public the names of three guards who did their duty by protecting Canadian persons and property in the ultimate shooting and wounding of escaping convicts. The revealing of the names of these guards placed their safety and that of their families in jeopardy because of potential reprisals. I asked the minister to explain why his department could not

be consistent and cease discriminating against public servants who perform their duties. The Solicitor General promised me at that time that he would look into the matter and get in touch with me. He has done so, and I thank him for the letter I received from him yesterday.

Although the minister's explanation is not to my entire satisfaction, the minister states that, and I quote:

> The names of the 20 convicts were not released to the public so as not to prejudice the result of any criminal procedures that might follow and so as to avoid influencing a jury.

Then in reference to the three officers who did their duty in protecting the public, the minister sloughed that off by saying that the names of the officers were not released by the penitentiary service but by the police force. He was referring to the Ontario Provincial Police in the district.

By what stretch of the minister's imagination would he presume that it would be necessary to try the 20 convicts before a jury? They took a hostage, but did not kill him. They were resorting to a new prison fad of blackmailing through hostage-taking. In this regard I want to congratulate the minister for stating that he will not recognize negotiations with convicts, undertaken under duress. To do so would encourage more hostage-taking in our prisons. Most convicts have a better life than many free Canadians on the outside under our present economic conditions.

However, to get back to the two classifications, the minister protects the names and records of 20 convicts and is still doing so, at least until a judge and jury try them—which I predict will not be the case—yet he would allow the provincial police to publish immediately the names of the three respected prison guards, all men who have given worthy and long service to the Canadian public, and all with families.

It is evident that there is no rapport between the penitentiary service and the provincial police. It should have been understood long ago, when under the new liberalism autonomy was taken away from our prisons, that policing authority was taken away from the wardens and their staffs. What always was a federal authority was tossed into the lap of the province through the provincial police. When that was done, rules and guidelines should have been laid down, and it should have been understood between the two authorities that in every case of this kind the names of public servants doing their duty would be protected.

At the time of this sad incident—the attempted escape of three convicts when two were wounded and one was killed by necessary gunfire—the Department of the Solicitor General let it be known that the case of the three guards would be reviewed in Ottawa and that it could entail a trial. It was even stated that the men might be responsible for their own defences and the expenses thereof. That being the case, and if those circumstances came to pass, the Department of the Solicitor General should be warning the provincial police immediately not to divulge the names of those three men who did their duty to the Canadian people in protecting persons and property.

● (2207)

Some system, Mr. Speaker, this penal system under the new liberalism! Convicted men in prisons are still first class citizens and the men who guard the public from them or, in reverse, guard them from the public are nobodies. In terms of the Prime Minister's (Mr. Trudeau) statement they are nobodies—away down at the bottom of the Liberal totem pole. Does the Solicitor General not realize that the safety of these guards and/or their families was jeopardized when their names were immediately released? Reprisals could be taken by friends or accomplices of those 20 convicts. Yes, some system we have today—from a government that will not govern. Protection of persons and property is the chief and original reason for government and in these faculties this government is extremely deficient.

Of course the debacle of the penal system under the Liberal government started when autonomy was taken away from each penitentiary, when authority was taken away from each warden, when the warden's courts were abolished, when the government began to listen to the do-gooders, the idealists and utopians—whose basic principles and tenets are worthy and desirable if we were living in a social Shangri-la, far beyond our lost horizon. This will not work in our sick and troubled society in the protection of persons and property when confronted with convict violence in our penitentiaries. We must meet force with force to maintain security and protection of persons and property. And I want the minister to assure me that never again will the name of a security officer or guard be divulged under the same circumstances we are discussing tonight.

Mr. W. Kenneth Robinson (Parliamentary Secretary to Minister of National Health and Welfare): Mr. Speaker, I note the remarks made by the hon. member for Frontenac-Lennox and Addington (Mr. Alkenbrack) and I want to thank him for providing me with a copy of a letter that he received from the Solicitor General (Mr. Fox) on the matter. The Solicitor General did indicate he would respond, and he did so.

I would like to correct two impressions that were created that would appear not to be correct. First of all there is no suggestion that these people would have to be tried by jury, but rather the fact is they could be tried by a jury, and it was to this the Solicitor General was referring. The other point I wish to make clear—in the case of the three officers involved in the wounding and shooting of escaping inmates—the names of the officers were not released by the penitentiary service and the penitentiary service had nothing whatsoever to do with it; it was by police forces, probably the Ontario Provincial Police. I do agree, however, with the hon. member that maybe the penitentiary service people and the Ontario Provincial Police should have a greater rapport. Having said that, Mr. Speaker, there are a few other comments I would like to put on the record.

I would like to point out that on Thursday, October 20 last, a hostage taking incident took place in Range 2 of the special handling unit at the Millhaven institution. One of the inmates

celled on this range was taken hostage by one or more of the inmates celled in the same range. The hostage was freed on the following day. The police forces were informed of the incident and are still investigating, so I understand. The names and records of the inmates involved in this incident were not released to the press so as not to prejudice the police investigation. This, I understand, is normal procedure, and of course if it were otherwise the result of any criminal-legal procedures that might result from this investigation would be out in the open.

● (2212)

The decision not to release the records of the inmates involved was to avoid influencing a jury which may have at a later date to rule on the guilt of the person or persons who are likely to be accused of a criminal act.

In the case of the three officers involved in the wounding and shooting of inmates, referred to by the hon. member during the question period on Wednesday, November 23, 1977, their names were not released by the Penitentiary Service but by the police forces. There was no inconsistency in the penitentiary service policy governing in such circumstances. It is my understanding that all the inmates celled in this particular range of the Millhaven institution are incarcerated therein as the result of the commission of violent crimes, or because of their violent behaviour which consist in a danger to the staff and other inmates in our institution. In fact some of these inmates' records indicate that one officer of the penitentiary service and three police officers have been the victims of murders, that six officers of the penitentiary service have been the victims of hostage-takings,—

Mr. Deputy Speaker: Order, please. I have to interrupt the hon. parliamentary secretary because his time has expired.

PUBLIC SERVICE—DELAY IN CONTRACT NEGOTIATIONS WITH NURSES IN INUVIK AREA—REQUEST FOR REPORT

Mr. Wally Firth (Northwest Territories): Mr. Speaker, I am glad to have this opportunity to raise again a matter which I brought to the attention of the House on November 22. This matter concerns the registered nurse members of the Professional Institute of the Public Service working in the Inuvik Zone of the Northwest Territories and Yukon who have been without a contract since December 28, 1976.

The Professional Institute of the Public Service of Canada has warned that the country is headed for a strike by the 2,000 nurses employed by the federal government, and the Inuvik Zone nurses are a part of this group.

It seems a disgrace that persons providing essential services must go for such a long period without a contract. Negotiations between the nurses and Treasury Board have been dragging on for nearly a year, and I submit that the attitude of the Treasury Board has not been conducive to an effective settlement of this dispute.

I believe it is also important, Mr. Speaker, to point out to the House the special conditions obtaining in Canada's north with which the nurses must deal. The nurses perform essential services in northern communities, and often work under harsh and difficult conditions for long hours.

Many times nurses there have had to risk their lives trying to get their patients to hospital. More than one nurse has lost her life as well as that of the patient in plane crashes on their way to hospital. Nurses often have to work as dentists. Indeed, they have had to do some surgery. They do many jobs that in the south are the responsibility of a doctor.

Nurses in the north are also being discriminated against by being given "compensatory allowance and leave" instead of overtime pay received by all other nurses in the bargaining unit. This compensatory allowance is a fixed sum which does not reflect the amount of overtime, stand-by or call-back time done and earned by a nurse in any one month. Nurses who work in hospitals in the south receive overtime, stand-by and call-back pay, but in the north they do not. The nurses are determined that this inequity be rectified.

I would also like to point out that the nurses are most emphatically not bargaining only for a salary increase, even though their salaries are far behind their provincial counterparts in certain categories. In the view of the nurses, and especially the nurses in the north, working conditions are extremely important and the Treasury Board has been unwilling to discuss this issue.

At the moment both sides are awaiting the appointment of a conciliation board, but this cannot be done until a decision has been reached regarding the number of designated employees who must remain on the job in the event of a strike. I would therefore request the President of the Treasury Board (Mr. Andras) to instruct his officials to sit down and bargain in good faith with the nurses, in the hope that an effective agreement can be reached very soon. I certainly hope this dispute can be settled before Christmas.

● (2217)

Mr. Thomas H. Lefebvre (Parliamentary Secretary to President of the Treasury Board): Mr. Speaker, we must agree with the hon. member who has brought this subject to the attention of the House on at least one previous occasion when he expresses the hope that this dispute will soon be settled. We must also congratulate the nurses on their devotion to duty in spite of the arguments which have been going on for almost a year with regard to this matter. All Canadians are proud of them and of the great service they are rendering on behalf of the Government of Canada. Indeed, one of the nurses who were mentioned by the hon. member was honoured posthumously by the creation of the Judy Hill Foundation which will make moneys available to help train more medical people to serve in the north.

The collective agreement for the nursing group of the scientific and professional category of the Public Service of Canada expired on December 28, 1976. Negotiations for its renewal between the employer and the Professional Institute of the Public Service of Canada reached an impasse during the latter part of May after nine bargaining sessions. As the group had

previously selected conciliation as the method for the resolution of bargaining disputes, the Institute, on May 26, requested the Public Service Staff Relations Board to appoint a conciliation officer. Mr. Clive McKee of Vancouver was appointed and met with the negotiating parties on June 29. Mr. McKee was successful in convincing the parties to return to the bargaining table. Early in August, however, and after three more bargaining sessions, negotiations again reached an impasse, and on August 15, the employer requested the board to appoint a conciliation board. In view of the many outstanding issues, the board again appointed a conciliation officer. Assisted by this officer, Mr. Ken Strike, the parties again met on September 12, 13, 14 and 15. Once again, no progress was made.

Parallel to the negotiations taking place for the renewal of the collective agreement, consultations between the employer and the institute were being conducted on the designation of the nurses considered to be essential to the safety and security of patients of federal institutions. No agreement having been reached by early November, the employer on November 4 referred the designation of nurses to the board for decision. Initial hearings are scheduled for December 6, 7 and 8.

The Public Service Staff Relations Act prohibits the board from appointing a conciliation board before the matter of designations has been settled either by agreement between the parties or by decision of the board. Consequently, the appointment of a conciliation board for the resolution of the disputes in bargaining the renewal of the collective agreement must await the board's decision of the designation of nurses as essential to the safety and security of patients.

As I mentioned earlier, little progress was made during negotiations for a new collective agreement on the approximately 126 pages of demands submitted by the Institute to the employer. Much of the substance of the demands was for changes in the language of the expired collective agreement. The fact that only two grievances, both on the same subject, were referred to adjudication indicated that the language had served well the purposes of the employer and the employee.

Mr. Deputy Speaker: I regret to interrupt the hon. parliamentary secretary but the time allotted to him has expired.

● (2222)

INDUSTRY—PULP AND PAPER—EFFECT ON CANADIAN INDUSTRY OF LOANS TO FOREIGN COUNTRIES TO ESTABLISH PLANTS

Mr. Jack Marshall (Humber-St. George's-St. Barbe): Mr. Speaker, I appear tonight to elaborate on the reply given me by the Minister of Industry, Trade and Commerce (Mr. Horner) on the state of the pulp and paper industry in my district. This is an industry which is the lifeline of our economy in Newfoundland, one which the government should be protecting through every means available. This industry is hurting seriously, not only as a result of the loss of markets, markets which it is capable of competing for, but more so because of the narrow thinking of our government, which proclaims that what it is doing through the Export Development Corporation is helping the country.

Not only is the pulp and paper industry of Newfoundland seriously impeded by the destruction of its raw resource by the spruce budworm infestation, which if allowed to continue will destroy the viability of this industry in Newfoundland; not only is the industry hindered by the lack of a reasonable transportation policy, which is hurting the industry in cost effectiveness and competitiveness due to distance from markets; but the government, through the Export Development Corporation and CIDA, is assisting countries which are and have been potential customers by granting to them interest free loans, technical assistance and engineering expertise to establish industries which compete directly with us. The justification for this is that we are helping Canadian firms sell them equipment, thus creating jobs in Canada. This may be true to a point, Mr. Speaker, but it would be interesting to see in whose favour is this trade-off over the long term.

Notwithstanding that even part of the government's reasons are factual, what are we doing at the same time to allow our industry to compete after we have provided the financial assistance which, in the end, is directed to our foreign markets? A case in point is the related linerboard industry in Newfoundland which had to be closed down due to losses resulting from wood costs and lack of markets. What has the Department of Industry, Trade and Commerce done other than to give the usual stock answer that it was not its responsibility, instead of the predecessor to the present minister taking the initiative and offering help?

If I can give the House an example, it was said that one of the reasons for the closure was inability to break through the market barrier. This linerboard mill in my province is perhaps the most modern in North America, yet it has to close down at a cost of some 2,000 jobs, affecting perhaps 4,100 jobs indirectly. Yet at the same time an American mill in Alabama, having increased its capacity just last summer, has announced expansion of its Union Camp Mill at a cost of $250 million so as to increase capacity by 1,000 tons a day.

It is time for the government to attempt to help our economy. It is fine to offer all kinds of incentives to establish new industries. I have no quarrel with such an objective. But what the government is doing really is ignoring what common sense dictates, namely, that we should be protecting, consolidating, and monitoring what we have, industries which have been successful through their own initiative and entrepreneurship but which are now hurting because of inflated costs of production. I refer particularly to the industries of Newfoundland which need assistance in view of their distance from markets. These industries in Newfoundland established themselves when conditions were normal, but now hesitate to continue operation because of encumbrances which exist as a result of the complacency of the responsible agencies of government.

I hope the parliamentary secretary will give me a more responsible answer than to relegate the matter to some other department. I hope he will give me something positive which I can take to those who require jobs, those who are losing jobs

and industries which are deteriorating, so I can give them some hope for the future. I know he will.

● (2227)

Mr. Gilbert Parent (Parliamentary Secretary to Minister of Veterans Affairs): Mr. Speaker, I thank the hon. member for Humber-St. George's-St. Barbe (Mr. Marshall). I must comment on the generous applause from all of my colleagues here in the House tonight. When I was just an ordinary backbencher, approximately 100 or 150 people would listen to me speak. I am sure Your Honour is aware of the size of my audience tonight. I had two briefings in order to come to the Chamber and give the hon. member an answer.

Perhaps there is a small misunderstanding of the nature and the reason for the operations of the Export Development Corporation. The corporation makes loans only to foreign buyers of Canadian-made equipment and Canadian services. The fact the equipment will be installed in a project in another country, which in theory or in fact may compete at a later date with a Canadian industry, would not be sufficient reason to deny jobs to those plants making equipment which the Export Development Corporation is financing. The only reason for such a course of action would be that it would prevent the development of a rival industry in another country.

The idea that Canada in this manner, or any other, could prevent another country developing a project is incorrect. Yet somehow the idea persists in some quarters that if the Export Development Corporation did not finance the sale of Canadian equipment to these projects, then these projects would be halted. If one is aware how fierce international competition is in the sales of equipment to these projects, one would realize the projects will proceed easily without Canadian participation. The only measurable result of not financing such sales will be a drop of Canadian exports.

As the hon. Minister of Industry, Trade and Commerce (Mr. Horner) pointed out, there is a paper industry in Poland. In making this loan we do not believe the Polish industry would serve any markets served by our country. Also we believe a loan made to them for the procurement of pulp and paper machinery in this country would create jobs needed in the manufacturing sector. This would ensure Canadians in our plants would have a chance to keep their jobs. Also they would make money to support their families, and indeed help the country.

Our industries should not be denied the chance to sell their products to other countries. This should be borne in mind by all members.

Mr. Deputy Speaker: The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow morning at eleven o'clock.

Motion agreed to and the House adjourned at 10.30 p.m.

HOUSE OF COMMONS

Friday, December 2, 1977

The House met at 11 a.m.

● (1107)

ROUTINE PROCEEDINGS

[*English*]

CANADA COUNCIL

PROPOSED REFERENCE TO COMMITTEE TO REVIEW OPERATION AND PERFORMANCE OF COUNCIL—MOTION UNDER S.O. 43

Mr. Bob Wenman (Fraser Valley West): Mr. Speaker, pursuant to the provisions of Standing Order 43, I rise to propose a motion on a matter of urgent and pressing necessity.

In view of the Auditor General's condemnation of the financial documentation procedures of the Canada Council and the revelations that the Canada Council is supporting, with public money, individuals to write what anyone in this chamber would term as offensive and demeaning pornography, I move, seconded by the hon. member for Prince George-Peace River (Mr. Oberle):

That the Secretary of State request the Standing Committee on Broadcasting, Films and Assistance to the Arts to completely review the Canada Council's mandate, accountability, financial procedures, performance to date and that this same committee then issue a report of recommendations that will assure Canada Council accountability to the minister and to the House of Commons.

Some hon. Members: Hear, hear!

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

THE MINISTRY

SUPPORT FOR DESIRE OF SOLICITOR GENERAL TO BECOME MINISTER WITHOUT PORTFOLIO—MOTION UNDER S.O. 43

Mr. Bob Brisco (Kootenay West): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In light of the fact the Montreal *Gazette* has quoted the Solicitor General (Mr. Fox) as saying "I have told the Prime Minister (Mr. Trudeau) that in the next cabinet shuffle I would like to become Minister without Portfolio", I move, seconded by the hon. member for Vancouver Quadra (Mr. Clarke):

That this House supports the request of the Solicitor General.

Some hon. Members: Hear, hear!

ORAL QUESTION PERIOD

[*English*]

GOVERNMENT ADMINISTRATION

PROTECTION OF CONFIDENTIAL DATA STORED IN COMPUTERS—USE OF PRIVATE COMPUTER ORGANIZATIONS

Mr. Harvie Andre (Calgary Centre): The Liberal party must have had a Christmas party last night or something.

Mr. MacDonald (Cardigan): What did you have, a New Year's party?

Mr. Andre: Mr. Speaker, my question is to the President of the Treasury Board. The Auditor General's report points out that confidential data stored electronically in computers is yet another instance where the government has been totally lax in fulfilling its responsibility to protect the security of these confidential data. Given the seriousness of this problem, can the minister tell the House what special measures, if any, are being taken by the government to ensure that private and confidential data will no longer be within the easy reach of those who might profit or misuse such data.

Hon. Robert K. Andras (President of the Treasury Board): Mr. Speaker, I share with the hon. member and other hon. members the seriousness of the necessity for utmost confidentiality. I disagree with some of the adjectives he has used which overstate the case with regard to access to confidential records on computers. Nevertheless, we are concerned about them. We join the Auditor General in his efforts to identify areas where more security and more effective and efficient methods of using computer techniques and computer instruments is going to be forthcoming. Indeed, much of that work is underway now throughout the various departments. We use a great quantity of computer techniques throughout the government as does any large institution today. It is still an imperfect art or science, whichever you want to call it. There is still much to be done.

Mr. Andre: The Auditor General's report states that the RCMP upon request conducted a number of security reviews of outside service bureaux which process government data.

While none of the outside service bureaux so reviewed have been cleared by the RCMP to process such data, the Auditor General points out there are a number of instances where private and confidential data have been processed by these bureaux which have not been cleared in terms of handling highly confidential data. How long has this been going on and what types of confidential and classified data have been handled by these outside bureaux which have not been cleared by the RCMP?

Mr. Andras: Mr. Speaker, I would not be able to give the hon. member on this occasion such detail as he is requesting. All these measures are being brought to our attention. Indeed, effective correctional measures are being taken in almost every case. There will be the odd one that the Auditor General has developed in his report which may be fresh to us and which we will act on as quickly as possible.

* * *

INCOME TAX

USE OF PRIVATE COMPUTER ORGANIZATIONS FOR STORAGE OF CONFIDENTIAL TAX INFORMATION

Mr. Harvie Andre (Calgary Centre): Mr. Speaker, my supplementary question is to the Minister of National Revenue. Has National Revenue contracted with or have any of these outside service bureaux which have not received RCMP security clearance been used to handle or process income tax data?

● (1112)

Hon. Joseph-Philippe Guay (Minister of National Revenue): Mr. Speaker, first of all I should like to say I certainly appreciate the comments of the Auditor General because everything he said pertaining to my department has already been rectified.

Some hon. Members: Hear, hear!

Mr. Guay (St. Boniface): I am pleased indeed that he brought these matters to our attention. With regard to the other point concerning the use of computer services, yes, we do make use of computer service: there is one firm in Ottawa with whom we have an arrangement and I would point out that when we turn the material into the computer there are no names or social insurance numbers attached; the material is coded and we have a man there at all times who is the only person who can decode it if and when we need him to do so. So there is no problem there. Everything is in good hands.

Some hon. Members: Hear, hear!

REASON FOR FAILURE TO CONSULT WITH CHARTERED ACCOUNTANTS ON LEAKS OF CONFIDENTIAL INFORMATION

Mr. Perrin Beatty (Wellington-Grey-Dufferin-Waterloo): Mr. Speaker, I, too, have a question for the Minister of National Revenue. Two days ago the minister told the House that after two weeks of intensive investigation into the leaks from his department of personal and confidential information relating to individual taxpayers the only cases he has been able to turn up where this has happened were the four cases reported two weeks ago by Charles Templeton and Pierre Berton. In view of the fact that there have been a number of radio interviews with chartered accountants from various parts of the country indicating that his department for years has given out personal and confidential information over the telephone, why did those engaged in his investigation not consult with those accountants to determine how extensive this practice has been and whether or not the privacy of individual taxpayers has been violated?

Hon. Joseph-Philippe Guay (Minister of National Revenue): The hon. member keeps getting up and repeating the same thing at all times. I should like to repeat to him again—

Some hon. Members: Oh!

Mr. Guay (St. Boniface): —that one of the reasons I am not giving a report pertaining to the RCMP is that I do not wish to interfere with the investigation which is taking place and spoil it—that is about the size of it; that is what members over there would like to see happen. If hon. members opposite have any names, anything specific to give me so that I can investigate those cases, I can guarantee that I will make the inquiries. It is all right for you and your group on the other side to make all kinds of allegations. There is nothing in them—

Mr. Clark: The IQ of a rock!

REASON FOR FAILURE TO INVESTIGATE CLAIMS BY CHARTERED ACCOUNTANTS THEY OBTAINED CONFIDENTIAL INFORMATION

Mr. Perrin Beatty (Wellington-Grey-Dufferin-Waterloo): I hope the minister will try to keep himself under control. We can accept on this side of the House that the minister needs all the help he can get and we are pleased to assist him in any way possible. In view of the fact that on Wednesday of this week, following the minister's statement in reply to me in the House, he was not able to uncover any cases besides the four presented to him two weeks ago, may I ask the hon. gentleman why he has not been able to get one of his 9,000 employees to listen to broadcast reports, including the one on Wednesday by News Radio which quoted a chartered accountant in Toronto that despite the minister's claim that security had been tightened up he was still able to get information about individual taxpayers over the telephone? Why has the minister failed to look into these widespread broadcast reports?

Hon. Joseph-Philippe Guay(Minister of National Revenue): Once again, the allegations are not factual at all. I should like the hon. member to give me the name of the firm involved. I should like to have it. It is easy for members on the other side to make these allegations.

The hon. member for St. John's asked me the other day whether or not we were giving information to the RCMP or receiving it from them. My answer, according to my belief at

the time, was "No". I want to rectify that, Mr. Speaker, by saying "Yes, we do". We did it even before 1972 and we continue to do it, benefitting taxpayers by collecting the money which rightfully belongs to the treasury, because that is all we are, collectors, and we should collect the money and we should do it.

Mr. Beatty: The minister has asked me to cite specific instances where chartered accountants have said they were able to get this information over the telephone. Is the minister aware of an interview which took place on the "As It Happens" program on the CBC on November 18 of this year with Mr. David Ingram, a tax consultant in Vancouver with CEN-TA Tax Services, who indicated in the interview that it has been a long standing practice in the minister's department to give this information out over the telephone. Mr. Ingram indicated that he had had this information himself over the telephone, and so had his officials for a long period. He also indicated that the security practices in the minister's department have been totally inadequate for years, and that although Mr. Ingram has raised the matter publicly before nothing has been done about it. Why is the minister not aware of that broadcast interview with an individual saying that he had been able to get this information?

● (1117)

Mr. Guay (St. Boniface): First of all, Mr. Speaker, I thank the hon. member for giving me a name; I will certainly look into the matter. I do hope that it will be better than the other name of Thompson which he gave me before, regarding which I indicated by letter that what the hon. member said was not true. However, I am willing to look into this case and I will give the hon. member an answer shortly.

As for whether I listened to the program, no. I was too busy in my office until about 11.30 at night to look at any program. Perhaps I should look at a program once in a while.

* * *

AIR TRANSPORT

REQUEST FOR INQUIRY INTO FAILURE TO ENFORCE SAFETY REGULATIONS—GOVERNMENT POSITION

Mr. Cyril Symes (Sault Ste. Marie): Mr. Speaker, in the absence of the Minister of Transport I should like to put a question to the Acting Prime Minister. In view of the fact that the Minister of Transport has had in his hands for a number of days now a report on the dangerous state of aviation safety in northwestern Ontario and that subsequent revelations have disclosed that top officials in Ottawa have blocked attempts by regional officers to enforce safety standards, will the Acting Prime Minister inform the House that his government is prepared to institute a full public inquiry into this matter so that we can find out why safety regulations have been disobeyed?

Hon. Bud Cullen (Acting Minister of Transport): Mr. Speaker, the Minister of Transport indicated before the committee, first of all, that the message which went out from the Ottawa office was not at his request. He did not agree with that particular approach. He felt that a decision should not be taken arbitrarily but that both sides of the issue should be looked at before a licence was in fact taken. I would commend to the hon. member the minister's answer to the committee. In addition to that, the department is in fact studying the report and will make its appropriate decision after it has studied the report.

Mr. Symes: A supplementary question, Mr. Speaker. Notwithstanding what the acting minister has said I would put a further question. In view of the revelation that one of the criteria regional aircraft inspectors were to consider in suspending a licence, to quote the memo, was "the possibility of embarrassment to the minister and any other potential political implications", does the minister not consider that statement alone sufficient grounds for a public inquiry? Surely the minister does not believe that political expediency takes precedence over public safety?

Mr. Cullen: Very definitely not, Mr. Speaker, and that is precisely what the Minister of Transport said in the committee. He did not authorize the message to be sent. He did not agree with the conclusions reached by the individual who sent that particular message, and he spelt out very, very clearly that the report would be studied most carefully and any appropriate action taken, be it an inquiry or simply a tightening up in some areas.

Mr. Symes: A final supplementary question, Mr. Speaker. I still have not had an answer regarding the public inquiry, a question which I have asked twice. We cannot get to the bottom of who is responsible for issuing such orders and what the results have been. Again I ask the minister, can we expect a full public inquiry so that we can get to the bottom of this and the travelling public in northwestern Ontario can be protected? It is not good enough to say that some procedures will be tightened up. Obviously for too long something wrong has been happening, and we deserve to know who gave the orders and to clean up this mess.

Mr. Cullen: Mr. Speaker, I simply mentioned that as an alternative. Again I would commend to the hon. member a careful reading of the Minister of Transport's answers before the committee, when he said that the report would be studied and the appropriate action taken, be it a public inquiry, the tightening up of regulations, or whatever action seemed appropriate. It seems to me that the study, which is an excellent study, should be looked into before conclusions are reached.

● (1122)

[*Translation*]

UNEMPLOYMENT INSURANCE

RECOVERY OF OVERPAYMENTS OF BENEFITS—GOVERNMENT POSITION

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, I should like to put a question to the Minister of Employment and Immigration. In light of the report submitted by the Auditor General which indicates among other things that in 1976 the Unemployment Insurance Commission had made overpayments of $95 million, could the minister explain how the commission intends to recover that amount without victimizing the persons who were eligible and what steps will be taken to put a stop to so many mistakes?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, I apologize to my French teachers and to the hon. members but I must answer in English.

[*English*]

The Auditor General has performed an excellent service for us. He has indicated he will continue to do so. The commission has worked very closely with the Auditor General. In fact, he did not say there was an overpayment. He said that it was possible there could have been that kind of an overpayment, and that control mechanisms had to be tightened up. Some of the recommendations of the Auditor General are already in place. We have asked him to monitor the action we have taken on the administrative or the control mechanisms to see to it that it is made as perfect a system as possible. We do not want to expand the number of man-hours required to meet all the requirements of the Auditor General in order to make it a perfect control mechanism system.

* * *

[*Translation*]

MANPOWER

ALLEGED WEAKNESS OF ADMINISTRATION OF TRAINING PROGRAM

Mr. Adrien Lambert (Bellechasse): I have a supplementary question, Mr. Speaker. In his report, the Auditor General indicated also many deficiencies in the administration of the Canada Manpower Centre programs. He emphasized for instance that the master client registration forms were not employed effectively, that there were no verifications required of the number of dependents claimed by the client, and that overpayments resulted from the policy of assumed attendance by those who supposedly take training courses sponsored by a manpower centre. Could the minister advise the House of the steps he will take to correct these weaknesses found in the administration of these services, which account in fact for 55 per cent of all the payments made by his department?

[*English*]

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, the Auditor General, true to his word, monitored the actions taken by the government last year, and complimented the government for many of the moves taken. Needless to say, as a result of the honest and unbiased report which he has made, in so far as my department is concerned, we will look into those particular areas and will expand on them somewhat when we appear before the Standing Committee on Public Accounts. I do not think I can give all the responses the hon. member would like during oral question period. I can assure him that very, very close attention will be paid to the recommendations of the Auditor General.

[*Translation*]

REQUEST FOR MORE TRAINING PROGRAMS FOR HEAVY EQUIPMENT OPERATORS

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

Hundreds of people have been on the waiting list for 18 to 24 months to be trained as heavy equipment operators. Is the minister prepared to increase the number of training centres providing this kind of training to give those people, particularly the younger ones, the opportunity to qualify for heavy equipment operators which will give them a better chance to get a job?

[*English*]

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, the initiative in this particular area must be taken in fact by the provinces. I should like to commend the Turner Valley operation in the province of Alberta. It is a private enterprise initiative taken by a gentleman there, when he could not find the appropriate number of schools and professors who would stay on the job, or when he could not get heavy equipment operators. In fact, he used the old Canadian private initiative system and established an excellent school. I would recommend that to all provinces that have waiting lists of people who want to become heavy equipment operators.

* * *

CANADIAN SALTFISH CORPORATION

ALLEGATION KICKBACKS WERE PAID—GOVERNMENT ACTION

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, my question is directed to the President of the Treasury Board. The Auditor General has stated that his examination of the Canadian Saltfish Corporation accounts for 1976-1977 show evidence that the corporation has engaged in questionable trade practices by paying out something like $400,000 in kickbacks. In some cases these kickbacks were deposited in bank accounts outside the country of the recipient.

In view of the fact that this corporation comes under the direct control of the Minister of Fisheries and the Environment, and therefore the direct control of the government, did the government authorize this practice? Will the government take any disciplinary action against the chairman responsible for this practice under the Financial Administration Act? Will

the government make available from the books of the company the names of those receiving the kickbacks in order to clear the good name of the many hundreds of citizens who do business with this corporation?

● (1127)

Hon. Robert K. Andras (President of the Treasury Board): The government did not authorize these practices. In fact, when they were brought to the attention of the government by the Auditor General, who is the auditor of the Canadian Saltfish Corporation, and has been for several years, action was taken. The action which the President of the Treasury Board took was to consult with the minister to whom this Crown corporation reports, and indeed the Auditor General and the Minister of State for the Environment, who is the minister to whom this corporation reports, took the necessary action to see that this practice ceased. As to disciplinary action, I am not in a position to give the precise nature of that yet. As to the disclosure of the exact names of the recipients, I would prefer to deal with that when we are before a committee and after consultation with my colleague.

Mr. Crouse: Since the Auditor General's report states that this practice was followed last year as well as in previous years, can the minister say how much money was kicked back in total and what action the government plans to take in determining whether there is evidence of tax evasion, and that this information be provided to the tax authorities in the countries concerned to enable them to collect taxes that are due, since the minister knew about the kickbacks as long ago as August 4, 1977?

Mr. Andras: The date of August 4 to which the hon. member referred may be accurate. It strikes me as being quite likely. That is the time when these practices were brought to our attention by the auditor of the Canadian Saltfish Corporation who is the Auditor General. With regard to the exact amount of money, I do not have that figure in my mind at the moment but I will undertake to make sure that the hon. member is informed of it.

* * *

GOVERNMENT ADMINISTRATION

EXTRA PAYMENTS TO LANDLORDS FOR BUILDINGS RENTED BY EXTERNAL AFFAIRS—REQUEST FOR DETAILS

Mr. Douglas Roche (Edmonton-Strathcona): In the absence of the Secretary of State for External Affairs I will direct my question to the President of the Treasury Board. The Auditor General also called into question the payment of $508,000 by the Department of External Affairs to landlords in host countries. Can the minister inform the House which countries are involved, why the government has accepted this as normal practice over the past 20 years and how much money was paid in such a manner over this 20 year period?

Hon. Robert K. Andras (President of the Treasury Board): I think the amount of money has already been identified by the hon. member in his question. As to naming the countries, I will not do so for very obvious reasons.

An hon. Member: Why not?

Mr. Andras: For reasons which I think any hon. member would anticipate.

An hon. Member: Tell us. This is Canadian taxpayers' money.

An hon. Member: What reasons?

Mr. Andras: Some measures are being taken to discuss this in the Public Accounts Committee.

An hon. Member: What are the obvious reasons?

Mr. Andras: It will be discussed in the committee with, I hope, a prearranged understanding of the delicacy of dealing with practices in other countries. The hon. member has spoken about this practice having gone on for 20 years. The fact is that this has been a fairly standard practice in almost every country in the world where there is a diplomatic representation, such as in certain of the countries involved. Indeed, the action we are taking now may be somewhat unprecedented. I think hon. members would recognize that.

Mr. Gillies: Is it unprecedented to be honest?

Mr. Andras: It is not unprecedented. The practice may be unacceptable, but it has been the practice of every other country we know. No benefit has been conferred on any member of the Department of External Affairs. It is a practice that has been going on for years in almost every other diplomatic mission in the countries involved.

Mr. Gillies: That makes it all right. That justifies it.

Mr. Andras: As a matter of fact, this issue arises because we are probably one of the few countries, if not the only country, that has established new guidelines in that respect. In fact, I have enunciated them on behalf of the government on December 16. I also said at that time that it will cause some difficulties. If we establish the principles under which we want to operate it is going to be expensive, but our action is unprecedented in changing this practice. This is not a question of the practice up to now having been different from that of other countries.

● (1132)

Mr. Roche: Mr. Speaker, it is not obvious to me why the government will not reveal the names of the countries. I think it is quite important to the taxpayers of Canada to know which countries are involved and how this practice is going to effect our relationship with those countries now that it has been exposed by the Auditor General. Considering the fact that the Auditor General has revealed that both cash and cheques were involved, and that the payments were made both within a host

country and outside that country, and since there is considerably more to this than initially meets the eye, will the minister assure this House that a thorough investigation of this matter will be made, especially in respect of the possibility of kickbacks to members of the department who made such payments in the unsavory way the Auditor General has now exposed, after a 20 year period in which the government of Canada has allowed this.

Mr. Andras: Mr. Speaker, I really regret that the hon. member would go so far as to make allegations about kickbacks to members of the Department of External Affairs, but that is exactly what he has done.

Some hon. Members: Shame.

Mr. Andras: The Auditor General has clearly indicated in describing his concern about this practice that all such payments were fully accounted for; there is no question about them not being accounted for, and there have been vouchers and all the necessary documentation involved in this. He has not said there has been any discrepancy in that area. Therefore, to leap from what we all say is a practice we want to see stopped, and hope other countries will join us in stopping it—a situation which we say is unacceptable—to the allegation implied that there was a kickback, when it has been clearly indicated that there was no such kickback, is regrettable.

Mr. Roche: Mr. Speaker, I would finally ask the minister whether he will assure the House that a thorough investigation will be made precisely because of the strange nature of payments in this matter which were made outside the host countries involved, and because the fact that payments were made in cash as well as by cheque does lead to some interesting questions?

Mr. Andras: Mr. Speaker, over and above the actions by the Auditor General such an investigation and analysis of what has taken place is under way.

* * *

NORTHERN AFFAIRS

WITHDRAWAL OF CHARGES BEFORE COURT BY YUKON COMMISSIONER—REQUEST FOR EXPLANATION

Mr. Erik Nielsen (Yukon): Mr. Speaker, I have a question for the Minister of Indian Affairs and Northern Development having to do with ministerial responsibility imposed upon him not only by practice but by statute. The minister is, of course, aware of the action of his Yukon commissioner in causing certain charges before a judge of the supreme court of the Yukon to be withdrawn, a gross intrusion into the administration of justice in the Yukon. Will the minister tell the House whether this highhanded interference with the judicial process by his commissioner was on the instruction of the minister, and how does the minister explain this highly improper conduct of one of the officials of his department?

[Mr. Roche.]

Hon. James Hugh Faulkner (Minister of Indian Affairs and Northern Development): Mr. Speaker, it was not on my instruction. I do not accept the explanation of the description of the events offered by the hon. member for Yukon. He knows as well as I that on November 8 the commissioner made a rather complete explanation of the actions that led to the withdrawal of the charges. He also knows that yesterday the commissioner launched an inquiry under Justice Stratton where all these issues are going to be examined. It seems to me that the proper course now is to let that commission of inquiry complete its work and respond to the sort of charges that have been floating around the Yukon for the past several weeks.

REASON MINISTER DISALLOWED BILL TO AMEND YUKON INQUIRIES ORDINANCE—REQUEST FOR TABLING OF COMMITTEE REPORT

Mr. Erik Nielsen (Yukon): Mr. Speaker, the minister also, I believe, instructed the same official, his Yukon commissioner, to refuse to assent to a bill to amend the Yukon Inquiries Ordinance which had passed all three stages of the Yukon house, which bill would have enabled the elected members of the house to request the setting up of an inquiry into the conduct of this commissioner. In view of the fact the bill itself in no way encroached upon his powers or those of his commissioner, will the minister explain his aggressive action toward the Yukon through this rather savage and raw use of his powers?

Hon. James Hugh Faulkner (Minister of Indian Affairs and Northern Development): Mr. Speaker, the hon. member for Yukon is becoming rhetorical, if not almost poetical. He knows perfectly well, and we seem to have a disagreement on what the powers imposed on the minister are under the Yukon Act. The refusal of assent by the commissioner is not a customary practice and not even a desirable one but when the members of the council clearly in their own minds go beyond the powers vested in them under the Yukon Act, and if I am to observe the law which this parliament itself has established, it seems to me I have only one course of action, and that is to instruct the commissioner to refuse assent. I do not enjoy or like doing this, but when I am faced with that choice it seems to be my obligation as a member of this House of Commons to uphold the law this parliament has passed.

An hon. Member: Then change the law.

Mr. Faulkner: Mr. Speaker, we have a useful suggestion from the NDP and I think we should follow it up, and that is that we should change the law. The hon. member for Yukon knows that when I was in the Yukon three weeks ago I met with the council and proposed to it then that instead of getting at the constitutional issues in this sort of piecemeal approach I was prepared to engage with them in a discussion of what sort of process we could set in place to review the natural evolution of constitutional development in the Yukon. That seemed to strike at least the chairman of the Yukon committee dealing with it as a positive suggestion. I offered it in good faith and I plan to follow it up. I think through that process we will get at

some of these rather nasty issues. I would tell the hon. member for Yukon, and I am surprised he would not support me in this, that when I am faced with a choice of upholding the law passed by parliament or acceding to what may be a legitimate request which clearly is ultra vires, I have only one responsibility as a minister and as a member of this House and that is to uphold the law, but that has to be seen in the context of also being prepared to change the law.

Mr. Nielsen: Mr. Speaker, since this action taken by the minister is taken for the first time in the 70 year history of the Yukon house and is a precedent setting action, and since under section 20 of the Yukon Act passed by this House, clearly all bills that pass the three stages of reading in the Yukon house would be tabled here, and because this bill now will not see the light of day in this House, will the minister at least table the report of the standing committee on rules, elections and privileges of the Yukon house dealing with this matter so that all members will have full knowledge of the circumstances surrounding these events?

Mr. Faulkner: Mr. Speaker, I would be pleased to look at that suggestion and I will get back to the hon. member. I think it is important to recognize that on this side, and clearly on that side as well, there is a disposition to move toward natural constitutional development, although there may be some difference between this side and the Conservative party as to the pace and immediate goals. I understand the commitment of the Leader of the Opposition, but I made it quite clear to the people of the Yukon when I was up there, and to their elected representatives, that I was anxious to engage in a discussion now as to what are the next logical steps. I think it is unfortunate if these incidents of refusal of assent confuse, confound or compromise that process. My ultimate goal is to respond to their needs up there, and I am committed to doing that. I have to reiterate that there is a law which was passed by this parliament. That law may need updating, and I am not disputing that, but as long as it remains the law of this parliament it seems to me my fundamental obligation is to interpret it with the advice of the law officers of the Crown as best we can and to insist on it. I am surprised there is some dispute about that on the other side.

EXCEEDING OF DEPARTMENTAL APPROPRIATION—POSSIBILITY OF DISCIPLINARY ACTION

Mr. Ron Huntington (Capilano): Mr. Speaker, I have a question for the Minister of Indian Affairs and Northern Development who has just enunciated his duty to uphold the law. I should like to ask what action he has taken when an appropriation for his department of $1 million has been exceeded by $400,000 on a deliberate basis? Has he taken any disciplinary action on that matter?

Hon. James Hugh Faulkner (Minister of Indian Affairs and Northern Development): Mr. Speaker, the hon. member knows that we have taken disciplinary action. He was told that in the committee.

Oral Questions

GOVERNMENT ADMINISTRATION

DATE OF ACTION ON MOVING BRANCH TO CAPE BRETON

Mr. Andy Hogan (Cape Breton-East Richmond): Mr. Speaker, I would like to address my question to the Minister of Finance in his capacity as the minister in charge of the decentralization program. I presume he still has that job. Could he give us some idea when the 310 jobs that were announced for the industrial area of Cape Breton are actually going to be put in place there, because we are in a desperate situation, as he knows, from an unemployment point of view?

• (1142)

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I cannot add to the statements that were made at the time of the announcement in Cape Breton. If the hon. member is not aware of the precise date, I will forward the information to him. This announcement was made a few months ago and I do not have the precise date for Cape Breton. In any event, we are anxious to move as quickly as possible.

Mr. Hogan: Mr. Speaker, the date announced was 1981. Will the government try to push that up a little and add at least 300 jobs to this area of the Atlantic provinces as a recent economic study found that among women of workforce age, this area had the lowest labour force participation rate in all of Canada. Will he give us at least 600 jobs?

Mr. Speaker: The hon. member clearly makes a representation rather than asking a question.

* * *

ENERGY

HOME INSULATION PROGRAM TO CONSERVE ENERGY—MINISTER'S POSITION ON CHANGES REQUESTED BY PROVINCES

Mr. John C. Crosbie (St. John's West): Mr. Speaker, my question is for the Minister of Energy, Mines and Resources. Yesterday the minister met with energy ministers across Canada. For the first time he actually drove them into a united front. I understand that eight provinces put forward suggestions for changes in the home insulation program. One suggestion which the minister accepted was to remove the precondition to all provinces joining. One submission made by the provinces is that the home insulation grant should be non-taxable in the other eight provinces of Canada as well as in Nova Scotia and Prince Edward Island and that the program be decentralized. What is the minister's position on these requests from the eight provinces?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, I am very pleased that yesterday the citizens of Alberta and Quebec became eligible for the national home insulation program. The reasons for the preconditions have now been removed. I am also pleased that the provincial ministers were able to put forward a number of constructive proposals for most of the national home insulation program.

These are now being considered by my colleague, the Minister of State for Urban Affairs. The hon. member mentioned several points in his question. One was with regard to non-taxability of these grants. That was handled yesterday by the Minister of Finance. As to questions on regionalization with regard to inspection services, monitoring and administration of the program, that is under consideration. I expect the Minister of State for Urban Affairs to make an announcement very shortly.

Mr. Crosbie: In taking away these pre conditions, the minister has engaged in the greatest surrender since Premier Regan forced him into the program for Nova Scotia. The provinces suggested to the minister that the grants be contingent on an energy cost basis. They suggested that grants be greater in higher energy cost areas of Canada rather than selecting electricity as the only energy cost and that they be non-taxable. Is the minister stating that the government is not going to consider the non-taxability in the other eight provinces, that the grants will continue to be taxable in all provinces other than Nova Scotia and Prince Edward Island? Is that the final decision, or is he going to consider changing it to a higher energy cost basis?

Mr. Gillespie: Mr. Speaker, the hon. member is going over the same ground he went over yesterday in question period. It was made very clear to him yesterday by the Minister of Finance as to the government's position with regard to taxability. It was also made very clear that the reason for the difference in the two systems, that is the system that applies in Prince Edward Island and Nova Scotia and the system that applies to the rest of the country, is that over 60 per cent of all the electrical energy which is developed in Nova Scotia and 100 per cent in the case of Prince Edward Island is generated from oil. It is because of that one factor, the dependence on oil with regard to electrical generation, that there are two systems across the country.

HOME INSULATION PROGRAM TO CONSERVE ENERGY—POSSIBILITY OF IMPROVING ADMINISTRATION OF PROGRAM

Mr. James A. McGrath (St. John's East): Mr. Speaker, the Minister of Energy, Mines and Resources has had his wings clipped by the provinces and rightly so for intruding into provincial jurisdiction. Since the minister responsible for housing is not in his seat, I will direct this question to the Minister of Energy, Mines and Resources. One area of criticism yesterday, and rightly so, was the administration of the program. A number of provinces complained about the way it is now being administered. Indeed, the location of the bureaucracy for administering in Montreal was criticized. What steps is the minister taking to improve the administration of the program? Will the administration be decentralized? What further steps can we expect to encourage Canadians to take advantage of this program, even with all its shortcomings?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, I have already answered the hon. member with regard to the administration question. The Minister of State for Urban Affairs has taken note of the representation of the provinces and will be making an announcement very shortly. The hon. member seems far more interested in continuing some kind of a dog-fight in which some provinces wish to engage with regard to federal-provincial matters. I do not think the people of Canada are well served if we get into jurisdictional disputes, quarrelling, squabbling and that kind of thing. It is far more important for the Canadian people to see that the two levels of government can work together co-operatively, that we can both attack problems of conservation. Now that a new sense of urgency has been made manifest by the provinces, I hope we can get on with it.

Mr. McGrath: Mr. Speaker, all of this could have been avoided if there had been proper consultation in the first place. The minister knows that. That is why he is in trouble with this program. What is the position of the six provinces which had to meet the unfair conditions imposed upon them by the minister which was a direct interference in provincial sovereignty? Now that Alberta and Quebec have forced the minister to sign by dropping these preconditions, what is the position of the program now, especially in those provinces which have already started implementing some of these unfair conditions?

Mr. Gillespie: Mr. Speaker, I am awfully glad that the hon. member has asked that question because it makes a point that I was trying to make to him a moment ago. They have accepted the need for these kinds of policies. They have put into place policies which in many instances they would not otherwise have put in and would not have put them in as quickly. That is the reason.

* * *

IMMIGRATION

REASON FOR DELAY OF DECISION IN CASE OF ROBERT EPP

Mr. John A. Fraser (Vancouver South): Mr. Speaker, my question is for the Minister of Employment and Immigration. It concerns the case of Robert Epp. I think the minister had some notice and knowledge of this situation, since it has gone on since June of this year. This Canadian has moved back to Canada. One of the children of his American wife by a former marriage has some kind of learning disability. This Canadian who is now in Canada has three children in the United States, one of whom is the subject of this investigation. Why has it taken all this time to determine whether this child should be brought into Canada or be refused? Can the minister tell us what has happened in this case because the personal tragedy for this family is very great?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, I am not familiar with the details of why it should take so long. Frankly, I do not like to discuss individual cases of this kind. Quite often it is necessary to have consultation with the provinces because in the final analysis, charges

and expenses may go to them. As I said, I do not like to discuss individual cases. I am prepared to check the matter out today and I will get an answer to the hon. member today.

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[*Translation*]

FINANCE

REQUEST FOR INCREASED SUBSIDIES FOR FRANCOPHONES OUTSIDE QUEBEC FOR BILINGUAL TRAINING

Mr. Jean-Robert Gauthier (Ottawa-Vanier): Mr. Speaker, my question is directed to the Minister of Finance. In the light of the most recent scandal regarding the distribution of bilingualism subsidies, can the Minister of Finance tell the House whether he seriously considers correcting the unfair formulas which enable the province of Quebec to get the lion's share of subsidies for official language teaching, and whether he will correct that procedure so that such subsidies will be used to support, develop and help the French-speaking minorities outside Quebec to survive?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I take due notice of the hon. member's question. This program is administered by the Secretary of State, and I shall discuss the matter with him.

* * *

[*English*]

UNEMPLOYMENT INSURANCE

ALLEGATION CONTROL PROCEDURES LACKING—GOVERNMENT ACTION TO RECOVER OVERPAYMENTS

Mr. Bill Clarke (Vancouver Quadra): Mr. Speaker, I have a question for the Minister of Employment and Immigration. The Auditor General in his report produced yesterday indicates that the Unemployment Insurance Commission lacks sufficient control procedures and often even those are not followed, resulting in overpayment of some $100 million. I would like to refresh the minister's memory of what was actually said because in an answer earlier today, the minister indicated that it was not an actual but possible overpayment. The Auditor General said and I quote:

> Based on a statistical sample of claimants to whom benefits were paid in 1976, the amount of overpayments not previously identified by the Commission's regular control activities is approximately $95 million.

That is in addition to the $5 million in overpayment identified by the department. What steps have been taken to improve the procedures and when will an adequate system be in place?

● (1152)

Hon. Bud Cullen (Minister of Employment and Immigration): First of all, I would commend a careful reading of that section. The Auditor General says "based upon"; that is why I indicated it was not an actual figure.

We have put in place many control mechanisms but we have to balance the application of those mechanisms against the fact that people pay unemployment insurance premiums and they are entitled to get their cheques as quickly as it is possible for us to make them available. This is important because very often individuals who are unemployed have no money in reserve. So we must concentrate on making every effort to get these cheques out to those who are entitled to them while keeping a protective mechanism in place. I would point out that we deal with between two and three million people each year involving an expenditure of some $3.6 billion. This will give the hon. member some idea of the scope of the problem with which we have to deal.

Mr. Clarke: I quite understand the minister's problem and I certainly agree that the cheques have to go out to the people who are entitled to them. I should like to ask now what steps are taken once it has been determined that there was an overpayment, and, in this instance, what steps will be taken to recover the $95 million or whatever the figure is?

Mr. Cullen: Those steps have been taken. We in the department, using our own resources, did find there had been an over-expenditure of about $65 million and $60 million of that has already been recovered. So the recovery mechanism is already in place. What we want to do is head off this situation in advance, thus obviating the collection procedure. Those who are ripping-off the system are representing only a small minority of the claimants concerned—I ask the hon. member to check the media, to check the newspapers, for reports of the number we are catching and the fines which are being imposed. I might add that we are now getting much more co-operation from members of the public who are prepared to tell us who is working while still collecting unemployment insurance. With the co-operation of all, we shall have a better system.

* * *

CANADA COUNCIL

PROPOSAL THAT COMMITTEE REVIEW MANDATE

Mr. Bob Wenman (Fraser Valley West): Mr. Speaker, my question is directed to the Acting Secretary of State. In view of the fact that the Canada Council acts under a legislative mandate from the Parliament of Canada and in the light of the concern expressed by the Auditor General regarding inadequate financial documentation, and having regard to the unfortunate pornographic documentation you have in front of you associated with a grant by the Canada Council—and I wish, Mr. Speaker, that I could quote this—

Mr. Speaker: Order!

Mr. Wenman: I am sorry. Will the minister recommend that the Standing Committee on Broadcasting, Films and Assistance to the Arts review the mandate of the Canada Council

with particular attention to the accountability of the Council to the minister and to parliament?

Mr. Robert Daudlin (Parliamentary Secretary to Secretary of State): The hon. member will recall that when a similar question was asked of the minister yesterday before that committee the minister indicated to him quite clearly that parliament has directed the minister, in a general way, to administer the funds under votes and estimates of the Canada Council but has withheld from the ministry the opportunity in an administrative way of prejudging or judging after the fact the way in which the Canada Council, or the Film Board or similar bodies, have handled the money. If parliament should decide that the department ought to be second-guessing where grants should be going, or for what projects, then parliament can give that kind of authority to the ministry.

VIEW OF MINISTER OF FINANCE ON GRANTS FOR MR. BISSETT'S POETRY

Mr. Bob Wenman (Fraser Valley West): A supplementary to the Acting Prime Minister. In view of the statement by the former Secretary of State that the Canada Council has given assistance to Mr. Bissett because he is recognized as a fine, creative artist, that the Canada Council based its decision on the advice of experts, and, further that Mr. Grace of the Canada Council had recognized the talent and excellence of Mr. Bissett, and having surveyed the disgusting and pornographic exhibits of Mr. Bissett's published works, sponsored by the Canada Council, which are now before the minister on his desk, may I ask whether the Minister of Finance supports the granting of public tax dollars to this poet and to the publishing houses which have printed such outrageous abuse and affront to the Canadian parliament?

[*Translation*]

Hon. Jean Chrétien (Acting Prime Minister): Mr. Speaker, I must tell the hon. member that I have here a document which I left unopened because I was following the oral question period. I am going to open it now but not without some apprehension.

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[*English*]

CONSUMER AFFAIRS

PURCHASING OF TAX REFUNDS—GOVERNMENT ACTION TO LIMIT CHARGES

Mr. Steven E. Paproski (Edmonton Centre): Mr. Speaker, my question is for the Minister of Consumer and Corporate Affairs or for the Minister of National Revenue, but I would prefer to address it to the Minister of Consumer and Corporate Affairs. The Prime Minister in 1974, in a pre-election speech, referred specifically to members engaged in the purchasing of tax refunds and old-age security cheques. Since some of these loan sharks are making between 400 and 600 per cent profit on these transactions does the minister propose to take action to deal with this situation before the new tax filing year which is fast approaching?

Hon. Warren Allmand (Minister of Consumer and Corporate Affairs): It is our intention to reintroduce a bill dealing with depositors and borrowers. We hope to do that soon. But I would point out that part of the problem referred to by the hon. member comes under provincial jurisdiction and I understand the provinces are prepared to take action as well.

Mr. Paproski: Would the minister contact and help the community income tax service of Alberta which is part of the student legal service in Edmonton, a non-profit organization providing low-cost tax preparation and tax advance services? Maybe he could make available some of the offices in the federal building which are not in use by his own department in Edmonton?

Mr. Allmand: I am pleased to say yes to the first question. I will look into the second.

* * *

INCOME TAX

DECISION ON WHETHER OR NOT OXFAM CANADA IS CHARITABLE ORGANIZATION

Mr. Bob Brisco (Kootenay West): Mr. Speaker, my question is directed to the Minister of National Revenue. I have given him notice. May I ask whether in light of the documentation I have provided to him he has had an opportunity to review the activities of OXFAM Canada and whether he has decided that OXFAM Canada is not a charitable organization under the terms of the act?

Hon. Joseph-Philippe Guay (Minister of National Revenue): I thank the hon. member for having given me notice of this question. I have prepared an answer for him. OXFAM Canada has not requested that its registration be revoked nor has it requested a registration order under another name. In 1972 its name was formally changed from OXFAM of Canada to OXFAM Canada but this did not entail a new registration. OXFAM Canada is a registered charity under the Income Tax Act. Registration is an ongoing status until such time as the charity ceases to comply with the requirements of the Act concerning registered charities. A charity which ceases so to comply may have its registration revoked by the Minister of National Revenue.

Some hon. Members: Hear, hear!

Mr. Brisco: I should like to thank the minister for his epistle and turn, now, to the gospel. In the light of the fact that OXFAM has indicated that it would set out to deceive some segments of the public in obtaining its funds, would the minister now tell me, in the light of the documentation provided him, whether or not he intends to cancel OXFAM's registration as a charitable organization?

Mr. Guay (St. Boniface): I am not able to give any details with regard to the position of OXFAM bearing in mind the secrecy provisions contained in the Act. I cannot make any comment on that matter.

PRIOR KNOWLEDGE OF MINISTER OF BREACHES OF CONFIDENTIALITY

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, I have a question for the Minister of National Revenue which relates to the state of knowledge of the minister.

Some hon. Members: Oh, oh!

Mr. Clark: On November 18 the minister was asked by the hon. member for Wellington-Grey-Dufferin-Waterloo whether he could tell the House why he, as minister, was not aware of the practice referred to in the broadcast by Messrs. Templeton and Berton. The minister went on to say—and this is where the confusion arises—"I do not accept the statement made by the hon. member in the first place as to whether or not I was aware of it". What I should like to ask the minister is: What did the minister know about the ease of access to confidential files prior to the broadcast revelations? The question is quite simple—

• (1202)

Mr. Lalonde: "Yes or no".

Mr. Clark: It is, Mr. Speaker—

Mr. Chrétien: You would do better to read your question again!

Mr. Speaker: Order. The Leader of the Opposition has the floor.

Mr. Clark: The minister is a little confused, Mr. Speaker.

Mr. Chrétien: No, you are confused.

Mr. Clark: It is not we who have to read questions, it is the minister who has to read answers. My question is quite simple: What did the minister know?

Hon. Joseph-Philippe Guay (Minister of National Revenue): In spite of the hon. gentleman's long preamble, Mr. Speaker, I have yet to receive a pie in my face.

Some hon. Members: Oh, oh!

Mr. Guay (St. Boniface): In regard to the other part of his question, I must sincerely say that before the program came on the air I did not know anything about the case to which the hon. member is referring, and that is the truth. In fact, Mr. Speaker, the hon. gentleman knew something about it before but he failed to let me know.

Mr. Clark: Mr. Speaker, the minister's memory is short. He knows we have been through this before and he knows he has been proven wrong in connection with that particular allegation. Knowing he is wrong does not prevent him from repeating it. The minister for once was quite careful. He said he did not know about that particular case before it was brought to the attention of the Canadian people. Our question is: Did he know of the practice? Did he know in advance of that revelation about the ease of access on the part of unauthorized persons to the confidential tax files of Canadians?

Mr. Guay (St. Boniface): No, Mr. Speaker, I did not know of that practice. If there is such a practice the hon. member would be helpful to me if he divulged the type of practice he knows of. In fact, if anyone is aware of the ease by which one can get information from the department, I should like to know so we can make a better investigation and benefit the Canadian people as such. In fact, sir, it is the hon. member's responsibility to do just that.

Mr. Clark: A final supplementary question, Mr. Speaker. I find it curious for ministers of this government to be telling anybody anything about responsibility.

Some hon. Members: Hear, hear!

NATURE OF DEPARTMENTAL INVESTIGATION INTO BREACHES OF CONFIDENTIALITY OF INFORMATION

Mr. Joe Clark (Leader of the Opposition): So that we might help the minister get to the bottom of this matter, and I am referring to the departmental investigation which the minister says is now underway, will he tell the House of Commons the nature of this departmental investigation? For example, has he requested his public officials to get in touch with major chartered accounting firms across the country? Has he requested his officials to monitor broadcast or other allegations, including those on "As It Happens" and other programs, and to follow up any allegations which might have been made? What is the precise nature of the departmental investigation which the minister has ordered?

Hon. Joseph-Philippe Guay (Minister of National Revenue): Mr. Speaker, the investigation conducted both by my departmental officials and the RCMP is a very good one. We are going into every detail. If I were to start giving the details to the House, I would probably jeopardize the investigation that is taking place. There is no reason why I should make a report at this time.

Mr. Speaker: Order. I did indicate over the last 48 hours that I would hear argument today on dollar items. I think we should get to orders of the day first, and then to it at that time.

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PRIVILEGE

MR. WENMAN—READING OF PORNOGRAPHIC POETRY TO HOUSE

Mr. Bob Wenman (Fraser Valley West): Mr. Speaker, I rise on a question of privilege. I hope I have not already offended

my privilege as a member of the House by forwarding to Your Honour copies of pornographic poetry which is now in front of you. My question of privilege is to ask whether, by repeating this particular poetry from my place in the House of Commons, I would be abusing my privilege as a member of the House of Commons. Therefore, I ask Your Honour, would I, as a member of parliament, be offending the House of Commons and my privilege as a member by repeating this kind of garbage in the House of Commons?

Mr. Speaker: Order, please. It is not, of course, the kind of judgment that I would make in advance, since I have not seen the documentation to which the hon. member refers. I think his difficulty is that in any case it would not seem to be very relevant to any particular matter before the House at this time.

ROUTINE PROCEEDINGS

[*Translation*]

BUSINESS OF THE HOUSE

PROPOSED LIMITATION ON COMMITTEE STAGE OF BILL C-11

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I wish to inform the House that it has not been possible for the party representatives to reach an agreement pursuant to Standing Order 75A or 75B with regard to the allocation of time for the study in the committee of the whole of Bill C-11, an act to amend the statute law relating to income tax and to provide authority for the raising of funds. Therefore, pursuant to Standing Order 75C, I wish to give notice that I shall move, at the next sitting of the House, that three additional days be allocated to the study of the said bill in the committee of the whole.

Some hon. Members: Closure.

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QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, the following questions will be answered today: 105, 106, 107, 108, 228, 269, 399, 436, 437, 438 and 439.

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

[*Text*]

CMHC—GOVERNMENT INVESTMENT IN CAPITAL STOCK

Question No. 105—**Mr. Herbert:**

1. What is the government's investment in capital stock in the Central Mortgage and Housing Corporation?

2. Was any money loaned by the government to CMHC in the past five years and, if so, by year, what was the amount and what is the total amount outstanding?

Hon. Jean-Pierre Goyer (Minister of Supply and Services): 1. $25,000,000 at March 31, 1977 (Reference, Public Accounts of Canada, 1976-77, Volume I, 10.7, A-1).

2. Loans and advances

Year ending March 31	Total Loans and Advances	Reference (Public Accounts)
1976/77	$1,196,500,000	1977 Vol. 1, 10.39, A-2
1975/76	1,318,500,000	1976 Vol. 1, 10.56, E-26
1974/75	1,017,500,000	1975 Vol. 1, 11.40, E-24
1973/74	677,500,000	1974 Vol. 1, 10.44, E-24
1972/73	707,000,000	1973 Vol. 1, 10.40, E-23
Total	$4,917,000,000	

Amount outstanding

Year ending March 31	Loans and Advances	Mortgage Loan and Purchase Fund	Total	Reference (Public Accounts)
1976/77	$9,144,877,017	$3,348,710	$9,148,225,727	Vol. 1, 1977, 10.7 A-1, 2
1975/76	8,307,235,053	3,992,762	8,311,227,815	Vol. 1, 1976, 10.20 E-25, 26
1974/75	7,250,465,894	3,238,941	7,253,704,835	Vol. 1, 1975, 11.6 E-19, 20
1973/74	6,515,239,570	3,471,270	6,518,710,840	Vol. 1, 1974, 10.12 E-23, 24
1972/73	6,140,518,065	3,690,529	6,144,208,594	Vol. 1, 1973, 10.10 E-22, 23

EXPORT DEVELOPMENT CORPORATION—GOVERNMENT INVESTMENT IN CAPITAL STOCK

Question No. 106—**Mr. Herbert:**

[Mr. Wenman.]

1. What is the government's investment in capital stock in the Export Development Corporation?

2. Was any money loaned by the government to EDC in the past five years and, if so, by year, what was the amount and what is the total amount outstanding?

Hon. Jean-Pierre Goyer (Minister of Supply and Services):
1. $85,000,000 at March 31, 1977 (Reference Public Accounts of Canada 1976-77, Volume I, 10.7. A-3).

2. Loans

Year ending March 31	Total Loans	Reference (Public Accounts)
1976/77	$278,791,135	Vol. 1, 10.40, A-3, A-4, A-5
1975/76	401,388,128	Vol. 1, 10.57, E-29, E-30, E-31
1974/75	208,933,546	Vol. 1, 11.41, E-27, E-28, E-29
1973/74	209,118,765	Vol. 1, 10.45, E-27, E-28, E-29
1972/73	154,991,494	Vol. 1, 10.42, E-26, E-27, E-28
Total	$1,253,223,068	

Amount outstanding

Year ending March 31	Total Loans	Reference (Public Accounts)
1976/77	$1,280,255,188	Vol. 1, 10.7, A-3, A-4, A-5
1975/76	1,108,245,676	Vol. 1, 10.20, E-29, E-30, E-31
1974/75	775,879,803	Vol. 1, 11.6, E-27, E-28, E-29
1973/74	687,737,805	Vol. 1, 10.12, E-27, E-28, E-29
1972/73	546,262,298	Vol. 1, 10.11, E-26, E-27, E-28

FARM CREDIT CORPORATION—GOVERNMENT INVESTMENT IN CAPITAL STOCK

Question No. 107—**Mr. Herbert:**

1. What is the government's investment in capital stock in the Farm Credit Corporation?

2. Was any money loaned by the government to FCC in the past five years and, if so, by year, what was the amount and what is the total amount outstanding?

Hon. Jean-Pierre Goyer (Minister of Supply and Services):
1. $85,700,000 at March 31, 1977 (Reference Public Accounts of Canada 1976-77, Volume 1, 10.7, A-6).

2. Loans

Year ending March 31	Notes	Farm Syndicates Loans-funds	Total	Reference (Public Accounts)
1976/77	$348,400,000	$2,100,000	$350,500,000	Vol. 1, 1977, 10.40, A-6
1975/76	353,800,000	4,200,000	358,000,000	Vol. 1, 1976, 10.58, E-32
1974/75	290,000,000	5,050,000	295,050,000	Vol. 1, 1975, 11.42, E-30
1973/74	232,100,000	3,140,000	235,240,000	Vol. 1, 1974, 10.46, E-30
1972/73	111,500,000	1,650,000	113,150,000	Vol. 1, 1973, 10.42, E-29
Total	$1,335,800,000	$16,140,000	$1,351,940,000	

Amount outstanding

Year ending March 31	Notes	Farm Syndicates Loans-funds	Total	Reference (Public Accounts)
1976/77	$2,140,554,171	$11,629,001	$2,152,183,172	Vol. 1, 1977, 10.7, A-6
1975/76	1,873,202,691	12,499,202	1,885,701,893	Vol. 1, 1976, 10.20, E-32
1974/75	1,589,008,085	10,807,904	1,599,815,989	Vol. 1, 1975, 11.6, E-30
1973/74	1,358,628,705	7,822,106	1,366,450,811	Vol. 1, 1974, 10.12, E-30
1972/73	1,196,004,891	6,525,108	1,202,529,999	Vol. 1, 1973, 10.11, E-29

CANADIAN BROADCASTING CORPORATION—GOVERNMENT INVESTMENT

Question No. 108—**Mr. Herbert:**

1. Was any money loanded by the government to the Canadian Broadcasting Corporation in the past ten years and, if so (a) by year, (i) what was the amount (ii) what amount has been repaid (b) what is the total amount outstanding?

2. Does interest accrue on repayments deferred by order in council and, if so, what is the applicable rate of interest?

Hon. Jean-Pierre Goyer (Minister of Supply and Services):
1. (a) (i) Loans

Year ending March 31	Loans Capital Expenditures	Loans and Advances for Educational T.V.	Total	Reference (Public Accounts)
1976/77	$ —	$ 149,506	$ 149,506	Vol 1, 1977, 10.46, A-29
1975/76	—	700,000	700,000	Vol. 1, 1976, 10.53, E-6
1974/75	—	310,000	310,000	Vol. 1, 1975, 11.37, E-6
1973/74	55,934,000	—	55,934,000	Vol. 1, 1974, 10.41, E-6
1972/73	22,000,000	—	22,000,000	Vol. 1, 1973, 10.38, E-6
1971/72	33,040,000	—	33,040,000	Vol. 1, 1972, 10.38, E-6
1970/71	5,300,000	630,000	5,930,000	Vol. 1, 1971, 10.38, E-6
1969/70	24,700,000	—	24,700,000	Vol. 1, 1970, 7.43, F-6
1968/69	22,200,000	—	22,200,000	Vol. 1, 1969, 7.40, F-6
1967/68	21,300,000	—	21,300,000	Vol. 1, 1968, 7.41, F-3
Total	$184,474,000	$1,789,506	$186,263,506	

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(ii) Amount repaid

Year ending March 31	Loans Capital Expenditures	Loans and Advances for Educational T.V.	Total	Reference (Public Accounts)
1976/77		$31,500	$31,500	Vol. 1, 1977, 10.46, A-29
1975/76		31,500	31,500	Vol. 1, 1976, 10.53, E-6
1974/75		31,500	31,500	Vol. 1, 1975, 11.37, E-6
1973/74	$9,316,905	31,500	9,348,405	Vol. 1, 1974, 10.41, E-6
1972/73	8,216,905	31,500	8,248,405	Vol. 1, 1973, 10.38, E-6
1971/72	6,564,905	31,500	6,596,405	Vol. 1, 1972, 10.38, E-6
1970/71	6,299,904	—	6,299,904	Vol. 1, 1971, 10.38, E-6
1969/70	5,064,905	—	5,064,905	Vol. 1, 1970, 7.43, F-6
1968/69	3,954,905	—	3,954,905	Vol. 1, 1969, 7.40, F-6
1967/68	2,889,905	—	2,889,905	Vol. 1, 1968, 7.41, F-3
Total	$42,308,334	$189,000	$42,497,334	

(b) Amount outstanding

Year ending March 31	Loans Capital Expenditures	Loans and Advances for Educational T.V.	Working Capital Advances	Total	Reference (Public Accounts)
1976/77	$197,880,410	$1,600,506	$9,000,000	$208,480,916	Vol. 1, 1977, 10.46, A-29
1975/76	197,880,410	1,482,500	9,000,000	208,362,910	Vol. 1, 1976, 10.53, E-6
1974/75	197,880,410	814,000	9,000,000	207,694,410	Vol. 1, 1975, 11.37, E-6
1973/74	197,880,410	535,500	9,000,000	207,415,910	Vol. 1, 1974, 10.41, E-6
1972/73	151,263,314	567,000	9,000,000	160,830,314	Vol. 1, 1973, 10.38, E-6
1971/72	137,480,219	598,500	9,000,000	147,078,719	Vol. 1, 1972, 10.38, E-6
1970/71	117,305,028	630,000	9,000,000	126,935,028	Vol. 1, 1971, 10.38. E-6
1969/70	112,005,028	—	9,000,000	121,005,028	Vol. 1, 1970, 7.43, F-6
1968/69	92,369,933	—	9,000,000	101,369,933	Vol. 1, 1969, 7.40, F-6
1967/68	74,124,838	—	9,000,000	83,124,838	Vol. 1, 1968, 7.41, F-3

2. Payment of principal and interest on loans from Canada due after March 31, 1974, has been deferred until March 31, 1979, in accordance with Orders in Council P.C. 1974-633, P.C. 1974-704 and P.C. 1974-856. Interest on repayments deferred by order in council is accrued in a memo account held by the Secretariat of State and not recorded in the Accounts of Canada. The applicable rate of interest on the 31 loans on which repayment is deferred varies from 5¼ p. 100 to 8½ p. 100. The cumulative interest since March 31, 1974, not recorded in the Accounts of Canada, is $42,159,582 of which $14,053,194 is the interest for the year.

NUMBER OF PERSONS UNDER CONTRACT TO NATIONAL ARTS CENTRE

Question No. 228—**Mr. McKenzie:**

1. What is the total number of persons under contract to the National Arts Centre and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Hon. John Roberts (Secretary of State): 1. There are 111 persons under contract to the National Arts Centre and, of this number, none are retired public servants.

2. Contractual employees engaged by the National Arts Centre during 1975 and 1976 did not include any retired public servants and total amounts paid were $1,078,086 and $1,084,791 for those years respectively.

[Mr. Goyer.]

BUREAU OF INTELLECTUAL PROPERTY—PERSONNEL OBTAINED FROM PRIVATE EMPLOYMENT AGENCIES

Question No. 269—**Mr. McKenzie:**

1. Has the Bureau of Intellectual Property obtained (a) part-time (b) full-time employees from private employment agencies in (i) British Columbia (ii) Alberta (iii) Saskatchewan (iv) Manitoba (v) Ontario (vi) Quebec (vii) New Brunswick (viii) Nova Scotia (ix) Prince Edward Island (x) Newfoundland and, if so, in each case, how many?

2. Are such employees paid from supplementary estimates and, if not, from what estimates are they paid?

3. By province, what was the (a) average hourly rate paid to employment agencies (b) average hourly rate paid to employees (c) total amount paid by the Bureau of Intellectual Property in (i) 1975 (ii) 1976?

Mr. Alan Martin (Parliamentary Secretary to Minister of Consumer and Corporate Affairs): 1. (a) (i) British Columbia, Nil; (ii) Alberta, Nil; (iii) Saskatchewan, Nil; (iv) Manitoba, Nil; (v) Ontario, five employees (three employees for periods ranging from two days to three weeks and two employees for periods exceeding three weeks); (vi) Quebec, six employees (for periods ranging from two days to one week); (vii) New Brunswick, Nil; (viii) Nova Scotia, Nil; (ix) Prince Edward Island, Nil; (x) Newfoundland, Nil. (b) Not applicable. The Bureau of Intellectual Property hires its full-time employees through the Public Service Commission.

2. Main Estimates.

3. (a) Ontario (i) $5.89, (ii) $6.88; Quebec (i) $5.89, (ii) $5.89; (b) Not available. (c) Ontario (i) $2,182, (ii) $3,311.65; Quebec (i) $2,518.23, (ii) $1,337.89.

NUMBER OF PERSONS UNDER CONTRACT TO MERCHANT SEAMAN COMPENSATION BOARD

Question No. 399—**Mr. McKenzie:**

1. What is the total number of persons under contract to the Merchant Seaman Compensation Board and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Hon. John C. Munro (Minister of Labour): 1. There are no persons under contract to the Merchant Seamen Compensation Board.

2. There were no persons under contract to the Board in 1975 or 1976.

NATIONAL DEFENCE—CONTRACT NO. 06SU.CD3237008

Question No. 436—**Mr. McKenzie:**

1. Was McGill University awarded contract number 06SU.CD3237008 for wheeled vehicles for off-road performance, evaluation and prediction and, if so (a) for which vehicles (b) which Department at McGill is performing the tests under the contract?

2. Were there personnel in the Department of National Defence who were competent to perform such tests?

3. Does the contract cover (a) tests of activities in the field (b) laboratory or simulator type tests (c) other forms of tests or activities and, if so, what are they?

4. Has any of the work been sub-contracted to any other person or agency?

5. Under which of their four main roles is the contract designed to make the Armed Forces more efficient?

6. Is the performance, evaluation and prediction contracted by DND for operations or training (a) in (b) outside of Canada and, if so, in which locations or countries?

Hon. Barney Danson (Minister of National Defence): 1. Yes. (a) The work is technology base research and hence, is not related to any specific vehicle. (b) Geotechnical Research Centre.

2. No.

3. (a), (b) and (c) The contract covers field work, laboratory tests and analytical investigations such as study of relationships between properties and tractive effort for at least three sizes and types of flexible tires, investigation of the influence of tire tread and sidewall stiffness on tractive performance, requirements of tire performance and inflation pressure data for the improvement of the wheel/ground interaction etc.

4. No.

5. Sovereignty, defence of North America and NATO.

6. (a) and (b) Primarily operations in Northern Canada, but also applicable to the rest of Canada and other parts of the World.

NATIONAL DEFENCE—CONTRACT No. 02SU.3237005

Question No. 437—**Mr. McKinnon:**

1. Was the University of British Columbia awarded contract numbered 02SU.3237005 for $29,467 to perform a study of terrain analysis for off-road vehicle mobility and, if so (a) for which vehicles (b) which department at the University is performing the study?

2. Were there personnel in the Department of National Defence who were competent to perform such a study?

3. Does the contract cover (a) field work (b) laboratory or simulator type tests (c) other forms of activities and, if so, what are they?

4. Has any of the work been sub-contracted to any other person or agency?

5. Under which of their four main roles is the contract designed to make the Armed Forces more efficient?

6. Is the terrain analysis for off-road vehicle mobility contracted by DND for operations (a) in (b) outside Canada and, if so, in which locations or countries?

Hon. Barney Danson (Minister of National Defence): 1. Yes. (a) The study is technology base research and hence is not related to any specific vehicle. (b) Department of Soil Science.

2. No.

3. (a), (b) and (c) The contract covers field work and analytical investigations such as terrain parameters affecting off-road mobility, the relative importance of the various terrain parameters as it may change with the time of year etc.

4. No.

5. Sovereignty, defence of North America and NATO.

6. (a) and (b) The work relates primarily to DND operations in Canada, south of the perma frost line, and is also applicable to Europe.

NATIONAL DEFENCE—CONTRACT No. 07SU.3237006

Question No. 438—**Mr. McKinnon:**

1. Was the McGill University awarded contract numbered 07SU.3237006 for $40,025 to perform a study of terrain evaluation related to Canadian Forces vehicle mobility and, if so (a) for which vehicles (b) which department at McGill is performing the study?

2. Were there personnel in the Department of National Defence who were competent to perform such a study?

3. Does the contract cover (a) field work (b) laboratory or simulator type tests (c) other forms of activities and, if so, what are they?

4. Has any of the work been sub-contracted to any other person or agency?

5. Under which of their four main roles is the contract designed to make the Armed Forces more efficient?

6. Is the terrain analysis for off-road vehicle mobility contracted by DND for operations (a) in (b) outside Canada and, if so, in which locations or countries?

Hon. Barney Danson (Minister of National Defence): 1. Yes. (a) The study is technology base research and hence is not related to any specific vehicle. (b) The Department of Geography.

2. No.

3. (a), (b) and (c) The contract covers filed work and analytical investigations such as the applicability of remote sensing techniques to vegetation and terrain analysis, in parts of NWT, the use of colour infrared and thermal infrared to

analyze surface vegetation imagery, maximum depth of the active terrain layer and the occurrence of permafrost, etc.

4. No.

5. Sovereignty and defence of North America.

6. The work relates to DND operations in northern Canada.

ENVIRONMENT—PCB RELEASES

Question No. 439—**Mr. Leggatt:**

1. In what locations, on what dates and how have P.C.B.s (polychlorinated biphenels) been significantly released to the environment from supposedly closed systems?

2. What methods and procedures were used to contain the releases?

3. Has the government or any provincial government prosecuted anyone who has released P.C.B.s to the environment and, if so, what convictions resulted?

4. What methods has the government recommended to the provinces for the disposal of P.C.B.s?

5. Are there P.C.B. disposal sites in Canada and, if so, in which locations?

Mr. Mike Landers (Parliamentary Secretary to Minister of State (Environment)): 1 and 2. (a) Sheridan Creek, B.C.: between 1972 and June 1976 an unknown quantity of coolant escaped from buried capacitors. Discarded capacitors and contaminated earth were removed and sent to approved disposal area in the U.S.A. (b) Dowling, Ontario: November 9, 1973; train-truck collision caused derailment and rupture of cargo transformers; approximately 1000 gallons of transformer oil spilled onto the ground. Contaminated earth was initially removed in two stages and disposed of by encapsulation. Later sampling revealed high PCB levels in the vicinity of the original spill. In July 1977, the Ontario Environmental Appeal Board issued an order to excavate contaminated soil and to hold it in leak-proof containers until final disposal can be arranged. (c) Crookston, Minnesota: April 3, 1976; while pumping out a flooded powerhouse, one transformer was found to be leaking. An estimated 70-90 gallons of coolant were pumped with the flood water into the Red Lake River which meets the Red River 60 miles downstream at Grand Forks, North Dakota. Pumping into Red Lake River was stopped; contaminated flood water remaining in the powerhouse was removed for disposal in the U.S.A. (d) Regina, Saskatchewan: August, 13 1976; a pipeline, from a coolant storage tank to an electrical manufacturing plant, broke and 1500 gallons of coolant spilled onto the ground. Interceptor trenches and sumps were dug to collect water-coolant mixture. Contaminated liquids and earth were removed for disposal in the U.S.A. (e) Prince Rupert, B.C.: January 21, 1977; it is alleged that a transformer ruptured and approximately 200 gallons of coolant entered Porpoise Harbour via a water drainpipe. Contaminated sediment will be covered carefully to a maximum depth of approximately 35 feet and then capped for scour protection. (Dredging is considered to be environmentally unacceptable).

3. In the Prince Rupert case, the Crown has proceeded against Canadian Cellulose Company Limited on (16) charges of violations under the Fisheries Act. The intentions of or actions taken by provincial governments with respect to PCB spills are not known. Provinces are not obliged to report hazardous material spills under their jurisdiction to federal agencies.

4. The federal government has prepared interim guidelines for the management of waste materials containing P.C.B.'s. The guidelines recommend storage of the materials until such time as environmentally acceptable disposal methods have been approved or have been developed.

5. At the present time there are no licensed P.C.B. disposal sites or facilities in Canada.

* * *

[*English*]

Mr. Andre: Mr. Speaker, as I indicated two days ago, it is our intention to raise a point of order to the propriety of two items included in Supplementary Estimates (A). In particular, I served notice on the House at that time that we took exception to vote 31a of Regional Economic Expansion and vote L56a of Transport. The point of order has to do with the general question of what are called $1 votes, which has been dealt with a great many times over the years and was dealt with very extensively in March of this year.

At that time you made a ruling on the matter which was very clear and precise and with which we agree. May I quote from the March 22, 1977, issue of *Hansard*, where at page 4221 Your Honour said:

> On the general question, it is my view that the government receives from parliament the authority to act through the passage of legislation and receives the money to finance such authorized action through the passage by parliament of an appropriation act. A supply item, in my opinion, ought not, therefore, to be used to obtain authority which is the proper subject of legislation.

That was a very clear and precise decision taken by Your Honour in March after a great deal of debate on both sides of the question by a great number of learned experts on House of Commons procedure. In light of that ruling, I should point out that vote 31a under Regional Economic Expansion, dealing with the Cape Breton Development Corporation, contains two parts. The first part of that appropriation calls for payment to the Cape Breton Development Corporation to be applied by the corporation in payment of the losses incurred in the operation and maintenance of the coal mining, related works and undertakings required by the corporation under section 9 of the Cape Breton Development Corporation Act.

● (1212)

In my opinion, that is a very proper, normal type of vote. It is an accepted part of estimates of the House. We have no objection to that vote. If the government wanted to appropriate more money to open up new mines in Cape Breton, indeed we would consider that as well.

Some hon. Members: Hear, hear!

Mr. Andre: The vote continues by indicating "and notwithstanding section 31(2) of the act for grants to municipalities on Cape Breton Island not exceeding the amount equal to the

taxes that might have been levied for their 1977-78 fiscal year by the municipalities in respect of the personal property in the corporation, if the corporation were not an agent of Her Majesty".

In other words, by use of the conjunctive "and", a $1 item has been attached. It is a legislative item, and it is calling for a minor change. It essentially changes the words "any lands" to personal property. It is a change to legislation and therefore it is a legislative item which is improper, according to Your Honour's ruling on March 22, 1977. Prior to your ruling, under the old system that probably would have appeared as a separate vote with the $1 attached to it. By use of the conjunctive "and", it has been attached to a very proper, legitimate appropriation.

Also, I should like to draw attention to vote L56a under the Department of Transport which has a similar type of circumstance. This vote is divided up into (A) and (B). Rather than using the conjunctive "and" to associate two parts, (A) and (B) have been used. Part (A) is a ligitimate, normal type of estimate which would be part of an appropriation act. We have no procedural objection to that part.

Part (B) indicates that all borrowings by VIA Rail Incorporated be exempted from the interest rate limitation of 6 per cent per annum imposed by section 72(5) of the Railway Act, and all such borrowings for a term of more than 12 months be subjected to the approval of the minister of finance. Part (B) of that vote is in direct contradiction of Your Honour's ruling of March 22 because it effectively legislates. It has the effect of causing people who want to know the law with regard to VIA Rail to root around in appropriations to discover which law applies. I believe that was a basic reason behind Your Honour's decision in March. We find this particularly offensive in view of the fact that VIA Rail was created by a $1 vote in Supplementary Estimates (B) of 1976-77. In my opinion, that is an improper use of the estimates and appropriation procedures.

These two votes in particular are a violation of Your Honour's ruling. The substantive proportion of those appropriations is legitimate. Therefore, if Your Honour rules that those two votes are improper and should be struck down, certainly we would be willing to grant unanimous consent to add back the proper and substantive portions of those votes, since we have no desire to effect the appropriation that Devco requires, nor do we have any desire, on a procedural ground, to try to eliminate the $100,000 appropriation for VIA Rail.

We would be amenable to finding some way to ensure that these proper appropriations become part of the appropriations Act. In view of Your Honour's ruling in March, we submit, respectfully, that these two votes as presented are out of order.

Some hon. Members: Hear, hear!

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I almost feel like saying that this is where I came in, because a long time ago I became interested in and concerned about $1 items. However, as is clear, what we are discussing this morning are not items for only $1; they are items of more substantial amounts, although the hon. member for Calgary Centre has made the point that in his view the effect in two cases is the same as if we had $1 items before us.

I have fought a good many of these items. I hope the struggles of many hon. members in this House have had their effect. In fact, I believe they have. Certainly, there are far fewer items in these supplementary estimates that can be attacked procedurally than has been the case for a long time.

I have studied both of these cases. I am ready to support the hon. member for Calgary Centre with respect to the item on page 142, namely, vote L56a of the Department of Transport. However, I shall take the opposite view to the one he has taken with respect to the item on page 108, namely, vote 31a of the Department of Regional Economic Expansion.

From the rulings that other occupants of the Chair have made, as well as Your Honour, as I see it what we do when we pass a supply bill is, of course, to enact legislation. A supply bill is just as much an act of parliament as any other act that is passed. Practice and tradition have made it clear, however, that a supply bill should not be used for purposes other than the voting of money for specific purposes. In other words, a supply bill should not be used, especially by means of a $1 item, as a way of smuggling in an amendment to some other statute on the books, in other words as a means of avoiding all the procedures necessary for that kind of amendment.

The act has been cleaned up a good deal and a good deal of that credit goes to Your Honour for the rulings you have made in the last two or three years. In the case of the Transport item, I suggest the drafters of this vote were not as careful as they were in many other respects. As the hon. member for Calgary Centre indicated, vote L56a has two parts. Part (A) calls for the payment of $100,000 and the $100,000 is there. There is no problem; that is clear. Part (B) has not attached to it any money for the purpose involved, but in effect is an amendment of section 72(5) of the Railway Act.

Section 72(5) of that act is the part of that legislation which enables the railways to borrow money and pay interest thereon. Very clearly it is indicated in the statute that the rate of interest shall not exceed 6 per cent per annum. Part (B) of this item removes that limit. It does not remove it on a one-shot basis; it does not remove it for some stated purpose; it removes the ceiling on the rate of interest. Presumably, these borrowings can be borrowings that may take 2 years, 5 years, 10 years, 20 years, 50 years or 100 years to pay back. Thus, for a long period of time the act is being amended. It is declared by (B) of this item that section 75(2) with its ceiling of 6 per cent per annum does not apply. I think Your Honour will have to look very carefully at that item.

● (1222)

I am on the opposition side of the House and have a long history of opposing legislative items in the estimates, but I have to say that I do not feel that way about vote 31a under Regional Economic Expansion which provides for the payment of $21,976,000 to the Cape Breton Development Corporation. My friend, the hon. member for Calgary Centre, says—if he

can prove this point, I wish him the best—that the use of the word "and" makes the latter part of that long sentence just a $1 item.

As I read the wording of the vote, we are being asked to provide the sum of money I just indicated to the Cape Breton Development Corporation to cover certain losses and a few other things, and also to make payments in lieu of taxes to the municipalities on Cape Breton Island in a manner slightly different than is provided in the act. The act says that Devco can make grants to municipalities in lieu of taxes only on lands that are owned by the corporation. This is being expanded by the terms of this wording to cover what is called the personal property of the corporation. But there are two things that seem to make it different from other kinds of votes, the kinds that Your Honour has properly ruled out of order. In the first place it is not just a dollar put there in the legislation; it is a huge sum of money. I take it that the money which Devco is to be allowed to pay to the municipalities in grants in lieu of taxes is included in that $21,976,000.

The other thing that is significant is that it is not an ongoing item, as is the case with the Transport item; it is a one-shot item; it is for the year 1977-78 only. I am sure my friend, the hon. member for Calgary Centre, is not objecting, nor is my friend down the way, the hon. member for Cape Breton-The Sydneys, objecting—

Mr. Muir: The hon. member heard what the hon. member for Calgary Centre said. He has no objections whatsoever to the vote for the Cape Breton Development Corporation. In fact, we want to increase it.

Mr. Knowles (Winnipeg North Centre): I will say that if the wrong means was being employed to achieve the end, we would have to object, but I do not think there is anything wrong with this means of granting the extra money to Devco to make these payments in lieu of taxes. If it was a $1 item amending the act, I think that would be questionable. If if was being amended for all time, that also would be questionable. But in fact it is a grant of a certain number of dollars that are right there in the estimates which are to be used for this purpose for this year only.

Just as I feel very strongly that the Transport item is a piece of ongoing legislation which changes the act, so I feel that this is not ongoing legislation, this is not a $1 item but a grant of an actual number of dollars for a specific purpose.

My friend, the hon. member for Cape Breton-East Richmond, said to me—and I am sure the hon. member for Cape Breton-The Sydneys feels the same way about it—that some other corporations down there, such as Atomic Energy, and so on, ought to be doing the same thing, and that the municipalities on Cape Breton Island which are suffering because the Crown corporations there are not paying taxes should get the compensation or the reimbursement they need. This has been mentioned by the hon. member for Calgary Centre, and by the hon. member for Cape Breton-The Sydneys in his interjection.

No one is opposed in principle to what is being done, and I am ready to say that if I thought the means were wrong we would have to propose that this item be dropped and that a special one be brought in. But I will simply repeat the point I made. It seems to me that this item is not in the category of $1 items which we have opposed so relentlessly time and time again; it is not a $1 item but a $21,976,000 item which is a proper matter to be contained in a supply bill.

[Mr. Knowles (Winnipeg North Centre).]

Therefore, my submission to Your Honour is that you should find the item on page 142 out of order with respect to the (B) part and that the necessary piece of legislation separate from this bill should be brought in. We will then give it quick passage. But, I see no reason to object to handling in this way the extra money to Devco to make these larger grants in lieu of taxes to the municipalities on the Island of Cape Breton.

[*Translation*]

Mr. Pinard: Mr. Speaker, last March, the Chair ruled on the procedural acceptability of legislative items in the estimates, and last Wednesday the President of Privy Council and Deputy Prime Minister (Mr. MacEachen) told the House that we had prepared the supplementary estimates and examined very closely the Chair's rulings, and that we had tried to take them into account and to amend the supplementary estimates accordingly.

[*English*]

You made it very clear, Mr. Speaker, that you will not permit items in the estimates the purpose of which is primarily to legislate other than with regard to annual expenditures. My friend, the hon. member for Calgary Centre, quoted you correctly on what you said last March 22, and I do not want to repeat the quotation. I would add that you then indicated that the amount of the item was irrelevant, whether it is $1 or $5 million. You proceeded then to reject two items of estimates the primary purpose of which was to amend legislation other than appropriation acts.

In the present set of supplementary estimates, objection has been raised to a number of items. First, objection has been raised to item 31a under Regional Economic Expansion. This item, in the amount of $21,976,000 reads as follows:

Vote 31a—Payment to the Cape Breton Development Corporation to be applied by the corporation in payment of the losses incurred in the operation and maintenance of the coal mining and related works and undertakings acquired by the corporation under section 9 of the Cape Breton Development Corporation Act, including administrative expenses chargeable to the coal division—

This is where it becomes interesting.

—and notwithstanding section 31(2) of the said act, for grants to municipalities on Cape Breton Island not exceeding an amount equal to the taxes that might have been levied for their 1977-78 fiscal year by the municipalities in respect of the personal property of the corporation if the corporation were not an agent of Her Majesty.

The objection appears to be to the phrase "notwithstanding the said act". In effect, this expression amends the Cape Breton Development Corporation Act. At first glance, this may be taken to offend against your proscription. A closer examination, however, raises some serious doubts.

• (1232)

The legislative items rejected by you were generally amendments to statutes and were not in any way related to the granting of authority for expenditure. The item under consideration has as its purpose the granting of authority for the expenditure for the support of the coal mining and related industries in Cape Breton and for grants in lieu of taxes to municipalities in that area; that is to say, to give assistance to an economically distressed part of the country. The municipalities which I think would be affected are in the constituency of Cape Breton-The Sydneys and Cape Breton-East Richmond, and would include Glace Bay, New Waterford, Sydney, Sydney Mines and the county of Cape Breton. They would lose in the amount of close to $1 million, that is, $978,616.23.

The amendment to the act is limited strictly to the purposes of the proposed expenditures and it is not a general amendment to the act, as well stated by the hon. member for Winnipeg North Centre. It is merely incidental to the purpose of the item. The intent in your ruling was to proscribe the legislation from estimates that properly belong in ordinary bills. It was not your intent to eliminate from the scope of the business of supply a large number of items the purposes of which are restricted to expenditure. Scores of items every year must contain similar phrases that have a strictly limited amending effect to statutes other than appropriation acts. For instance, items that would grant funds for agricultural support programs incidentally amend the Senate and House of Commons Act so that MPs and senators who are farmers are not putting their seats in danger by accepting funds available to all farmers. I think this example illustrates well the point I want to make.

To extend the prohibition against items the purpose of which is to make general amendments to statutes other than appropriation acts, to incidental and strictly limited phrases in items that are for the purpose of granting authority for expenditure would be, in my view, a misapplication of an important parliamentary principle.

As far as the second item is concerned, Transport vote L56a, I should like to ask that the remarks I have made be extended to that item, and I just add that this item is merely incidental, and of a financial or expenditure nature dealing with a Crown-owned company. What I have said in respect of the first item discussed here today I would suggest should apply to the second item, and I would merely add that we are dealing with a Crown-owned company and it is merely incidental, and of a financial expenditure nature.

Mr. Speaker: Order, please. I am grateful to hon. members who participated in the argument today. The argument and the references will be of great help. We did go through a rather thorough review of this about a year ago. I will, of course, draw rather heavily on the rules I attempted to set down to the House at that time in attempting to determine whether the two items that have been put in question today offend those guidelines I set forth to the House; that is to say, whether they seek, through the supply process, separate legislative authority from that which already exists, or whether they are simply another application of funds under a program for which legislative authority is already in existence.

That is basically the test I had in mind, and I will take some time to examine it. That was the purpose of inviting these arguments for the first time in advance of the final supply day, to take away from it the eleventh-hour atmosphere with which we have been faced before. I certainly hope it is as big an improvement to our procedures in the minds of hon. members as it seems to be to me, because it is a great help to me to have a little time to reflect on this question before prejudicing or jeopardizing, as it were, the very vital process of supply which has to take place on the last day of this part of the session. Therefore, I will examine the matter and try to rule on it as expeditiously as possible.

GOVERNMENT ORDERS

[*English*]

BUSINESS OF SUPPLY

ALLOTTED DAY S.O. 58(11)—ALLEGED GOVERNMENT FAILURE TO DEAL WITH HOUSING, TRANSPORTATION AND ENERGY PROBLEMS

Mrs. Jean E. Pigott (Ottawa-Carleton) moved:

That this House condemns the Liberal government and, in particular, the Minister of State for Urban Affairs, whose policies have failed to meet the critical needs of housing, urban transportation and energy conservation.

Mr. Speaker: Members will be remembered that proceedings on this motion will expire in accordance with Standing Order 58(11).

Mrs. Pigott: Mr. Speaker, I am sorry we kept the minister from Quebec City today, but it is delightful to have him with us. I am very grateful I can speak on this motion, because I am concerned about urban living and also about the particular aspect of housing. I think the great Irish poet, William Butler Yeats said, "In dreams begins responsibility"—and housing is an important part of every Canadian's dream. The Ministry of State for Urban Affairs bears a responsibility for helping to achieve this dream.

Housing has become a major socioeconomic issue of the 1970s. Housing is now everybody's business. That simple fact could be easily illustrated by reciting virtually lists of programs and agencies which affect housing. It is clear, Mr. Speaker, from the extent of federal, provincial and municipal involvement in housing that all three levels of government must work together in this field. It is equally important that co-operation exist between the various governmental levels and the private house building, development and financial sectors. Their resources, know-how and diversity are necessary to make the housing wheels turn. Most important in the housing equation is the co-operation and support of Canadians at large

whose attitudes and actions make housing succeed or fail as a valuable part of the quality of Canadian life.

Federal involvement in housing began with the Dominion Housing Act of 1935 and accelerated after the federal task force on housing and urban development in 1968, culminating in the establishment of the Ministry of State for Urban Affairs in 1971. Housing, however, is a provincial responsibility in law and a regional responsibility by virtue of its character. Above all else, the business of urban affairs is not just to improve the supply of houses and roads; it is to improve the lives of the people who use them. Perhaps a story will illustrate how difficult it is. At a conference on the urban environment, discussions covered many related topics. After an hour or so the talk began to set specific problems in a wider context and to seek their fundamental causes. Eventually some long-term solutions were suggested. During lunch, two members of the group, one a politician and the other a senior official, began worrying about the more immediate concern of surviving the day to day pressures of re-election and red tape. The interesting thing is that they did not think to relate their ongoing lives and the specific problems of their responsibilities to the earlier discussion. Their goal was not improvement of the urban environment but maintaining their position of authority.

Mr. Speaker, it was Sir William Henry Beveridge who said:

The object of government in peace and war is not the glory of rulers or of races, but the happiness of the common man.

It is critical to relate questions of urban affairs not to statistics about housing starts but to the extent to which we foster communities in Canada. Being community minded in urban planning is not a folksy experiment; it is the encouragement of an environment that makes possible and in fact promotes individual growth.

● (1242)

I wish to speak for just a moment on how real this is to me as the representative of the constituency of Ottawa-Carleton, because Ottawa-Carleton is basically a necklace of neighbourhoods to the south and to the east of this great city. One thing I have discovered, not only in walking the streets of Ottawa-Carleton but also in meeting every Wednesday night with community associations, is that people are genuinely, honestly concerned with the environment in which they live. They do not wish to make a final decision—that is left to the elected people—but they do want to have input. They do care about the use of public buildings within their communities. They do care about where roads go. They do care about clean air, sewage, water, garbage—about all of these things, because it does affect not only the assets they own but also their neighbours and the quality of life they have.

A community is so much a way of life; it is not merely houses, stores and streets. Its people enjoy feelings of security, pride, self-respect and hope. It may have different interests: spiritual, cultural, political, business, industrial, educational and social. It may have a number of problems such as shabby housing, inadequate street lighting, overcrowded schools and hospitals, and low health standards. However, the good community is correcting these things through redevelopment, conservation, industrial expansion, rising standards of living, promoting racial harmony and ever-widening ideals of what that may be. It takes the wants and aspirations of its people and writes them into terms of action.

The quiet, stable pattern of the small community in Canada has been disrupted and people are discontented with the emptiness of life aboard commuter trains and buses and in crowded buildings. An example which I would like to put on the record concerns an event which happened last year during the by-election. I was standing in a shopping centre when an elderly couple came by, and they asked for one of my political buttons. When I went to pin it on, the old gentleman said, "Would you mind pinning it in the middle of my back?" I was a little dismayed but I pinned it in the middle of his windbreaker. Then he said, "Would you do the same for my wife" The lady turned around and I pinned the button in the middle of her back. They then said, "Now we can be travelling billboards for you" and I said, "Really, what do you mean?" The gentleman answered, "You see that old age home up on the hill? We live there. We come down here to the shopping centre every day and walk up and down 24 times. In that way, you see, we can touch people. It is very lonely living in only one room in a senior citizen home." Although we can provide decent homes for older people, it still remains that people have to touch people. Therefore, the quality of our communities are very vital and very important.

When an urban development is allowed and encouraged to become a community, the commuter leaves the anonymity of the city and becomes a person intimately associated with his neighbours and keenly aware of his dignity and his worth. Imagine working downtown in a large Canadian city. How often are you likely to get home for lunch? If you work downtown in a large city, it is almost impossible and most of the time you do not even try. I drive to work here at the House of Commons every day, and my heart is often very heavy when I look across at Place Portage. It is not that I dispute the fact that public servants should live and work in the great city of Hull, but how can we—when we have such wonderful neighbourhoods in Ottawa-Carleton—place 25,000 public servants in a ghetto like that?

Why could we not have taken those buildings and placed them in our nice communities, such as Lucerne, Gatineau or out in Kanata—the kinds of places where public servants could live and work near their centre. We must think more about these matters, rather than just placing people in a group of buildings like that, far away from their families and unable to go home for lunch.

Another incredible problem we have concerns cars; the multitude of cars and buses in our core areas. Not only do we shape our cities, they shape us. One of the greatest cities in the world is London, England. I once asked an urban planner why London was still a city where people wished to live. He said that the secret about London is its 1,000 years of history and the fact that it has always had the boroughs' system, where people could live in a community. Then he said a very interest-

ing thing, "In a borough you get to know the policeman, the postman, and you don't need a postal code; they know whether you live there or not. Also, you know the grocer." But the last sentence was the one which was so revealing. He said "When you die, someone mourns you." I believe it is so important that as we create urban cities and as we build houses in clusters in neighbourhoods we remember that what we are basically doing is to make certain that our great cities and our small cities will have 500 or 1,000 years of history.

It has been suggested that in the Middle Ages western man learned to think systematically about the realm of the personal. From the twelfth to the eighteenth century western man learned to think systematically and to manage the material world. In the nineteenth and twentieth centuries we learned to think systematically and to manage organic things. We have not yet learned to understand persons as persons; we are still treating persons as things. To accomplish anything worth while, people working together with similar objectives and principles must replace programs and the erection of buildings.

Let me just tell you one very interesting experiment that happened in the heart of this city, which I think is perhaps one of the best things because it points the way. With respect to the Alta Vista Medical Health Centre in this city, the governors of the University of Ottawa after heart rending debate decided to take their medical faculty and put it out in the complex instead of keeping it in an educational ghetto in centre town. They are moving it out, and there the young medical students will be in touch with the community in which they will eventually practice. This is what we must do.

A philosopher once said, "We are made for co-operation, like feet, like hands, like eyelids". True co-operation co-ordinates the various parts for the general welfare of the community. It is through joint discussion and planning that we achieve action. In pioneer Canada, effort was co-operative. A home was built locally in a "house-raising". Tragically, today we inhibit local community-based action. We have almost come to the point where all help must be institutionalized and made part of some government structure. We establish a particular program with offices, a building, a budget, and everything starts to become impersonal and controlled. On one hand we urge responsibility and private initiative, and on the other we develop a society which is institutional and crushes human initiative.

One of the things I am most concerned with is this amalgamation of the ministry of housing and urban affairs with CMHC. It concerns me that we take what was to be structured, in my reading of the original act, as a think-tank, as a group that would bring together the forces in this country which plan urban development and housing, and suddenly it becomes, to use the Ottawa expression, the buzz word around here—something that has clout and can talk to the ministries and to some of these large urban centres. I do not think that is what it should have been and what it should be. The kind of clout that ministry should have is the clout of good ideas, the clout of bringing together all the forces which affect housing and urban planning. This ministry should have the clout of vision and co-operative thinking, not the clout of some large ministry.

● (1252)

I would like to talk about some of the things that disturb me in connection with this part of government. The government has become institutionalized. It is too far from the real world. Changes were recently announced for 400,000 Canadians who have already invested in the Registered Home Ownership Savings Plan. This was done in midstream. Perhaps the alleged loopholes which are now closed were unjustified. Nevertheless, these changes impose hardships upon Canadians who have already invested in RHOSP's to purchase furniture or to engage in other purposes which were quite legal until April, 1977.

If you wish to buy furniture before the deadline, you must remember that only certain types of furniture and furnishings qualify. But these rules are vague. According to the regulations "eligible furnishings" means "furniture, appliances, curtains or carpeting, but for greater certainty does not include listed personal property or outdoor furniture or equipment." There are, however, many inconsistencies. Stair carpeting or wall-to-wall carpeting qualifies, apparently because of the word "carpeting". Bathroom or kitchen tile does not. That is a funny distinction. There is something that worries me. People who have lived and worked in this city are quite used to broadloom. The officials are used to large broadloomed offices. They forget that in other parts of Canada there is an awful lot of good old linoleum.

I often worry about those in the glass house across the way who are supposed to plan our industrial strategy. I do not know of many small or medium sized offices which have broadloom. Members opposite are so used to thinking in terms of football field offices with broadloom that they forget about the rest of Canada. They forget that most houses in this country have linoleum.

I now wish to talk about land. In my analysis of the challenges and problems of economic housing for Canadians, I found that the basic commodity is land. Five years ago in this city it was possible to buy a lot for less than $10,000. Today a 60-foot lot costs between $25,000 and $30,000. While it can be argued that this is a provincial and municipal responsibility, the federal government should take a leadership role involving all parties in order to be certain of an adequate supply of land on the market. We must address ourselves to the land question.

I understand that a joint study is now in progress. I recognize that the cost of land is a very complicated issue. I hope the minister will address this whole area of land costs in order that there will be a meeting of minds and we can bring forward all points of view and philosophies. We cannot meet the future expectations of the Canadian people unless we address ourselves to what can be done about land costs.

Many of the programs of the Ministry of State for Urban Affairs have been directed at numbers. I can understand that. In September of this year the president of Central Mortgage and Housing looked forward to 1978 and expressed the hous-

ing future of Canada in terms of an anticipated 240,000 starts. It is very important that the department not evaluate this in terms of starts, or evaluate all our programs in numerical numbers. We must look at the 25 or 30 programs of the department to see whether they address the deepseated problems of housing. It is not right to think we are curing our housing situation by enumerating starts.

The AHOP program has been a considerable success. However, we must recognize that there are some problems. Because of the economic conditions in the country, there is a bit of a glut. People are finding that the cost of real estate fees and repainting often represent more than their equity. The spectre of a significant number of mortgage defaults must now be faced. I understand this is particularly troublesome in the eastern provinces.

I now wish to deal with the RRAP program. Regulations have recently been changed in the Residential Rehabilitation Assistance Program. These changes seem likely to lead to smaller loans and smaller applications, since the program has been changed from one of rehabilitation to one of patching up. For example, it is no longer possible for an applicant to replace dilapidated ancillary buildings.

Mr. Blais: Hold your breath.

Mrs. Pigott: I will not hold my breath, not with the mails the way they are today. I am sorry; I could not resist that.

An hon. Member: The minister's whisper is quite loud.

Mr. Blais: Never mind my conversation with my confrère.

Mrs. Pigott: There is the very fine Housing and Urban Development Association. These people have put forth very constructive programs. I was in association work before coming to this great chamber.

The Acting Speaker (Mr. Turner): Order, please. It being one o'clock, I do now leave the chair until two o'clock.

At one o'clock the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

Mrs. Pigott: Mr. Speaker, I would like to continue to express some of my concerns about what is happening in the housing and development market at the present time. One of them relates to the apparent flight of some of our developers to the sunny climes. I believe they have a long list of good reasons for deciding to take their development money south of the border, and I think it is important that the ministry take the time to inform itself about those reasons. I am sure the Housing and Urban Development Association could be very helpful in identifying the reasons for this flight.

We must not only address ourselves to eastern Canada and to the Montreal area; we must look at what is happening to the Toronto market. I understand that unemployment in the industry is around 50 per cent and will probably climb to around 60 per cent in the course of the winter. There is great concern that no housing starts are taking place at the moment. I sense that the ministry is preoccupied with just one jurisdiction and that it is more concerned about organizational charts than with the real world and the fact that we need more development in our major urban centres.

Another area I wish to address relates to the intrusion of the federal government into provincial capitals and municipal centres, areas which really belong to the jurisdiction of the provinces. Housing is a provincial responsibility, but over the years the federal government has taken over the provincial responsibility of deciding land type and housing competition in urban projects.

The recently announced Canadian Home Insulation Program is one more example of federal entry into provincial jurisdiction. Other speakers from my party will be addressing this question in more detail later. Why are CHIP grants given directly to individuals, rather than to the provinces, when housing is under provincial jurisdiction? Why were representatives of the various provinces moved to say that no meaningful consultation took place before the program was put in place? Why was it only yesterday, three months after initiation of the insulation program, that meetings took place? It is a sad commentary, too, that the one province which did not agree to participate in the program at the beginning was given the head office. That was another example of intrusion into provincial rights before they had expressed a willingness to accept the program.

One cannot but be very concerned about the people who live in such areas as are represented by my hon. friend, the member for Humber-St. George's-St. Barbe (Mr. Marshall), who face a very bleak winter in houses which are in need of repair as well as insulation. But applications for this necessary work are held up because of the heavy workload in local CMHC offices.

The growth of direct federal entry into municipal affairs began with CMHC involvement in urban renewal. Federal assumption of real estate around harbours, airports and railways within its jurisdiction followed. Then Ottawa began to see urban problems as being in the national interest. Here I would like to remind hon. members of the fact that in 1970, when the Ministry of State for Urban Affairs was formed, it was vowed that the federal government intended only to co-ordinate urban activities relating to its jurisdiction over federal property. At the same time as the government was talking about national objectives, the phrase "urban problems" which was felt, somehow, to be federal, replaced "municipal affairs" which had a provincial connotation. In June, 1971, when the motion proposing the establishment of the Ministry of State for Urban Affairs was presented, it was said—and here I want to quote because I think it is very important to note that we are straying from the original concept.

● (1412)

—its direct operational role is non-existent. The ministry's role will be co-ordinative as between federal policies and their departments . . . It will be consultative with the provinces and their municipalities in achieving, hopefully, with the co-operation of the provinces and the municipalities an integrated approach to solving urban problems that one of the three areas of jurisdiction can solve on its own.

I urge the government to return to its mandate and renew the co-ordinating and consultative role that was outlined in 1971. This ministry could be so supportive with research and development concepts, working with the trade associations and financial institutions to find answers to these problems.

I want to talk about one specific area, the cost of mortgage funds. In Canada today, a $40,000 mortgage amortized over 25 years at 12 per cent carries a monthly rate of $413. In order to repay this mortgage and stay within the guidelines of 25 per cent of a family's income, it is necessary to earn $19,800 a year. The same mortgage with an interest rate of only 6 per cent will cost $256 a month on an annual salary of $12,300. Has the government considered alternative forms of mortgage financing? Has the government explored the possibility of measures to encourage small investors to enter the private mortgage market? Has the government considered measures to reflect the wide variety of needs found in our country and to respond in a flexible way to regional housing problems?

Mr. Blais: Yes, we have.

Mrs. Pigott: No, Mr. Speaker, they have not. I am being heckled by the other side. The hon. member knows perfectly well that he is not being accurate. May I mention one other area where cost has an effect on housing construction. Has the government investigated abolishing the federal sales tax on building materials? I realize that this is an old one, but it is a very important one. Would the minister also put pressure on the finance department to review the double taxation which has plagued municipalities in regard to sales tax on electrical supplies for subdivisions? Do the priorities include aid to the provinces to deal with the needs of urban transit?

Housing is not merely a matter of shelter, Mr. Speaker. Urban affairs is not just a question of logistics in crowded cities. Part of the current unrest in Canada can be traced to the effects of the urban environment on Canadians. Decent, reasonably priced housing, just like food, clothing and warmth during our long winter, helps raise morale. Good housing raises hopes and aspirations. The children of today's houses will be the adults of Canada's future.

[*Translation*]

Hon. André Ouellet (Minister of State for Urban Affairs): Mr. Speaker, first of all I would like to remind the hon. member who just sat down, the hon. member for Ottawa-Carleton (Mrs. Pigott), that it is rather surprising that she be the one to introduce such a motion to deplore the Canadian government's achievements in housing, especially since she lives in one of the ridings that has very likely benefitted more than any other in that regard. Of course that riding is home to thousands of Canadians who live in very decent and in many cases luxury units, or again in accommodations which meet the needs of low income families or, in an infinite number of cases which would be too long to list here, in homes for the aged which have been built in the Ottawa-Carleton riding. I merely want to say, Mr. Speaker, that obviously all these things have not been achieved by the present member of this riding, but rather by her two Liberal predecessors, Messrs. Tardif and Turner, who greatly contributed to the development of this electoral district.

On the other hand, it seems to me that the hon. member has shown good disposition toward the housing and urban affairs problems, and I want to congratulate her for the seriousness of most of her remarks. Furthermore, I do appreciate the number of very appropriate suggestions she has made; I shall be happy to consider them and I hope to follow them up. Nevertheless it remains that her speech was so far removed from the motion introduced today that I am wondering if she really wrote it. I find her much too charitable and too just to draft such a motion. Perhaps her colleague in front of her wrote it, it is more his style than that of the hon. member for Ottawa-Carleton.

● (1422)

Mr. Speaker, the previous speaker referred to certain problems in the housing field, and, of course, to certain difficulties concerning the role played by the Ministry of Urban Affairs in Canada.

I do not have to remind the House of the basic role that the Ministry of Urban Affairs must play in this country. The ministry was established following requests from all parts of the country and the wishes expressed by members on both sides of the House, and it is quite natural for the Canadian government to be interested in urban affairs, even though this interest is unfortunately often misunderstood and badly misconceived by certain provincial authorities and I was disappointed to see that the hon. member, who is the urban affairs critic for the official opposition, has failed to understand the importance of the Ministry of Urban Affairs to serve the best interests of all Canadian citizens. We must realize that the majority of Canadian citizens now live in urban centres. This situation involves many problems and it is obvious that the Canadian government cannot ignore the welfare of the increasing number of urban residents who need government help.

There is a second reason that justifies the existence of the Ministry of Urban Affairs within the Canadian government: In addition to the natural interest of the Canadian government in the welfare of all Canadians, most federal government projects, policies, programs and activities influence the lives of urban Canadians and the quality of the cities where they live. For instance, our immigration, transportation and economic expansion policies as well as the activities of the Department of Public Works certainly have considerable influence on the urban environment. We must therefore play a coordinating role to ensure that the activities of the Canadian government, through its many departments and agencies, does not hinder

the establishment, the growth and the natural and orderly development of major Canadian cities.

Of course, the Canadian government owns numerous properties in all major cities such as harbours, airports, office buildings, national parks, post offices, warehouses, penitentiaries, customs and excise buildings. All such buildings are found, if not in the core, on the outskirts of cities and have a considerable impact on the general development of large cities.

The government insists that all those urban properties serve the people and comply with the major policies and master plans advocated by the municipal authorities themselves. There was, therefore, a need for a ministry to coordinate federal activities in the cities, and such is the role played by the Department of Urban Affairs. It is a complementary rather than a priority role and it is subordinate to the master plans advocated first and foremost by the municipalities and the provinces.

We certainly do not intend to interfere in jurisdictional issues and try to take away from the municipalities and the provinces their crucial function. However, it is important to be fully aware, particularly in this House, of the fact that the Canadian government has a complementary role to play. Often that complementary role contributes to a better master plan and allows a municipality to undertake urban planning studies that it could not have done alone. But with subsidies from the Ministry of Urban Affairs, those cities and municipalities undertake these studies and thus enable their citizens to enjoy a better urban environment.

I think that regardless of the remarks made by the hon. member, regardless of the questions asked recently concerning the administrative reform carried out within the Ministry of Urban Affairs, I can state categorically that it was never intended to make basic changes in the ministry's function. We intend rather to make a more rational and orderly use of our departmental staff so that it can provide a more efficient service to municipalities.

It has also been said that this government's record in the housing field has been more or less impressive. Yet, the figures prove the contrary. After consulting the municipalities, the provinces and those responsible in the housing field, large builders associations like UDAC for instance, have determined that we needed about one million new housing units within the next four years. Now that building program of one million new housing units in Canada is already under way. In order to reach that target, we have set up an assisted home ownership program through which we give a fairly large subsidy to individuals, particularly young couples, who wish to buy their first home.

We have made every possible effort to urge contractors to build not only medium-cost homes in order to meet the needs of the more fortunate who do not really need government assistance to become homeowners, but also low-cost homes to make home ownership easier for thousands of young Canadian families who wish to own their own homes. Now I can say—the figures speak volumes and are irrefutable—that we are reaching our target of one million new housing units based on a four-year period. We will reach that target and at last enable Canadians to realize that very legitimate dream for every citizen to live in his own house if he so wishes.

One cannot help but note that over the years the housing sector has made tremendous progress in Canada. The so-called housing problem of the late 60s is no longer that serious today. Nobody can talk seriously of any housing problem in this country. There is no such problem.

• (1432)

For some citizens of course it is harder to get low cost housing, and I must say in that respect that the Canadian government has asked for close provincial cooperation in an overall review of the economic housing situation in Canada. This in my view should be our main goal, more housing units for low income people and senior citizens. If there is an area that may possibly be somewhat critical that would be it.

But all in all, I have no hesitation in stating that Canadian housing is indeed better than in any other nation. We have in Canada the best built, the most highly subsidized housing in the best environment in the world. It is a fact that the Canadian government, through a series of programs, helps Canadians pay cheaper rents or assists them in owning a home at reduced interest rates, thanks to very significant subsidies. I challenge opposition members to find anywhere in the world a more advantageous series of housing subsidy programs.

Certainly there has been in recent years a significant drop in the crowding index. The number of units with more than one person per room dropped some 20 per cent to 5 per cent only over the last 15 years. While 43 per cent of building units occupied in Canada had no running water, hot or cold, in the early 50's, the proportion has now dropped to an approximate 3 per cent. Figures are similar for units without water closets, they dropped from some 35 per cent in the early 50s to 3 per cent only. As far as bathrooms and showers are concerned, the figures were 43 per cent in the early 50's and 5 per cent at this point. All data concerning basic conveniences conform to that general trend, which confirms in my view that Canadian housing is among the best in the world. The hon. member for Ottawa-Carleton (Mrs. Pigott) says this is due to private enterprise. My suggestion is this is due to private enterprise, the initiative of Canadians and the help and support of the Canadian government.

The fundamental role of the Central Mortgage and Housing Corporation is indeed to guarantee loans to builders and private enterprise, so they can build the type of units that put Canadian housing among the best in the world. I state emphatically that the hon. member is in error, probably unwittingly, when she implies that the Canadian government housing policy has failed to meet the stated objectives and does not fill the peoples' needs. I am certain the hon. member is in error because she is new here, and probably she did not have time enough to review all the programs aimed at meeting the housing needs of our Canadian citizens.

Perhaps it would be useful if I sent her again this information kit published by the Central Mortgage and Housing

Corporation which describes a series of programs set up by the Canadian government to answer the needs of Canadians in the field of housing. This information kit features the Assisted Home Ownership Program and the Low Rental Housing Assistance Program which has enabled us to get more apartments built by private enterprise in the great urban communities of Canada in order to raise a vancancy rate which was too low and so as to provide people who want to get housing with the possibility of a greater choice in the type of apartment they want to rent.

Let me mention programs that work quite well namely the Non-Profit Housing Assistance Program and the Cooperative Housing Assistance Program which are another aspect of the various activities of the Canadian government which aim not only at helping and supporting private enterprise in the crucial role it can play regarding housing construction, but also enable people with middle or low income to get together in a housing cooperative or a non-profit corporation precisely to benefit from grants from the Canadian government there inhabiting housing which cost much less than similar housing which can be found on the conventional market.

We have tried through the Central Mortgage and Housing Corporation to put forward a series of programs dealing with the development and the improvement of urban and municipal environments. We have noticed that one of the greatest difficulties presently encountered by municipalities has to do with their financing, the result of which being that provincial governments are subsidizing them to a certain extent but also that all the funds they are getting are always associated with particular conditions in such a way that Canadian municipalities do not truly enjoy the freedom of action they should have. So, the Canadian government in an important effort to help and support municipal priorities has decided to create the Municipal Incentive Grants Program for the municipalities, the Neighbourhood Improvement Program, the Land Assembly Assistance Program as well as the Municipal Infrastructure Program which are precisely designed to help municipalities to better serve the needs of their citizens, especially the Municipal Incentive Grants program which provides a grant given directly to a municipality which does not have to be accountable for the use it decides to make of these funds except before its own citizens so that this annual injection of several thousand dollars in municipal finances is a way through which the Canadian government acknowledges the legitimate and fundamental role played by municipal governments in Canadian society. There is, of course, the provincial level of government which plays a priority role which we acknowledge but no one should be under the impression that if there are administrative difficulties with certain programs one must necessarily entail that they should be handed down by the federal government to the provincial level.

I say that the idea that there is an absolute need to decentralize from the federal to the provincial level is wrong. In several cases it would be much better to decentralize from the provincial to the municipal level. We agree that we would be better able to carry out a certain number of our responsibilities at the federal level and that they would be carried out better, in the better interest of the people, at an another level of government than the federal level, but not necessarily the provincial level. If it is true that the grassroots people would be better served by the government which is closest to them, what does this mean? It means the municipal level. Through the Central Mortgage and Housing Corporation programs we have fully recognized this important role that municipalities have to play vis-à-vis the people and we want through those programs to give them large grants to enable them to take their full responsibilities at the municipal level. I think that this uttering of accusations that the government of Canada is getting into provincial jurisdictions will have to stop because that is not where the problem is.

The problem, Mr. Speaker, is that provincial authorities are too jealous of their responsibilities. Every time Ottawa does something they start crying that Ottawa should not be doing it. So I am very disappointed at the attitude of the official opposition, the Progressive Conservative Party, and to see that they are opposed to the government of Canada trying to help municipalities fully assume their responsibilities in the area of the development of master plans for municipalities and urban development. I think there is an absolute need to give the municipalities more financial resources and immediate responsibilities so they will be able to assume a role they can fully play and much better than the provinces themselves.

[*English*]

Mr. Paproski: We want you to do some work. Never mind being a campaign manager for Quebec. Do what you are paid to do.

Mrs. Pigott: No wonder you are in Mr. Lévesque's black books.

Mr. Paproski: Because of you the Parti Québécois won the last election. We know what happened on November 15.

[*Translation*]

Mr. Ouellet: I think hon. members of the Progressive Conservative Party do not like to hear the truth but I think they have been caught in their own trap by trying to criticize the Canadian government, simply repeating the same nonsense we have been hearing for years from some provincial politicians who are fundamentally overly jealous of their responsibilities. Mr. Speaker, I want to say once again that the Canadian government does not make it its ambition to take up responsibilities not given to it by our constitution. The Canadian government, through the Ministry of Urban Affairs or through the Central Mortgage and Housing Corporation, only wants to help those who have a direct responsibility in this field, namely the municipal authorities, to play their part and to provide Canadians with better services by co-operating with municipal and provincial governments. This is our part and we want to play it.

As a conclusion, Mr. Speaker, I can only come back to the criticisms passed on by the Progressive Conservative Party with regard to the Canadian Home Insulation Program; they

tried to make us believe that there had been no consultation with the provinces. The facts, Mr. Speaker, are that before my hon. colleague, the Minister of Energy, Mines and Resources (Mr. Gillespie) asked the Canadian government to establish this program, a meeting was held where all his provincial counterparts asked for the establishment of such a program.

The provincial ministers themselves wanted the implementation of a national energy conservation program and specially a home insulation program. Now what has the federal government done about it? The government said: Here is a program ready to be implemented. We would give up to $350 to any Canadian who would want to insulate his house according to a seven-year plan. The provinces, on the other hand, must do something tangible as well to show that they are serious in this collective effort toward energy conservation. The provinces were asked to take concrete steps, or what has been called conditions to allow the residents of the provinces to be eligible for this program.

The conditions that the provinces were asked to implement are not impossible to realize, they are simple and natural conditions; first, to implement reduced speeds on highways; second, to install in new constructions what is called "block meters" which replace central systems in apartment buildings and gives each apartment its own individual system, as a means to save energy and reduce excessive heating cost; third, the provinces were asked to accept new building standards which would enable people to build not for the past but for the future so that the new residences be better insulated. Many people are forced today to spend money to improve residences which initially were badly built and badly insulated, a mistake which we should not make again.

The provinces were asked to raise insulation standards as part of home construction standards. What they were asked was not out of this world. But now the opposition seems to object to the provinces being asked to do their share in energy conservation. This is what is happening. The Canadian government gives $350 to anyone who wants to insulate his house, and now that the provinces realize it is a good program they would like to use these $350 to improve the program and let people believe that our program was not that good and should be improved. Of course, Mr. Speaker, in any program there is always room for improvement.

But to the hon. member and the provinces which have criticized our program I say that if they want to improve it they should use their own money; they should not try to take the money the government of Canada wants to give out to citizens, leading people to believe that they are going to offer that program themselves.

I think the Canadian Home Insulation Program is exceptional and that it meets the present needs when it comes to energy conservation. I am pleased to see that all Canadian provinces, after a lot of shuffling, finally understood that their people wanted it and that this program will now be available in all parts of the country and not only in a few provinces.

[Mr. Ouellet.]

• (1442)

[*English*]

Mr. Paproski: Do you know what consultation means, André?

Mr. Whiteway: Mr. Speaker, I rise on a point of order. Out of respect for the minister I let him finish his speech without interrupting him, but on five occasions I could have called a point of order.

Some hon. Members: Order.

Mr. Whiteway: The point of order is that five times—and the record will show me to be correct—he used the word "consultation". Specifically, he said "consultation with the provinces and municipalities".

Mr. Deputy Speaker: Order, please. This is not a point of order; it is a difference of opinion. The hon. member will have an opportunity to seek the floor and make his point.

Mr. Whiteway: Mr. Speaker, on a point of order—

Mr. Deputy Speaker: I hope the hon. member has a real point of order.

Mr. Whiteway: My point of order is not on a difference of opinion but on a difference of fact. My point of order is that the minister was misleading the House. I will quote him to prove that he deliberately misled the House in reading this document in front of me, the report of the western premiers' task force.

Mr. Deputy Speaker: Order, please. The hon. member will be the one responsible for the point of order if he uses the language he has used right now. I think he can make his point when he speaks in the debate. He has a difference of opinion with the minister. I do not think this point of dispute is a point of order. If he wants to, he can make a charge and then he will have to suffer the consequences of that charge.

[*Translation*]

Is the hon. member for Bonaventure-Îles-de-la-Madeleine rising on a point of order?

Mr. Béchard: Mr. Speaker, I wonder whether the minister would allow me a question.

Mr. Deputy Speaker: This can only be done with the unanimous consent of the House, as the allotted time has expired. Does the House give its unanimous consent for the hon. member to ask a question?

[*English*]

Mr. Paproski: No.

Mr. Ouellet: Paproski said no.

Mr. John Gilbert (Broadview): Mr. Speaker, we in the NDP welcome the motion brought forward by the hon. member for Ottawa-Carleton (Mrs. Pigott) and we wish her well in her

new position as the Conservative party critic on housing. One might have hoped that in her first speech she would not only have thrown creampuffs but would have added a few brickbats. Probably in the next speech she will do so.

The motion condemns the government in three areas, that of housing, that of urban transportation and that of energy conservation. The Minister of State for Urban Affairs (Mr. Ouellet) is in charge of housing, the Minister of Transport (Mr. Lang) is in charge of transportation, and the Minister of Energy, Mines and Resources (Mr. Gillespie) is in charge of energy conservation. I say without any hesitation that the policies and attitudes of these three ministers are cruel, crass and cocky. Those are the three adjectives that best describe them.

The housing policies of the Minister of State for Urban Affairs are the result of bowing and begging and giving land speculators, developers, builders and financial institutions almost complete control over the number and types of housing, the interest rates, the land costs and the financing of housing in Canada, with the result that 80 per cent of Canadians cannot afford housing today. This situation is imposing hardship on young married couples and elderly people who wish to obtain reasonable housing accommodation. Mr. Speaker, this really amounts to criminal cruelty. I read the speech the Minister of State for Urban Affairs delivered in Toronto on November 2 before the Property Forum and this is what he said as the commitment of the government:

● (1452)

We, as a government, have a commitment to the people of Canada. We have undertaken to ensure that all Canadians—wherever they may live—have access to good housing, at an affordable cost, and in a safe and satisfying community environment.

That commitment, or statement, really amounts to fraudulent advertising.

Some hon. Members: Oh, oh!

Mr. Gilbert: When we take into account the three components of housing, which are land costs, building costs and interest rates, what is the picture of this government and, specifically, the job this particular minister has done and is responsible for? Let me quote from a study of the Central Mortgage and Housing Corporation which contains 2,000 pages with regard to housing conditions in Canada. These are some of the highlights of the housing picture today in Canada. I am quoting from the Montreal *Star* of March 29, 1977, which is commenting on the report.

About 7 per cent of city households have serious problems, says a Central Mortgage and Housing Corp. study . . .

The corporation yesterday released a summary of a bulky 23-volume, 2,000-page report on housing conditions in the country's 23 metropolitan areas in 1974.

It goes on to say:

But 40 per cent of households face at least one of the major housing problems of overcrowding, poor housing conditions and housing cost, the report said. Of these, 7 per cent or 225,000 households are burdened with at least two of these problems and are in serious difficulty.

Housing

The CMHC report concludes that "renters appeared to be worse off than home owners—they constituted about three-quarters of the 225,000 households with serious difficulties."

The survey report says the largest single housing problem is cost.

About 547,000 households are paying more than 25 per cent of total household income in rental or mortgage payments.

About 298,000 households are overcrowded and 198,000 are living in substandard housing.

Then the CMHC report draws this biased view and says by almost any measure Canadians in the urban part of the country are well housed. It just indicates, from the attitude of the minister—and he displayed it this afternoon—that Canadians should be mighty thankful to the Liberal government.

Some hon. Members: Hear, hear!

Mr. Gilbert: When he criticized the hon. member for Ottawa-Carleton for her remarks concerning housing conditions, he said that in her particular riding she should be very proud because of the actions of the two previous Liberal members. The only inference to be drawn from that is that unless you are a Liberal member you do not get any money for housing or anything. Mr. Speaker, this just indicates the crassness and cockiness of this particular minister.

I would like to point out to the minister just what housing costs in Canada. These figures are from the *Globe and Mail* of November 19, 1977, showing the cost of a three-bedroom bungalow with one garage. These are the costs across the country: Cornerbrook, Newfoundland, $55,000 this year compared to $54,000 in 1976. In a province with roughly 25 per cent unemployment, can you imagine a worker paying $55,000 in Corner Brook, Newfoundland? In Montreal, in one area, $47,500; another area, $43,000; and yet another area, $39,000. In Toronto, in the Thornhill area, $83,000 this year compared to $76,000 last year; Scarborough, $67,400 compared to $65,000 last year; Richmond Hill, $65,000 compared to $60,000 last year; Ottawa, $62,400 compared to $60,300 last year; Calgary, $78,000, compared to $72,000 last year; Vancouver, in one area, $94,000 compared to $93,000.

These are examples of what it costs for houses across the nation, knowledge of which the minister should have. I say to the minister, "How can young people afford to pay those prices—

An hon. Member: They have other types of houses they can buy.

Mr. Gilbert: —so they can establish themselves?" I can appreciate that the truth really hurts this particular minister.

An hon. Member: That is why they lost the November 15 election.

Mr. Gilbert: All these homes have an average mortgage of $50,000 to $60,000 and an interest rate from 10 per cent to 12 per cent. You can imagine, Mr. Speaker, just what the payments are for the particular house they purchase.

The second component is land costs. For an NHA single, detached lot in 1977 the cost is $9,918. The Malvern Project—

all the Toronto members are very familiar with because it was supposed to be utopia concerning housing in Ontario—in 1972 the book value, which is the cost of assembling, servicing and holding the land, was $6,100 per lot. In 1976 the book value was $11,760. More important, the market value is $26,000.

An hon. Member: For a lot?

Mr. Gilbert: Yes, for a lot in the Malvern area. In Edmonton, in the Mill Woods development, which is land owned by the government of Alberta, lots sell for between $10,000 and $15,000. In the same city, lots owned by private individuals sell for between $20,000 and $30,000.

An hon. Member: That is right.

Mr. Gilbert: With regard to land assembly programs in Ontario, where they assembled land for the purpose of reducing the cost of land, they have now scrapped that program and are selling the land. In Kitchener they sold some lots with a $3 million profit on a $5 million investment—which is a 60 per cent profit. On that basis, if they sell the 23,000 acres which they possess, they will make $540 million.

An hon. Member: Which company?

Mr. Gilbert: This is the Ontario government. I am drawing it to the attention of the Conservative party, because one of the main costs is land. Is it any wonder that we have high cost of housing, when governments put profits before people? With regard to vacancy rates, the latest report indicated there is a 2.3 per cent vacancy rate across the country, which is a shift from the 1.6 per cent vacancy rate in October. The experts indicate the vacancy rate, to have any impact, should be at least between 3 per cent and 5 per cent, and we are a far distance from that. In fact 18 of the 24 countries included in the survey are under the 2.3 per cent. It just indicates the importance of that.

● (1502)

My time is running very short, but I want to cover three areas. With regard to the transportation policies of the government, may I say that the Minister of Transport is cruel, crass and cocky. His policies have been disappointing and deceiving.

In Toronto on June 17, 1974, the Minister of Transport made the statement that $270 million would go for transportation. Shortly after the Liberals were elected as the government, what did they do? They scrapped that $270 million program on the basis that they had to show government restraint. The Toronto members screamed because of the serious problems of grade separation, commuter traffic, and rail relocation, but it fell on deaf ears.

What does the Minister of Transport do now with regard to housing? He announced a new urban transportation assistance program. It merges the moneys for the programs of railway relocation and crossing programs and commuter service programs. There is no new money. All he is doing is merging the moneys of those two programs and calling it an urban transportation assistance program. There is a need across the country for a transportation policy which will take care of the grade separations, rail relocations and commuter traffic. However, we have no direction or financial assistance from the government.

The Ontario minister of transportation, Mr. Snow, said that the recent program is nothing but stunting and does too much for too little. In Ontario alone, $72 million is needed to take care of grade separations. The minister has offered $49.5 million over three years to take care of grade separations, rail assistance, urban transportation and relocation. Is it any wonder that I say his policies are cruel, crass and cocky? If there was ever a time for job creation in the field of transportation it is now, and the government has failed.

The home insulation program refers to the Minister of Energy, Mines and Resources. With a great deal of fanfare, the government announced it would spend $1.4 billion over seven years, which amounts to $200 million a year. We can appreciate the special case of Nova Scotia and Prince Edward Island because of their high energy costs to produce electricity. Therefore the $500 non-taxable grant is justified. However, all of us on this side believe the other eight provinces should not be restricted to two-thirds of the cost of the insulation with a limit of $350 which is taxable.

When you look at the $1,400 million over seven years, which is $200 million a year, and the Minister of Finance (Mr. Chrétien) said last night if it were not taxable they would lose $560 million, subtracting that from the $1,400 million, it amounts to $120 million a year in energy saving across the country for insulation.

Looking at Bill C-11, the government has given $1.2 billion in tax savings and incentives to corporations and high income individuals, and is only prepared to give $120 million to people who indulge in energy conservation. All I can say is that the government is not serious about energy conservation. Ministers are not serious about insulation and the insulation program. If they were, they would be putting a tight check on the manufacturers of home insulation materials and insulation installers other than a mere government monitoring department.

The government should have included within the insulating materials such things as storm windows, storm doors, and double glazing, which would help many people with regard to this problem. It should have consulted with the provinces with regard to the increased assessments and increased taxes people have had as a result of participating in the home insulation program. Is it any wonder that we in this party condemn the government and these three ministers in particular for their policies on housing, conservation, and transportation? It is really a cruel, crass and cocky approach that these three ministers have taken.

I notice I have a few minutes left. I am going to take advantage of them. If we are serious about housing we will set forth programs to produce reasonable housing for all Canadians. That can be done by government initiatives with regard to public housing, co-operative housing and non-profit housing in the social housing fields. Instead of paying more than 25 per cent, the target should be 20 per cent at the very most.

When I think of how young people are struggling today with housing, it does not make me feel very happy. When I think of the interest rates and the high amounts that people are paying, and the total over-all payments with regard to their $40,000, $50,000 or $60,000 mortgages, I feel we have a social responsibility to have interest rates of no more than 6 per cent. That is with regard to housing.

With regard to transportation, surely that should be the easiest job creating function of the government. It should be putting in millions of dollars to update the railway system across the country to develop a commuter system and to develop the relocation of railways. Then we would have an up-to-date policy. We would be saving energy and we would be leading the way.

With regard to the home insulation program, the so-called CHIP program, it really is a chippy program. Three thousand grants have been made under it, to date. Is it any wonder people say the government is not indulging in principles of equality and equity but is doing otherwise?

● (1512)

[*Translation*]

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, opposition days may seem like wasted at times to the public. However, if our procedure provides for such opposition days, it is to allow parliamentarians to scrutinize a particular subject, and the procedure calls for this to be done by a motion censuring the government—it is a tradition that exists in all British-type parliaments and since our parliament adopted that procedure, it is normal that we should proceed in this fashion but in a rational and objective manner. Generally the motions are debated on those opposition days, but those motions deal with very specific issues, and they are generally serious motions.

I heard this week on another allotted day a member on the government side complain that the opposition often raises economic matters, unemployment. Mr. Speaker, members cannot be blamed for raising those issues very frequently, since it is a current problem—inflation is eroding the savings of those who worked hard all their lives, inflation is getting young people into debt for the rest of their lives, and those issues must be dealt with in order to find a solution, to change the methods used, as the speech from the throne suggested. Unemployment is the same thing, there are causes for it. One of the consequences of inflation is that in the area of construction under consideration today, in the area of housing, young people are concerned all across Canada and particularly in Quebec, in Montreal.

After the Olympic follies last year, the situation is much worse there than in the rest of Canada. Unemployment increased dramatically because construction declined both in my riding and elsewhere, and skilled workers are unemployed. Plumbers are out of work, electricians as well, young people can no longer borrow to build a home because they fear for the future. It costs four times the cost of a house to build a hopefully stable home.

It is not because the government does not have any housing policy, the CMHC has several excellent programs, but in order to implement them, non-profit organizations, individuals and municipal corporations must absolutely have the money required to take advantage of those housing programs, of those environmental public utility programs designed to make access to ownership easier and allow people to become homeowners without having to commit themselves for 40, 50 or 60 years. That is the flaw in our present system. Mr. Speaker, I will just give this one example not to criticize or for the sake of criticizing, indeed not, but because if we are to consider this issue, we should do it carefully.

What is happening in the area of housing? First of all, I wish to say this: Housing is a need for everybody and every family and it is also a right just as important as clothing and food. Therefore, if it is such an important right, I believe it is quite proper to take appropriate means to make sure every individual and every family of this country enjoy this right. As I said earlier, the Canadian government, the provinces and municipalities have taken all means available to them to enable Canadians to emphasize this right. But as the Minister of State for Urban Affairs (Mr. Ouellet) said in his remarks, municipalities have not got enough revenues to be able to take fully their responsibilities, to provide services that go along with housing such as water and sewage systems, highways and so on. He was right to say that municipalities cannot afford it and that there should be a provincial decentralization in their favour. I fully agree with that.

Not so long ago, the Central Mortgage and Housing Corporation, with its policy on housing, dealt with the Quebec Housing Corporation—I speak of the province of Quebec—and the latter dealt with municipalities for the building of nursing homes or low cost housing. Today the situation has changed. Why? Simply because municipalities did not have enough money to meet the obligations which were imposed upon them by the provincial government. Therefore, Quebec municipalities have given up their responsibilities, and today the Quebec Housing Corporation is responsible for the implementation of programs concerning nursing homes or low cost housing for middle or low income families.

What is happening, Mr. Speaker? I will give you an example which is taking place throughout Quebec, and not only in one specific case, but I believe it is the same throughout Canada. In order to build a nursing home three years ago the Central Mortgage and Housing Corporation contributed up to 90 per cent through a loan of $537,863 at an interest rate of 10⅜ per cent—if at least it had been simple interest but it was compound interest. The Quebec government has undertaken to reimburse the federal government the amount of $2,880,862—five times the amount of the loan granted. Why? Because of the interest over a period of 50 years. Interest is therefore too high.

Many projects have been shelved; plans and specifications are ready, the population is waiting for the construction of those homes to start, but nothing is done because it costs too much. People who are to live in those homes have to pay

increasing rents, and even though old age pensions are raised every three months through the Department of National Health and Welfare, people are forced every six months to pay rent hikes to allow the Quebec government to collect the money needed to reimburse the loan granted by the Central Mortgage and Housing Corporation. We cannot go on like that any longer. We must absolutely change our financing system if we really want to revitalize the housing industry. In the past, and I think it is still true, it was said that if construction was going well, so was the whole economy. Today, many builders operate on a slow-down basis, bidding on smaller contracts, mainly maintenance contracts, but actually there are no new developments.

Mr. Speaker, I would like to draw your attention and my colleagues' to another excellent program, RRAP. In my riding, there is an RRAP project that has been going on for two years and the program is doing well when there is money but gets stalled whenever there is no more money, and it has been going rather slowly for the better part of the year because there were not enough funds for all the applications that were received, to carry out all the rehabilitation projects in that community. Some people may say, Mr. Speaker, that it is a long-term program, a five-year program. True enough, but I am satisfied that the program is now being implemented, but because there is not enough money, many municipalities in the province of Quebec and in my own riding have filed applications with the Quebec government because they wanted to become designated areas where RRAP programs would apply. Those municipalities are still waiting for an answer and as long as the provincial government will not respond to their application, the RRAP program will not operate.

However, as it has been said, this is the best program. Why is it the best, Mr. Speaker? Because, under that program, any owner of a dilapidated house or housing unit could benefit from a very special advantage. Let us say you have to borrow $10,000 to repair your home, to rehabilitate it, under RRAP the federal government will allow a grant of $3,750. This amounts to granting a loan at a rate of interest anyone could afford. This is called a grant, a rebate, or whatever you want, as long as the owner is taking advantage of it. But as things are going, there will not be many grants of $3,750 because few projects are allowed and few muncipalities can take advantage of the program. So, that generous program is not being raised, people do not take advantage of it, and those programs which are expensive, people go for them when they have to, but then they must pay five times more.

Mr. Speaker I have five sons. My children have learned to work, or at least, I have tried to show them that work is a tool for success in life, and they want to have a home, like the sons of all other Canadians, but they find that it is very expensive to build a frame on a good foundation if you must borrow money at the present high interest rates.

We cannot impress too much on the government the fact that this is the source of the problem and that we do not have to look elsewhere for it. If we could solve this, we could make some progress, and even though interest rates would sometimes be excessive, there would be new housing starts and new homes would be built. The plumbers who are now on unemployment insurance would find work and so would the workmen, the carpenters, the electricians and the roofers. That is the secret, Mr. Speaker. The construction sector is among those who provide the most jobs in Canada.

Mr. Speaker, I heard the reply given this week by the right hon. Prime Minister to a question raised by my colleague, the hon. member for Témiscamingue (Mr. Caouette), who wanted to know if the government was planning to introduce amendments to the Bank of Canada Act to enable the government to provide loans at lower interest rates. The Prime Minister is aware of the problem and is an intelligent man, but he evaded the question by replying: "If the hon. leader of the Social Credit party can convince many Canadians to make interest-free loans to the government, we, in turn, will provide interest-free loans." But this was not the essence of the question. The Prime Minister knew this. In my opinion, there are other alternatives. If the Prime Minister was really serious in his reply, Mr. Speaker, there are 8,600 million banknotes now circulating in Canada and the money supply represents more than $80 billion. The issue of banknotes is the responsibility of the Bank of Canada. Again, there are 8,600 million banknotes and a money supply of $80 billion. Who created this difference?

This is where the Prime Minister should have talked about the issue of the nation's credit which is today between the hands of private institutions that are getting richer than any other economic sector in Canada because they have the privilege to issue the credit of the nation at their advantage. I encourage all hon. members to review that issue further. One might say that financial issues are quite difficult. Yes, Mr. Speaker, it is difficult because we make it difficult to the benefit of those who take advantage of such a system and the Prime Minister knows it as he himself declared recently that bankers are the most demanding in Canada and he said himself that under his administration they became richer than anyone in Canada and that he was ashamed of that situation.

Mr. Speaker, we should make some effort, we the members of this House, to help the Prime Minister go further and ask him to bring back before the House Bill C-206 that I already tabled.

This bill would amend the Bank of Canada Act so that our bank could issue the credit of the nation in the same way as chartered banks but it would grant loans to provinces and, through them, to municipalities at administration cost. If we did that, Mr. Speaker, there would be a recovery in the building sector, the RRAP program would be operating and unemployment decreasing. We could applaud this government not only for its good programs but also because it would allow us to implement them without further delay.

● (1522)

[*English*]

Mr. Dean Whiteway (Selkirk): Mr. Speaker, today I do not intend to make any reference to the Minister of State for

Urban Affairs (Mr. Ouellet) since I have no time for a minister who has no time for his job. The minister had known for several days that today was going to be an opposition day, that we were going to deal with housing, transportation and energy, matters falling within his area of responsibility. Yet today he left the House early. Why, Mr. Speaker? To go to Quebec City for a political function. I realize that he is the lieutenant for the Liberal party—

Mr. Blais: I rise on a point of order, Mr. Speaker.

The Acting Speaker (Mr. Ethier): Order, please. The Postmaster General (Mr. Blais) is rising on a point of order.

Mr. Blais: Mr. Speaker, the hon. member, I hope unintentionally, is misleading the House. The notice of motion of the hon. member for Ottawa-Carleton (Mrs. Pigott) was tabled in the House some time after three o'clock yesterday afternoon. Unless the Minister of State for Urban Affairs (Mr. Ouellet) had some sort of intuitive knowledge of the intentions of the hon. member for Ottawa-Carleton, I fail to see how he should have known of the nature of this particular motion.

The Acting Speaker (Mr. Ethier): Order, please. The hon. member for Selkirk (Mr. Whiteway).

● (1532)

Mr. Whiteway: I certainly do not want to mislead the House. If the minister did not know for several days, I stand corrected. He has known for an adequate length of time, however, and surely his first responsibility is to this House of Commons.

Some hon. Members: Hear, hear!

Mr. Whiteway: If the Postmaster General (Mr. Blais) does not know what ministerial responsibility is I will give him a lecture on that, but I assume he knows it.

Mr. Gauthier (Ottawa-Vanier): On a point of order, Mr. Speaker, I find the comment of the hon. member quite distasteful. I must remind the House that the minister was in committee yesterday when the hon. member was present, and he was in committee again this morning when the hon. member was present. The hon. member knows very well that at five o'clock yesterday afternoon when we learned about today's motion, the minister had planned a trip outside the city and had to cancel it in order to accommodate the hon. member this morning in committee, and this afternoon in the House. Let us be fair.

An hon. Member: Where is he now?

Mr. Whiteway: Mr. Speaker, hon. members opposite will have to get their act together. One knew at three o'clock, the other did not know until five o'clock—I cannot help with the problems on that side. The fact is, the minister is not in the House. He is a Quebec lieutenant for the Liberal party, but judging by his performance in the provincial election a year ago he ought to be a buck private. For his performance as Minister of State for Urban Affairs he should receive a dishonourable discharge. From the way he spoke today, however, you would think he was a general.

I should like to deal specifically with two areas, Mr. Speaker. I wanted to deal with Liberal lies, but that is unparliamentary language so I shall call them Liberal "misleadings." I shall quote from certain documents on that score. Secondly, I shall deal with the question of federal-provincial relations and how the minister deliberately misled the House today. He had a document in front of him which I saw—

The Acting Speaker (Mr. Ethier): Order, please. I must remind the hon. member that the words "deliberately misleading" are not parliamentary. We hope he will not use unparliamentary language.

Mr. Whiteway: Mr. Speaker, I shall withdraw that. I do not want to be unparliamentary, but I shall prove that what he said was not in accordance with the facts, and let members attach their own definition or colloquial expression to it.

The minister gave us some of these facts this afternoon. Given that 75 per cent of Canadians live in urban centres and that 12 years from now the figure will be 90 per cent, given that most of these people will be concentrated in four major urban centres in Canada, given that 50 per cent of our energy consumption takes place because of intra-city transportation—given those background facts, I should like now to recall June 17, 1974. Hon. members opposite will recognize the occasion immediately. It was in Vancouver during the election campaign when the Prime Minister (Mr. Trudeau) claimed the Liberal government "will pay"—note the word "will"—he did not use the word "may" or "should"—he said the Liberal government "will pay 100 per cent of the cost of new commuter vehicles." Has that been fulfilled?

Some hon. Members: No.

Mr. Whiteway: He also said the Liberal government "will pay 25 per cent of the capital cost of all vehicles purchased." Has that been fulfilled?

Some hon. Members: No.

Mr. Whiteway: He went on to say that financial support "will be made available to encourage Canadian design and engineering." Has that been fulfilled?

Some hon. Members: No.

Mr. Whiteway: He then said that the Liberal government "will offer assistance" and that Canadian industry would be encouraged to develop "off the shelf" standardized systems and equipment. Has that been fulfilled?

Some hon. Members: No.

Mr. Whiteway: Next he promised that the Liberal government "will encourage" urban transit systems. He said that the Liberal government is "committed"—mark that word, Mr. Speaker—is "committed." Now this is what they were com-

mitted to—"committed to removing the 12 per cent sales tax". If that was a commitment I would hate to see a promise. Then he went on to say that the Liberal government "will offer" the best use of existing railway rights of way and that the Liberal government "will rapidly implement" the railway relocation act.

Those were Liberal promises—commitments—the clear, unadulterated policy that the Prime Minister promised the Canadian people in Vancouver on June 17, 1974. What has happened since? The $270 million promised for this program has been withdrawn. A former minister of finance, no longer a member of this House, withdrew those funds and reneged on the promise. We have nothing, and we do not see the prospect of any action.

There is a matter of more grievous concern, Mr. Speaker, and that is in the area of housing. I should like to quote something for the record and give hon. members opposite five seconds to guess the source. If the Minister of State for Urban Affairs were here he might help hon. members opposite, but he has left them to hold the fort so they will have to fend for themselves. I would ask hon. members to listen to the following statement:

> When 280,000 families in Canada pay more than 50 per cent of their family income for housing and 500,000 families in Canada pay more than 35 per cent, and 820,000 families pay more than 25 per cent, and when two-thirds of those Canadians in need of housing cannot afford to buy or rent a home without a government subsidy, we have a problem of fundamental proportions. We must take decisive action now or face unparalleled problems later.

The five seconds are up and hon. members opposite have not guessed that statement was made by the deputy minister of urban affairs, William Teron, chairman of CMHC, only one year and two months ago in the city of Calgary. I was there and I heard him. He talks about taking "decisive action now or face unparalleled problems" in the future. Since then the Minister of State for Urban Affairs has been going about his political activities in the province of Quebec—and not too successfully. He has been alienating the municipalities and provinces.

The Postmaster General (Mr. Blais) interjects with some figures pertaining to our representation in this House from certain parts of Canada. If he is as bold and confident as he appears from his seat, why does he not call an election now? Then we will see who comes back with the corporal's guard.

The Prime Minister is also in Quebec politicking for the next election, whenever it comes. There is a critical problem in Canada which is being intensified by the attitude the minister expressed in the House today. We have a conflict between the provinces, the municipalities which are the creatures of the provinces, and the federal government. We have to determine who has the constitutional right to act in the various areas relating to housing and urban affairs. Some provinces take block funding, unconditional grants, non-designated equalization payments, and then there is the federal government taking the federalist attitude.

Today in committee I quoted from the *Financial Post,* but the minister objected that it was not an accurate recollection of what he said. I have the paper here and should like to quote from the *Financial Post* of October 8 where the minister is reported as saying "I am not prepared to see federal funds used in Quebec without making the population aware that it's thanks to their Canadian government."

The attitude of the minister is clearly that he wants to get credit for federal moneys spent in the provinces. The minister wants his name up in lights for everyone to see his wondrous works. I am not a shorthand writer, but I believe this afternoon the hon. minister indicated that the intervention of federal government into urban affairs is natural, that his department helps to co-ordinate activities, and that their role is complementary. He went on to explain that this complementary role makes for a better general plan. Approximately five times the minister used the word "consultation", and that nothing was done without consultation with the provinces.

● (1542)

Mr. Andres: That is right.

Mr. Whiteway: I will prove to the hon. member how wrong that is. I should like to tell him not to get excited. I realize the little fish bite even before the hook is baited.

Particularly in Quebec there is a new developing hostility between the provincial government and the federal minister. Let it not be said, or thought even for a fleeting moment, that members on this side of the House take the position of the Parti Québécois on any issue. Members on this side are clear federalists. The minister violates the constitutional authority of all provinces and the Parliament of Canada.

The situation in Quebec has developed to the point where a document called the black book or the black file is being compiled. It contains all the instances where the Minister of State for Urban Affairs has lied. That is not my language. It is the language of Mr. Jean Foisey, who is the special adviser to the minister of municipal affairs in Quebec City. This black book will be made public. I hope the minister will refer it to an appropriate committee of the House in order for us to see if there is any substance to the allegation that the minister has somehow wrongfully misled the province of Quebec.

The fight among the provinces, the municipalities, and the federal government is not restricted to Quebec. I should like to refer to a report entitled "Report of the Western Premiers Task Force on Constitutional Trends". The minister had that document with him today in the House. Referring to page 31 of that report, I read as follows:

> As a rule, consultation by the federal government has never preceded major changes in legislation or regulations. Consultations at the officials' level are usually in the vague context of "policy research." In the broad areas of housing and urban affairs, consultation has been virtually nonexistent.

How can the hon. member for Lincoln (Mr. Andres) defend the Minister of State for Urban Affairs who told this House that nothing took place among the provinces, the municipalities and the federal government without full consultation with the provinces? Clearly that is not so; clearly it is wrong.

Mr. Andres: You are misguided.

Mr. Whiteway: It is the Canadian people who are being misguided because of the government in general, and the Minister of State for Urban Affairs in particular. Has the hon. member not heard what I have said this afternoon? Does he want to stand in his place now? I will yield the floor to him to defend the promises made on June 17, 1974. I say to the hon. member: defend them if you can, defend them if you will.

Some hon. Members: Hear, hear!

Mr. Whiteway: In fact I see there are three ministers present in the Chamber this afternoon. I will yield the floor to them if they want to defend the Liberal promises of June 17, 1974.

Some hon. Members: Hear, hear!

Mr. Whiteway: The performance of the hon. member this morning reinforces the fact that Manitoba is still ahead in some respects. I see none of the members opposite have risen to defend those promises. In fact I should like to have one Liberal rise to defend the statement that there has been always full consultation with the provinces. That is not so. I will provide hon. members opposite with a copy of this report. They can attempt to defend that, if they wish.

Some hon. Members: Hear, hear!

Mr. Whiteway: It is easy for members opposite to speak from their seats. I want them to stand and put their comments on the record for everyone to read.

Several of my colleagues want to speak today, therefore I will end my remarks. Before doing so, I should like to summarize for the benefit of hon. members opposite. The Minister of State for Urban Affairs, while singing his own praises, attempted to give the notion that matters among the federal government, municipalities and the provinces are in complete harmony, and that it was to the benefit of Canadians to have the federal government doing the job which has to be done, rather than not at all. Should the rights of provinces under the constitution be ignored? It is blatantly wrong and misleading to indicate that there is harmony among the provinces.

In so far as energy is concerned, the minister has attempted to tell us what has been done. In my opinion, what has been done is a dismal failure. The least the minister can do is resign his seat.

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

● (1552)

Mr. Hugh A. Anderson (Parliamentary Secretary to Minister of Fisheries and the Environment): Mr. Speaker, I think the hon. member for Ottawa-Carleton (Mrs. Pigott) brought out a very good point when she said at the commencement of her remarks that housing is the dream of every Canadian. I agree totally with the hon. member that a family, whether it is a young family or a middle aged family, puts priority on the purchase of a house in order to raise a family. I would say also that as a result of government policy, whether it be the former Conservative party or the present Liberal government, we have now made that dream a reality for the majority of Canadians who wish to own a house.

If I may reminisce for a minute, I recall growing up in Saskatchewan in the early 1930's and 1940's. In that period of time it was the exception rather than the rule for a family to own a house because, before purchasing a house, you pretty well had to have the full amount in your pocket. At that time banks did not give loans for that purpose, nor did financial institutions. You had to save for a period of perhaps 20 or 30 years, at which time you were in your late forties or fifties, before you had a sufficient amount of money with which to buy a house. That was the way the system went. Now when I look around in my riding I see people who are 19, 20 and 21 years of age getting married and purchasing homes under AHOP.

Some hon. members may say that in Toronto, Vancouver and some other larger cities this is pretty difficult because the price of houses in those large centres, especially single family dwellings, is very high. I am pleased to inform hon. members that in my own area of Comox-Alberni on Vancouver Island, in cities such as Nanaimo, Port Alberni, Courtenay, Campbell River or Port Hardy, we are able to build single family dwellings at around $38,000. The hon. member for Broadview (Mr. Gilbert), who is not here at present, was quoting prices of houses in Vancouver. I have no doubt that in Vancouver the average price of a three bedroom home is $60,000 or $70,000.

I must say that I myself am opposed to the concept of people in Canada congregating in three or four large centres. If you look at Vancouver, you find that the city cannot expand any more. Fraser Valley is under a land freeze and there is no more room available for the city of Vancouver to expand. I say that is sad. It is not for the province or for the federal government, nor is it anyone's wish, to stop expansion. The city is surrounded by mountains on one side and the ocean on the other, and inevitably the cost of housing is high. Perhaps the solution to that problem is not to encourage industry, business and government to locate in Vancouver. What we should be talking about perhaps is having government, industry, etc., locate in other parts of the province where land is available and cheap and where houses can be built, and not have everyone congregate in large cities such as Vancouver and Toronto.

Instead of criticizing governments for allowing the price of housing to rise in these large cities, what we, along with provincial and municipal governments, should be doing is to make plans for the future to decentralize away from large centres such as the greater Toronto area.

I think there should be some rationalization in housing. We cannot keep making plans for Toronto which will bring in more people and drive up the price of land when there are places in northern Ontario which would welcome the establishment of more industries. People there would be able to live in uncluttered communities, close to nature, and they could hunt and fish. I am sure there would be less crime in such areas and

less stress upon the people who live there. Also, this would help the taxpayer in the smaller communities.

It is obvious to me that there must be some rationalization in cities such as Vancouver, Montreal and Toronto. I say that with all due deference to the hon. member for Selkirk (Mr. Whiteway). I did not realize that he was so knowledgeable about urban transportation, coming as he does from a largely rural area. I think that governments would serve the public better if, instead of starting massive projects in Toronto and Vancouver, they would seriously consider whether that is in the best interest of those areas, or whether it would not be in the interest of the provinces to build better homes in the more isolated areas so that people would stay there instead of converging on the large centres.

Let me give you an example on Vancouver Island. We do not yet have a highway connecting communities such as Port Hardy with the rest of the island, and in most cases people do not have television either, yet we have the largest copper mine in British Columbia. We also have several large pulp mills. We are trying to keep people there but we are not providing them with transportation or communication. Then we say that we should be spending many more millions of dollars in the larger areas. I submit to you that one of the answers may be to improve some of the rural areas. If we spent more money on transportation and communications in the more remote areas, perhaps we would not have such a problem in the larger cities and the core areas.

I would like to make a few remarks now regarding energy conservation, but first let me give you as an example the case of my daughter who was married a few years ago at the age of 23, and she and her husband purchased a home. When I was 32 or 33 I thought myself fortunate to be able to purchase a house. The young age at which my daughter could purchase a house made very apparent to me how fortunate we are in Canada. Obviously you want to have a house when you are raising a family—you do not need a house when you are 40, 50 or 60 years old. AHOP has done a great deal for Canadians.

I recall the time when I went to Europe for the first time in 1974 to attend the Law of the Sea Conference which was held in Geneva. I was surprised to find that in Geneva banks do not lend money for mortgages. If you wish to purchase a home, you must pay for it in cash. I asked about the price of houses and was surprised to learn that a house which would normally cost $30,000 or $40,000 in my area, in Switzerland costs approximately $160,000 in Swiss francs. A person buying a house in Switzerland is supposed to pay for it in cash because Swiss banks do not make loans on mortgages. People in Switzerland, as well as in Germany and many other European countries, do not approach home ownership the way we do. They do not expect to own a house. It is only in exceptional cases that people own a house. We in Canada consider it our right.

With AHOP and the government's policy to construct a million new homes over a five year period we have taken a step in the right direction to assist younger people especially to purchase housing they can afford. If they require assistance, we provide it in the form of a subsidy. This has also been true with regard to single parents. Before AHOP there was no chance for a single parent to purchase a single family dwelling. Now they can do it under AHOP. I am not taking credit for it. I think that the ministers, the government and the various people who have worked on this program for many years deserve the credit. This is progress. If you had listened today to some of the comments you might have believed most Canadians were living in caves, rubbing stones together to make fire. I assure you this is far from the case.

Regarding energy conservation which is mentioned in this motion, I think that over a period of years Canadians have been used to an abundance of cheap energy which has allowed all of us the luxury of wasteful ways. I believe sincerely that it will be a wrenching experience for most Canadians to adopt less wasteful ways because of the disruption and confusion that the increased cost of gasoline for their cars and fuel oil for their furnaces will cause. I believe also that as a result, government, industry and various institutions in our country will be severely criticized because people have to pay a very high price for a commodity which previously was cheap. We have been very wasteful.

● (1602)

May I quote an article which is apropos, and although it applies to the United States I think in many ways it can also be put in context in Canada. This is from the New York *Times* and the quotation is from an editorial:

> Our political leaders have the formidable, almost impossible task of convincing over 200 million Americans, living in the midst of an apparent abundance of energy, that the catastrophes of energy exhaustion are lurking just around the corner . . . In a democracy, the government cannot dictate energy policies. The American electorate has the ultimate power to choose either to accept on faith that the energy crisis is real (if it does not want to verify personally the technical details on which the predictions are based) or to ignore the warnings, thereby hastening the exhaustion of energy resources and its inevitable catastrophic consequences. If the public cannot be convinced of the seriousness of the energy crisis, the necessary actions (energy conservation and development of new energy sources) cannot be taken. If we wait for the tangible evidence of energy crisis, it will be too late.
>
> Indeed, perhaps future historians will point to the failure of our nation to respond to the warnings of an energy crisis as an example of the obsolescence of the democratic form of government in a modern world with limited resources.

In my opinion that summarizes what we as Canadians are facing. It is important to treat this as seriously as possible and to convince, not only members from this House because I believe most members of this House are aware of the crisis we are facing, but to get this message across to the people of Canada. And also to get the message across that it is not necessarily a question of good guys and bad guys that have caused this situation, but perhaps the depletion of a renewable resource and our cartel which has quadrupled the price of world oil over the last three or four years. Maybe it is a good thing that a cartel of this sort did come in, because it has made us realize that we cannot continue the wasteful practices which in the past we have been justly accused of practising. I do not think we should be proud of the fact that if we wanted to go to the store for a package of cigarettes, there was no thought—

we would just take the car and run down. If you have forgotten something, you just run down to the store again.

Many times we can be accused of wastefulness. What do we do about it now? One of the ways a government can react to a situation like that is to discuss the issues with the people of Canada, but I suggest that without an increase in gas prices very little heed would be paid. I am not sure if this is the total answer in conservation, education, plus a demonstrable increase of bills both for fuel for homes, and fuel for cars. We talk about energy and the federal government's responsibility, but the provinces have a fairly large stake in the energy field because it comes under their constitutional responsibility. For example, hydro, if we are actually serious about conservation, why would hydro throughout the various provinces, say British Columbia, not give a lower rate for those people who consumed less hydro energy rather than giving a lower rate to the individual in his home the more he uses?

Some hon. Members: Hear, hear!

Mr. Anderson: Is that really the way of telling the people of Canada that we have an energy shortage, a crisis? Governments are aware of it. That is fantastic. I can see industrial companies that spend thousands and thousands of dollars on energy perhaps they should be given some break because of the quantity of energy they are using. But I am talking about the homeowner. What incentive has been given to him to turn his lights off? To conserve on his electricity bill, when most companies say the more you use the better the rates. Why not the other way around? It is not only the responsibility of the federal government, I think it is the responsibility of all levels of government, and especially the people of Canada who must realize the importance of curtailing our energy uses otherwise the situation as far as employment is concerned will worsen, and certainly our balance of payments will not improve and thus affecting our standard of living.

It is a wrenching experience, and I know many people resist the prices of fuel oil and gasoline. They express the opinion it is not Arab oil, but oil from Alberta. Why do we have to equal the world price?

There is another side to it that whatever energy we obtain from programs such as Syncrude, the Mackenzie Delta, the Beaufort Sea, from the High Arctic, or if we bring natural gas from the maritimes, this is not going to be any cheaper than the world price of oil now. I understand the predictions are we are at the cheapest level that we will have in our history. Prices will continue to rise. The Arctic gas oil is our next source of energy. The Alberta fields will gradually diminish, and we will be going into programs such as those mentioned before, but it is not going to be inexpensive. To develop it it will be expensive. To transport it to southern Canada it will be expensive, and the people driving eight cylinder cars now, when they have no conception of energy, are going to be paying a much higher price in the future. I believe it is our job to make Canadians aware that with the non-renewable resources we are dealing with, we would be foolish to count upon foreign sources of oil and not develop our own.

In order to develop them, we have to pay a price and more money must be funnelled into the oil companies. I completely agree they must be regulated to make sure those extra profits do go into Canadian exploration. If it does not, tax it back. We will take it and use it some other way such as the insulation program. It is important that the concept of good guys and bad guys regarding this crisis be removed. Look at the problem and try to solve it to the best of our ability without playing games, whether it be federal, provincial or between political parties.

We have, through a variety of incentives in the research and development field, sources we can tap which we are not using now. I have been a strong proponent, as many members know, of the development of methanol to blend with gasoline. This progam has been tried out in Germany using a fleet of one hundred cars over a period of a year and it has proved satisfactory. In fact from a pollution point of view it is extremely satisfactory. With all of the wood and wood products we have in Canada, we have a renewable resource that can be blended with gasoline with approximately 85 per cent gasoline to 15 per cent methanol that can be put into the tanks of cars of every Canadian. It will burn better and could be put into effect today. That would result in a 15 per cent saving immediately, and that 15 per cent would extend our resources over a longer period of time.

In the maritimes where they have the horrible problem with the spruce budworm and the forests that have been deciminated, that could be converted into methanol. To convert methanol, the kind of wood you use does not matter. It does not matter whether it has worms in it or is diseased. It can be converted and burned in the tanks of cars in Canada.

• (1612)

The Acting Speaker (Mr. Ethier): Order, please. I regret to interrupt the hon. member, but his allotted time has expired. Nevertheless, he may continue with unanimous consent.

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Stan Darling (Parry Sound-Muskoka): Mr. Speaker, it is a privilege to participate in the debate on the motion presented by our housing critic. I see the hon. member for Comox-Alberni (Mr. Anderson) is leaving. I want to commend him on some of his statements. He said that the government or the powers that be should not spend too much money on urban transportation and should try to keep the cities small. As a representative of a rural area, I cannot agree more. I go further and say they should blow up some of the roads and not let the people in and out of the cities. That might help the economy in some of the rural areas, certainly industry and housing.

The hon. member made a very good point when he stated that if industry gets into the rural areas, jobs and housing will follow. I wholeheartedly agree with that statement, but it is easier said than done.

As a member of the DREE committee, I have worked to try to attract industries to rural areas and then help them to succeed. To our sorrow, a good many industries have gone into these remote areas but, to put it mildly, they are having pretty tough sledding.

I have listened to speeches made on both sides of the House. Some members on this side took exception to certain statements by the minister and members opposite. Members on that side have taken great exception to the fact that we have even raised our voice in one word of criticism about the wonderful Ministry of Housing and Urban Affairs. I am aware that the department has accomplished certain things. It certainly should have.

I had the privilege of attending the housing committee meeting last night and early this morning. I was able to get some figures from the minister. A great deal was said about the AHOP program. So far, a total of 39,000 homes has been built under the program. That is all well and good for those who have their homes, but it is a far cry for those who feel they should qualify under that program.

The minister also gave figures with regard to defaults as far as AHOP is concerned. He stated the figure is about 2.2 per cent. That seems within reason.

Something I am interested in seeing enlarged is the RRAP program. I questioned the minister about this program because many people do not qualify for regular housing under CMHC, AHOP and so on. They do not have the income required to be able to qualify. Therefore the RRAP program is their only hope for better housing. This is one case where the government should go the third or fourth mile, or even further.

These programs are of particular interest to areas outside the cities. I admit there is bad housing in some cities, but there is much more need for this plan in the rural areas. I plead with the minister and his department to channel more money there and to do away with a lot of the red tape.

I have received telephone inquiries from my constituents who were turned down under the RRAP program. I admit you have to be in a position to repay the amount that is borrowed. I am also aware grants are available under that plan. Earlier this week I was told of persons who had made application under the RRAP program. I mentioned this to the minister. I want to put this on record because he and his deputy minister, Mr. Teron, stated it was not correct.

Certain people applied for loans under RRAP. They had certain ideas about what they intended to spend. For example, they may have intended to spend $5,000 to upgrade the worst features of their homes or to make other renovations. When the inspector visited their homes, these people were told there were other things that had to be done and it was an all or nothing deal. I feel that is wrong. I intend to get back to that branch office in North Bay, in the area of the Postmaster General (Mr. Blais), to get a ruling and to tell them that I have heard differently from the powers that be. The RRAP program is doing a job in the rural areas in this country.

There is a requirement for homes that can be put up in a hurry on land that does not cost a great deal. I listened earlier to current lot prices. I do not dispute those figures. Lots costing $20,000, $25,000 or $30,000 are absolutely prohibitive.

The Canadian Mobile Home Association has been making presentations to the government to try to get some assistance. I brought this to the attention of the minister in committee this morning. He gave me the impression that something would be done. A great many people could purchase a mobile home which could be set up in a mobile home park without having to pay a very high land cost. There could be a rental for the land which would be within their means.

You can go from one extreme to the other. Mobile homes are suitable for the young and the old. For many retired senior citizens, their homes are now too big. They would find a mobile home much more economical. In addition, their homes could be put on the market and available to those with growing families. This is one phase of housing which would suit lower income people.

The hon. member for Selkirk (Mr. Whiteway) referred to the prophetic statement made a year or so ago in Calgary by Mr. Teron. He stated that only a very small percentage of people can look forward to owning a home. That is a tragedy in a country like Canada. This is a reasonably well housed country. Most of us are very lucky to have good homes. However, that is small consolation to a great many people still looking for adequate housing.

Something else has been very much to the fore this week. I refer to the government's insulation program. I am delighted to learn that the two provinces which had not joined the insulation program have finally been brought into the fold by the Minister of Energy, Mines and Resources (Mr. Gillespie), who recanted and allowed them in without any strings attached. In other words, he did not use the rubber hose on them that he used on the other six provinces. I commend the government on having removed that obstacle.

I hope the government has learned its lesson. When the matter of provincial jurisdiction is again involved, I hope the government will not try to use strong tactics to get its way. The key word with the provinces is co-operation, and consultation instead of arbitrary decision.

● (1622)

The federal government certainly has a role to play in the area of housing. To a very large extent the federal government determines the environment, or the conditions of the housing market, because the housing market is so dependent on the current economic situation. It is the federal government which has a major part in creating the economic conditions—perhaps in the present circumstances I should say in the destruction of the economic conditions prerequisite to a healthy housing market.

The government has abused its role. Instead of creating an environment of co-operation between the federal department and the provinces, it has played blackmail games. Surely the government must be aware, as everyone else in Canada is, that

we have entered a period in which the powers and jurisdictions of the provinces vis-à-vis the federal authority are subject to severe strain. The relationship is a tenuous one at best.

The Prime Minister (Mr. Trudeau) is fond of analogies. He once told the Americans our relationship with them was like being in bed with an elephant. I wonder how he would describe our relationship with the provinces. More important, I wonder how some of the provinces would describe their relationship with the federal government. I do not think it is an exaggeration to say that it is not the cosiest of relationships at all times.

It is probable that the government does not like to hear this. Members on the cabinet benches like to think they are experts in federal-provincial relations. It is a fact, though, that there is tension in this country with respect to areas of jurisdiction. I am not saying that all the complaints are justified. There is one province whose government wishes to opt out completely from the federal framework. I would not support that and neither, I am sure, would the majority of Canadians. The fact remains, though, that provinces are resorting to extremes because the government has been too rigid and uncompromising.

Housing is an area in which more real consultation and co-operation are necessary and desirable. There are, of course, areas in which the federal government could and should take the initiative. I have mortgages in mind. The cost of mortgages is far too high in Canada. In the United States the cost is considerably less—below 9 per cent—and for longer periods, up to 50 years I believe. Also, in most states mortgage interest payments and expenditures on home improvement are tax deductible as are municipal taxes.

Our housing committee has suggested a number of alternatives to present policy and these items are worthy of close consideration by the department and by the government as a whole—I am aware that the approval of other departments would be required. Under RRAP, federal funds are available to assist in improving substandard dwelling, but except by special agreement with the provinces assistance is available only to those living in a NIP district. In some localities boundaries are often so close that one house might be eligible for assistance while another on the next street is not.

To be a successful applicant, one must live in an approved neighbourhood. This presents no difficulty in certain areas, but I am in a position of representing federally two provincial ridings, the territorial district of Parry Sound and the regional municipality of Muskoka. In Muskoka, an area must be approved as a NIP area before a RRAP grant can be made. A great many people have written to me complaining that such and such a municipality had not felt it worth while to obtain approval as a NIP area. In the district of Parry Sound, which is part of Northern Ontario, this condition does not apply. I am not sure what arrangements exist in other provinces, but with regard to rural areas and small towns and villages especially, it would seem to me the government could say, "If a municipality does not wish to act on its own we shall lend the money on an individual basis." To my mind this would be a step in the right direction and this would lead to better and more housing.

I am aware that time is going by, Mr. Speaker, and that there are others who wish to take part in the debate. While the department of housing and urbain affairs has accomplished certain things we feel it still has a long way to go. Consider the insulation program in the light of the $350 grant now available to regions outside Nova Scotia and Prince Edward Island. A great many of us were disappointed. I am not denying the statements made by the minister and by other members of the government that Nova Scotia and Prince Edward Island face certain very high costs. But this is also the case in other parts of Canada where, I can assure you, Mr. Speaker, it is darned cold. Try telling people in Northern Ontario and Northern Manitoba anything to the contrary. Yes, Prince Edward Island does have to bear high costs, but I am sure those who live in the Northwest Territories, for example, or some of the other areas I have mentioned, would be willing to compare their heating costs with those in Nova Scotia.

The Minister of State for Urban Affairs (Mr. Ouellet) categorically turned down a suggestion made by me, in the course of a question put to him, that the $350 grant be made tax-free. It does not seem likely, now, that the government will ever agree to that proposal.

There is one other matter. The $350 is supposed to cover up to two thirds of the cost of the material. Well, two thirds of a loaf is better than none, but we must bear in mind that because of the high cost of insulation and service the average cost per home runs at about $900 on the basis that 1,000 square feet have to be insulated. Possibly the government could say "Although we cannot agree to making the grant tax deductible we will at least cover the cost of the total amount of insulation."

The minister gave us an interesting figure in committee yesterday. I believe the average grant already paid out amounts to $211, not $350. I assume some of the people who occupy very modest homes are the ones who need as much money as possible. Could the grant not be paid regardless of the percentage of the total expenditure which it represents? I do not think this would cost the treasury a great deal. The response to the program has not been as good as the government anticipated, and I am sure those in charge of the program would admit that. I have figures here which show that as of November 25 some 60,000 kits have been distributed; slightly more than 5,000 applications have been received for grants, and 2,270 cheques have been mailed out to a total value of $508,619. It has not been a great bonanza with, as the government thought, people lining up for it.

● (1632)

Speaking of people lining up brings another thought to mind. As most of us are aware, anyone who is interested in an insultation loan must write or telephone Montreal and get a kit. We are also aware that Her Majesty's mail does not always move as fast as some of us would hope, but I will give the Department of Energy, Mines and Resources and the

Department of Urban Affairs credit for forwarding to each member of parliament 25 or 30 of these kits. I think that is a very good idea. I drive back to my riding on Friday afternoons and this is a much speedier way of getting these kits into the hands of my constituents. I would suggest that CMHC regional offices be assigned the task of information centre, where people—

The Acting Speaker (Mr. Ethier): Order. I regret to interrupt the hon. gentleman but his allotted time has expired. Nevertheless he may continue if there is unanimous consent.

Some hon. Members: Agreed.

Some hon. Members: No.

The Acting Speaker (Mr. Ethier): There is not unanimous consent. The hon. member for Battleford-Kindersley.

Mr. Cliff McIsaac (Battleford-Kindersley): Mr. Speaker, I regret very much that my hon. friend is unable to conclude his very interesting remarks this afternoon. From my own point of view, owing to the shortage of time I intend to try to limit my remarks in order to give my colleague, the hon. member for Ottawa-Vanier (Mr. Gauthier) and another hon. member opposite the opportunity to participate in what has turned out to be a very interesting and worth-while debate.

I should like to deal very briefly, though I may not even be able to do it briefly, with four particular points this afternoon. The first is federal housing policies in general under this government; secondly, housing policies as they affect and have affected my home province of Saskatchewan; thirdly, urban transportation policies under this government; and fourthly, the programs and the steps taken by the government, particularly by the Department of Transport, relative to implementing the Hall Commission Report in so far as it relates to energy conservation in serving transportation needs in the prairie provinces.

I believe it was the hon. member for Selkirk (Mr. Whiteway) who, earlier in the debate this afternoon, was critical of the government for its lack of consultation and discussion with the provinces. I can certainly say that there has been ample discussion and consultation with federal, provincial and municipal officials in the province of Saskatchewan. I am not sure if the hon. member is aware of what has transpired with respect to Manitoba, but each and every one of the wide variety of federal programs is implemented and operated jointly.

I have the information sheets of a number of programs here. For example, with the Neighbourhood Improvement Program criteria are set out for the participation of municipalities and neighbourhoods. This is set out in an agreement between the federal government and each of the provincial governments. There has certainly been discussion. There has been a good deal of tailoring and developing of programs in Saskatchewan over the last eight to nine years in order to meet the needs of smaller urban communities which so often were left out of the early CMHC and federal programs. I can testify to this personally, Mr. Speaker, from my days in the provincial legislature of Saskatchewan.

I am aware that more federal programs are now available which hitherto had perhaps been available only to larger urban centres. These are now being tailored and being made available to meet the needs of smaller centres throughout the prairies and across Canada. So that kind of consultation has been taking place.

I appreciated the tone and thrust of the remarks of the hon. member for Ottawa-Carleton (Mrs. Pigott) when opening the debate after moving her motion. Her remarks were not nearly as crusty and as critical, in a sense, as the tone of the motion which is before us, which asks the House to condemn the Liberal government, particularly the Minister of State for Urban Affairs (Mr. Ouellet), for policies which fail to meet, and so on. The kinds of programs, the numbers of projects and the tremendous developments in the housing field, not only in my province of Saskatchewan but right across the country in the last several years, put the lie to the thrust of the motion now before the House.

In typical fashion, to which we have grown quite accustomed in the House when listening to remarks of hon. members opposite, we do not find any new solutions, policies or programs put forward. There is criticism of existing programs and efforts, but in general no new solutions have come forward. There is no new formula or direction for the government to pursue.

The programs which have been of particular value so far as the province of Saskatchewan has been concerned are those which have already been referred to by others in this debate, such as the RRAP program, the AHOP program, and the Neighbourhood Improvement Program. Then we have housing for senior citizens. I think we have a national record in the province of Saskatchewan in terms of the number of senior citizens per hundred thousand of population who have been housed. Only last week I participated in the opening of a new apartment complex which provides excellent housing at subsidized rental for senior citizens over the age of 65. Some 70 couples or so were accommodated in that project, and this is but one of a dozen or more which have been constructed in the last number of months in my province alone.

One program I should like to dwell on for a moment or two is the rural and native housing program. This is a program which has been of particular interest to the province of Saskatchewan. It is one which has met a need but which has some considerable distance to go in the province of Saskatchewan so far as housing is concerned. What we need in my constituency and further north, as well as in urban centres, is an adequate supply of good housing for our native people.

Several programs have been worked out in co-operation with CMHC and the government of Saskatchewan in an attempt to improve both the number and the quality of housing units on Indian reserves throughout Saskatchewan—in the northern Saskatchewan communities which are Metis and Indian, and also in cities like Regina and Saskatoon where providing adequate housing for native people continues to be a problem.

In this respect the province has seen completion of over 1,700 such units which have been financed under this program. There have been 500 odd projects to repair existing housing, and another 1,000 emergency type repairs made to existing housing units in my province, all designed to meet a specific need. So, good efforts have been made by the Minister of State for Urban Affairs, his colleagues, and CMHC.

The same can be said of the government of Saskatchewan. Jointly the province has participated in the program, though there is still a great distance to go in meeting the housing needs of native people in the province, particularly in the northern reaches of Saskatchewan. So far as urban centres are concerned, we find more and more people off reserves heading to the cities, leaving behind them perhaps better housing than they will be able to find in those cities.

● (1642)

I should like to make another comment of a general nature in response to the hon. member for Parry Sound-Muskoka (Mr. Darling). Like him, I receive many complaints about housing and the high rates of interest with the resultant large payments required on even a modest dwelling. Other problems are the cost to the smaller urban municipalities of providing serviced lots—paving, water, and sewers are particular problems for some of the smaller communities. The Municipal Incentive Grants Program, devised and developed by the Minister of State for Urban Affairs, has been helpful, but I am sure it could go further. As with any of these programs the problem is in finding the money to put them in place rapidly enough.

Comments were made this afternoon and in yesterday's debate about the insulation program. If every house in the country were eligible for assistance I am sure we would be faced with a shortage of supplies and of workmen. In Saskatchewan we are already having difficulty finding the supplies to meet the demand, and if these were further grants or programs of this kind, industry would not be able to meet the demand.

I should like to conclude by referring to the efforts of the Minister of Transport (Mr. Lang) to implement the recommendations of the Hall Royal Commission on Transportation. That commission was established two years ago to look into the problems of the 5,000 or 6,000 miles of rail lines on the prairies. It reported in May, and since then steps have been taken to implement the major recommendations. One major step of which we see evidence all across the prairies is the federal government's contribution of $100 million for rail line rehabilitation. Branch lines which were allowed to deteriorate over the years are being rebuilt.

In Saskatchewan we see newspaper headlines such as the one in the Wilkie *Press* which says, "$880,000 Program for Upgrading CPR Lines in the Wilkie Area." Another one appeared in the Lloydminster *Times* which serves both Alberta and Saskatchewan, "$1.62 Million Project to Upgrade Rail Lines Going East and West Out of Lloydminster." There are tremendous developments in the rehabilitation of rail lines and there are many other steps which will serve to review the question of good, efficient rail service in western Canada, and which are designed to make the best use of energy in terms of how far it is advisable to truck grain, how far to move it by rail, and so on.

We are moving quickly to implement the Hall Commission Report. This is only one example of vast and immediate action by the government to meet the needs of the country.

I want to urge the government, the Minister of State for Urban Affairs, the Minister of Transport and others who are involved in departments and programs which directly affect the subject under debate, to continue developing positive programs to increase and improve the supply of good housing. We are about top of the list in the world. Let us keep it that way, and continue to meet the needs of Canadians who are still looking for better housing.

Some hon. Members: Hear, hear!

Mr. Jack Marshall (Humber-St. George's-St. Barbe): Mr. Speaker, I speak so often on the late show that I see I have been left seven minutes.

First of all I want to compliment my colleague, the hon. member for Ottawa-Carleton (Mrs. Pigott), for bringing in such a timely and worth-while motion condemning the government for failure to meet the critical need for housing. This is a topic that everybody knows is a serious one.

I should like to put two quotations on the record, Mr. Speaker, the first from the Poverty Task Force, Division of Mission in Canada, The United Church of Canada. In their conclusions appears the following:

> There can be no doubt that housing remains a cause of anxiety, discomfort, and social tension in Canada.

They go on to say:

> A housing policy should be based firmly on widespread good will between jurisdictions, in which all jurisdictions accept, without apology, the ongoing necessity for government policies, initiatives, participation and supervision directed at the expansion of social housing.

The report concludes with the following statement:

> The jurisdictional fences must be broken down. We call on all levels of government to put the low income public at the centre of the housing concern, and to create properly budgeted, long-range social housing programs across Canada.

We seem to have forgotten that poverty exists in Canada. Ten years ago 5 million of our population were living at the poverty level, as pointed out in the Fifth Annual Report of the Economic Council of Canada. There has been a white paper on income security, a working paper on social security, a Senate committee on poverty, and a three-year federal-provincial social security review since then, yet 5 million people are still living in poverty.

I think the minister was quoting a speech made by Mr. R. V. Hession, the president of Central Mortgage and Housing Corporation, made to the Conference Board on September 22 when he spoke about the number of people who had no toilets, wash basins, plumbing or insulation, and gave the figure of 5

per cent. We are concerned about those people because they cannot afford anything. We have good programs such as AHOP, NIP and RRAP, but they are not reaching the people who need them most. The government does not seem to realize that the NIP program is designated in the provinces, and often those very municipalities that need it cannot afford it.

The town of Stephenville in Newfoundland was given a $400,000 grant as well as the loans from the province, and was finally designated as the third municipality in Newfoundland to be a NIP area so that people in the NIP area who have low incomes could also take advantage of the RRAP program. I have a letter from the council of the town of Stephenville saying that it is not in a position to take on the additional burden of a $400,000 loan and has no intention of placing the town in the position where the federal or provincial government would have to bail them out of debt. That is pride for you, Mr. Speaker, but they cannot serve the people they are supposed to serve. Recently they lost an industry with 2,100 jobs. In the rural municipalities, often poverty is a social stigma.

● (1652)

The former parliamentary secretary to the Minister of State for Urban Affairs (Mr. Ouellet) has agreed with me and has answered my questions on a number of occasions during adjournment debates. As I have said many times before, the RRAP program is a fantastic program. But the areas have to be designated by the provinces, and there is not enough money to help those people. When one asks for more money, the government indicates that there are financial restraints. Yet the government turns around and provides $1.4 billion for a home insulation program. That program reaches a lot of people, but people in the low income class cannot afford to pay $500 in order to receive the advantage of the $350 grant. These people are not worried about whether that amount is taxable or not, because they do not care about income taxes. They do not pay taxes, because they are not earning enough.

The government has come out with a fancy yellow folder which reminds me of the old comic books. It is titled "Fix-up Your Home With Federal Government Money". When one opens the folder, one is confronted with the colours yellow, orange, red, and many fancy pictures. The folder indicates that people can do anything and receive $3,750 for nothing. Is that a wonderful program? Even people with incomes of $11,000 can receive a $750 grant. Why did we need the home insulation program? Poverty stricken people are spread right across Canada. They cannot afford to insulate. This RRAP program will do what is required: you can fix up your walls, roof, storm windows, screens, stairs, steps, porch, verandah, plumbing, electrical wiring, heating system, floor joists, foundation, and basement. Also the program allows you to put in insulation when it is necessary.

With regard to people on low incomes, I should like to refer to the attitude of various ministers in the government in their attempt to help. When the present Minister of National Defence (Mr. Danson) was the minister of state for urban affairs, through his good graces and the good graces of the hon. Minister of Veterans Affairs (Mr. MacDonald), the government gave Newfoundland $40,000 to perform a survey. Obviously the government recognized that the veterans of Newfoundland needed their homes repaired, and they could not do it because of their low incomes. There should be a survey done right across Canada of all veterans' homes, requiring repairs including the homes of the widows of veterans. There should be a program for those people to fix their homes. It should not cost anybody anything, because it should be done under the RRAP program. Instead, the government hesitates and gives stupid excuses for it not being done. These people continue to beg and borrow, and all they receive from the Minister of Veterans Affairs is an indication that the program is under consideration. The Minister of Veterans Affairs is so famous for the word consideration that it should go down with him in history.

I should like to deal with the Neighbourhood Improvement Program. Members on this side will agree that it is a reasonable program. It helps municipalities that cannot otherwise afford to select neighbourhoods and select plans to be implemented in those neighbourhoods. Under this program the minicipalities can acquire land, provide recreational facilities, and water and sewage systems. This is what the country needs. The country will never advance unless the lower income people are protected and provided with jobs in order to earn a livelihood and be good Canadians. They want to be good Canadians, but they are becoming hostile because of the attitude of the government.

As I indicated yesterday, and as the hon. member for St. John's East (Mr. McGrath) indicated, it is obvious that the bureaucrats must have gathered around a table to discover how they could create new jobs and senior positions for people in the Department of Urban Affairs. They concocted a program which splits up the country rather than uniting it. They discriminated against various sectors of the country by providing different favours or advantages under this program. Some provinces will receive non-taxable grants, while other provinces will receive taxable grants. It has been indicated that it costs more for fuel in Prince Edward Island and Nova Scotia. No one objects to those provinces having the benefit of the program. No one objects to anyone having any advantage in Canada. But why discriminate against the province which is isolated and needs help the most?

Over the years most people in Newfoundland have built their own homes. A fisherman builds his own home because he does not trust the banks. It takes approximately six or seven years for him to build his home. If he makes $1,000 in one year, he builds his basement. If he makes $2,000 the next year, then he puts the walls up. He continues along like that, because it is the only security he wants. He wants the security of a home and a piece of land. Those are the people we have to protect.

Some hon. Members: Hear, hear!

The Acting Speaker (Mr. Ethier): Order, please. It being five o'clock, it is my duty to inform the House that, pursuant to Standing Order 58(11), the proceedings on the motion of the hon. member for Ottawa-Carleton (Mrs. Pigott) have expired.

At 5 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Monday, December 5, 1977

The House met at 2 p.m.

● (1407)

ROUTINE PROCEEDINGS

[*English*]

AIRPORTS

HAMILTON—REQUEST FOR APPROVAL OF EXPANSION—MOTION UNDER S.O. 43

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, pursuant to the provisions of Standing Order 43 I rise to propose a motion on a matter of urgent and pressing necessity.

In view of unwarranted, inexcusable and unacceptable delay on the part of the Minister of Transport in selecting Hamilton Municipal Airport for expansion to a regional airport, for which there is no defence, an announcement regarding expansion having been made by the government some time in the early part of 1972, and because such indecision not only frustrates the citizens of Hamilton and district, but, as well, is unduly restricting the growth of the regional municipality of Hamilton-Wentworth in terms of business opportunity, employment, growth and revenue, all of which is known, or ought to be known, by the Minister of Transport, I seek to move, seconded by the hon. member for Parry Sound-Muskoka (Mr. Darling):

That the Minister of Transport approve forthwith the site of the existing Hamilton Municipal Airport for expansion to a regional airport and that he make a definitive statement in that regard in this House prior to December 25, 1977.

Mr. Speaker: Presentation of such a motion at this time requires unanimous consent. Is there consent?

Some hon. Members: No!

* * *

AGRICULTURE

SUGGESTED STIMULATION OF FARM ECONOMY—MOTION UNDER S.O. 43

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, I, too, rise under the provisions of Standing Order 43 to present a motion on a matter of urgent and pressing necessity. The gravity of the slide in farm incomes—down about one quarter from 1975—has been brought home once again by the recent layoffs of 500 workers by Massey-Ferguson in Brantford.

To remove some of the uncertainty facing farmers and the industries that depend on them, I move, seconded by the hon. member for Greenwood (Mr. Brewin):

That this House urge the government to announce immediate steps to stimulate the farm economy.

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

Some hon. Members: No!

* * *

EXTERNAL AFFAIRS

SUGGESTED PROTEST TO FRANCE OVER CRUELTY OF PÂTÉ DE FOIE GRAS INDUSTRY—MOTION UNDER S.O. 43

Mr. John Crosbie (St. John's West): Mr. Speaker, I, too, rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. Since the government of France in a most insincere and hypocritical manner has banned the importation of harp seal furs into France because of the alleged cruelty of the seal hunt, and since the government of France continues to ignore the fact that in the production of pâté de foie gras the Frenchmen treat with great cruelty the French goose—

Some hon. Members: Oh, oh!

Mr. Crosbie: —which is force fed and otherwise handled in an outrageous manner to satisfy the palates of the Frenchmen and the jaded appetites of the wealthy, I move, seconded by the hon. member for Hamilton West (Mr. Alexander):

That the Government of Canada send a diplomatic note to the Government of France drawing to the attention of that government the cruelty practised by the pâté de foie gras industry of France and the abhorrence this practice arouses in all civilized countries and requesting the French government to outlaw this practice, and further, that this House directs the government to make the necessary orders in council to forbid the importation of pâté de foie gras into Canada immediately as requested by the Save the French Goose Society.

Some hon. Members: Oh, oh!

Mr. Speaker: Before such a motion can be presented, unanimous consent is required under the terms of Standing Order 43. Is there unanimous consent?

Some hon. Members: Hear, hear!

An hon. Member: No!

Trade

EXPRESSION OF REGRET TO SOUTH AFRICA AT MANNER OF DEALING WITH DEATH OF MR. BIKO—MOTION UNDER S.O. 43

Mr. Andrew Brewin (Greenwood): I rise on a matter of urgent and pressing necessity under the terms of Standing Order 43. I move, seconded by the hon. member for Yorkton-Melville (Mr. Nystrom):

That this House, having taken note of the mysterious circumstances surrounding the death of Mr. Biko, a respected black leader of the South African people, and the extraordinary findings by a court that no one was responsible for his tragic death, instruct the government to express to the authorities of South Africa its regret, both at the tragic event itself and at the manner in which it has been dealt with.

Mr. Speaker: Hon. members have heard the proposed motion. Is there consent for it to be presented?

Some hon. Members: No!

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MANPOWER

SUGGESTED PROGRAM TO TRAIN EMPLOYEES FOR NUCLEAR POWER STATIONS—MOTION UNDER S.O. 43

Mr. R. E. McKinley (Huron-Middlesex): Mr. Speaker, I rise under the provisions of Standing Order 43 to present a motion on a matter of urgent and pressing necessity. In light of the fact that the builders of the nuclear power project at Douglas Point have found it necessary to import skilled tradesmen from the British Isles to work on this project, I move, seconded by the hon. member for Grey-Simcoe (Mr. Mitges):

That this House urge the Minister of Employment and Immigration to refer this matter to the Manpower Retraining Division in his department and instruct it to set up a program whereby Canadians will be provided with the necessary training to fill these positions.

Mr. Speaker: Such a motion requires unanimous consent before it can be debated. Is there such consent?

Some hon. Members: No!

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● (1412)

TRADE

PROPOSED IMPOSITION OF TARIFFS ON IMPORTATION OF NICKEL CARBONATE AND FLUORSPAR—MOTION UNDER S.O. 43

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, I rise under the provisions of Standing Order 43 to ask the unanimous consent of the House to deal with a matter of urgent and pressing necessity. In view of the fact that layoffs in the nickel industry now number over 4,000 and that while this is happening we continue to import nickel carbonate for refineries in Fort Saskatchewan, and in view of the fact that Alcan is laying off workers in a fluorspar mine in St. Lawrence, Newfoundland, and then turning around and purchasing fluorspar from Noranda in Mexico, I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

[Mr. Speaker.]

That this House instruct the government to impose a temporary 13 per cent import tariff on nickel carbonate and fluorspar similar to the 13 per cent temporary import tariff on refined nickel by Japan.

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

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

INCOME TAX

ALLEGATION MR. LILLIE CAN OBTAIN CONFIDENTIAL TAX INFORMATION—REQUEST FOR INVESTIGATION

Mr. Perrin Beatty (Wellington-Grey-Dufferin-Waterloo): Mr. Speaker, I have a question for the Minister of National Revenue. On Saturday, the Toronto *Globe and Mail* carried a front page report which indicated that an unlicensed Toronto private investigator by the name of James David Lillie had stated that he was the individual who had made available to Charles Templeton and Pierre Berton the personal and confidential tax information from the files of individual Canadians. Further Mr. Lillie was reported to have said to the *Globe and Mail* that he would be able to get the same information about members of the federal cabinet and the Speaker of the House of Commons. May I ask the minister whether he has investigated the claims made by Mr. Lillie in the *Globe and Mail,* and in particular has the minister investigated the possibility that Mr. Lillie may have information from the confidential tax files of the Speaker of the House of Commons?

Hon. Joseph-Philippe Guay (Minister of National Revenue): Mr. Speaker, I can assure the House that the RCMP have been investigating Mr. Lillie in connection with this affair right from the outset. To say much more about it at this time might hamper our investigation. I may say further, Mr. Speaker, that the investigation has determined that no access to computer records was involved in this case. The information was obtained from the Vancouver, Montreal and Ottawa district offices of the department by a man who phoned these offices, representing himself as an official of the department needing the information in the pursuit of some taxation matter. The caller—

Mr. Beatty: *Amicus curiae.*

Mr. Guay (St. Boniface): Don't be naive. This was before the Pierre Berton show; keep that in mind. The caller had sufficient knowledge of the internal procedures to fool the employees whom he reached, and these employees innocently supplied him with the information from the paper records. I want to assure you, Mr. Speaker, as I have already said, that I

immediately ordered changes in procedure to guard against a recurrence. Investigation is continuing into the possibility that an employee in our department was involved in a violation of the confidentiality provisions of the Income Tax Act. It must be appreciated that the department has 16,000 employees.

POSSIBILITY CONFIDENTIALITY OF MR. SPEAKER'S TAX INFORMATION HAS BEEN BREACHED

Mr. Perrin Beatty (Wellington-Grey-Dufferin-Waterloo): A supplementary question, Mr. Speaker. We now learn from the minister that he is in fact investigating that the RCMP has talked to Mr. Lillie. In view of the fact that just last Wednesday the Minister of National Revenue indicated in the House that the only cases that he was aware of where the confidential tax information of individuals had been passed on to unauthorized individuals were the four cases mentioned by Charles Templeton and Pierre Berton, may I ask the minister why it is necessary, with this two weeks of intensive investigation, for Canadians to learn who was responsible for this from the front pages of the *Globe and Mail*? Specifically, may I ask the minister whether he has conducted further investigations to see whether such individuals as the Speaker of the House of Commons and other persons have had their confidential tax information leaked to unauthorized individuals by his department?

Hon. Joseph-Philippe Guay (Minister of National Revenue): Mr. Speaker, as I said last Friday, and as I have said many times before to the same hon. gentleman, I would rather the report had not appeared in the *Globe and Mail* because it would jeopardize the investigation which is taking place. When I explain it in that way I hope the hon. member will understand the meaning of it. In fact, I think anything we may say about this particular case may jeopardize what is now taking place. I have said this before and I will repeat it again and again.

● (1417)

POSSIBILITY OF UNAUTHORIZED PERSONS OBTAINING TAX INFORMATION

Mr. Perrin Beatty (Wellington-Grey-Dufferin-Waterloo): Mr. Speaker, the only thing the minister is concerned about having exposed is his own lack of knowledge about what is happening in his own department. When the House opened today the minister passed me a letter in reply to my questions about an interview on "As It Happens" with Mr. David Ingram of CEN-TA Tax Services of Vancouver. In the minister's letter he indicates that Mr. Ingram confirmed that for years he had been able to get tax information about his clients from the tax department without showing specific authorization. Is it the minister's position that because of the fact that Mr. Ingram was not obtaining this information for fraudulent purposes, in spite of the fact he could get the information without showing any authorization from the individual in question, it is impossible for a person posing as a chartered accountant but who is totally unauthorized and wants the information for improper purposes to get that information from his department?

Hon. Joseph-Philippe Guay (Minister of National Revenue): First of all, Mr. Speaker, I want to say to you that this question was placed to me on Friday. I told the hon. gentleman I would have an answer for him today. I have supplied him with a letter, and it is unfortunate that the hon. member either cannot read or does not understand the second paragraph in the letter. If I must, I will quote the letter in the House. Let me quote this part:

> Mr. Ingram's allegations, like your own, are general and his examples so hypothetical that it is quite evidently incumbent upon him to support his generalities with specifics.

I suggest that is what the hon. member should also do. I stated in addition:

> I will go over his interview point by point with that in mind.

I did that in the whole letter, and every point is defined in that letter I have given the hon. member. If he would take the time, and I know I gave it to him at two o'clock, to read the letter, he will find that the contents of that letter show that there is nothing behind the allegation.

* * *

GOVERNMENT ADMINISTRATION

ALLEGATION UNAUTHORIZED PERSONS HAVE ACCESS TO CONFIDENTIAL INFORMATION—REQUEST FOR INVESTIGATION

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, I see that the minister is a little up tight because of his incompetency and the incompetency of his department, so let me pose my question to the President of the Treasury Board who I know is interested in the good and well wishes of all his employees. I will quote from the particular *Globe and Mail* article, and I see the Prime Minister does not care as he is smiling.

Mr. Trudeau: I am smiling at you.

Mr. Alexander: The article states:

> Mr. Lillie and Mr. Meredith say they can get information from income tax returns, police records from the RCMP's computer in Ottawa, family allowance and unemployment insurance records, Canada Pension Plan files and change-of-address forms filed with the Post Office.

Having heard that, I wonder whether the minister is prepared to say now that this type of alleged statement coming from Lillie and Meredith would certainly necessitate an investigation under the Inquiries Act, and because of the ineffectiveness of the Postmaster General's inquiry, is the minister prepared to recommend that an inquiry under the Inquiries Act be implemented immediately in order to get to the bottom of this entire matter?

Hon. Robert K. Andras (President of the Treasury Board): Mr. Speaker, I think the investigation by the Post Office department and the Postmaster General, as he has indicated, is proceeding in a beneficial way. I think the facts are going to

come out, and wherever we do have the specific information, as my colleague, the Postmaster General has said, and as it appears some hon. members have, we most certainly will investigate it to the full.

* * *

INCOME TAX

REASON FOR FAILURE TO INVESTIGATE POSSIBILITY OF LEAK OF MR. SPEAKER'S TAX INFORMATION

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, in light of the fact the minister indicated eight or nine days ago he only knew of four persons involved, as disclosed to him by Messrs. Templeton and Berton, will the minister advise this House how his department missed the possibility that these gentlemen involved in questions regarding this information had the Speaker's income tax returns? Does that not show there is a certain amount of inefficiency regarding his investigation of this matter? How did they miss reference to the Speaker's tax information?

Hon. Joseph-Philippe Guay (Minister of National Revenue): First of all, Mr. Speaker, I would like to say to the hon. gentleman that I did know before the broadcast. Although I said on Friday I did not know before the broadcast, I did know. I knew it when the Prime Minister's office told me at 8.10 in the morning and that was about two hours before the broadcast. I did not know the day before as did some hon. members of the opposition. Having regard to the allegations, and I use that word "allegations", the hon. member is making, they have reference to four specific cases in mind and there are no others to my knowledge. If there are other cases, please be specific and tell me which ones they are. Since those four cases were brought to my attention on the day of the Pierre Berton and Charles Templeton show, the investigations have been ongoing. More harm has been done by the allegations made by hon. members opposite than anything else.

Some hon. Members: Hear, hear!

● (1422)

MINISTER'S KNOWLEDGE OF LEAKS OF TAX INFORMATION—LENGTH OF INVESTIGATION

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, I should like to direct my supplementary question to the hon. Minister of National Revenue. Can the minister advise this House as to how long the investigation has been going on? Did he know of Mr. Lillie and Mr. Meredith prior to the time the *Globe and Mail* exposed the story? If so, why was he not more honest to this House when he made his declarations in this regard?

Hon. Joseph-Philippe Guay (Minister of National Revenue): Mr. Speaker, I am surprised that a good lawyer, such as the hon. member who is speaking to me, cannot deduce from what I have said the reason there was no public statement. We knew Mr. Lillie was involved, but we did not want to spell it out. That was for obvious reasons. It was because of the investigation.

Mr. Whiteway: Oh, oh!

Mr. Guay (St. Boniface): Mr. Speaker, the hon. member for Selkirk often speaks from his seat, rather than rising. He should remain in his seat.

Mr. Hnatyshyn: From whom did you learn that line, Joe?

Mr. Guay (St. Boniface): I do not believe I have to repeat what I said before. I will answer the question as to how long the investigation will take place. We will take all the time necessary to make a thorough investigation, so that you will receive all the details of it, if and when they come out. I hope those details will be revealed as soon as possible.

* * *

MANPOWER

LAY-OFFS IN MINING INDUSTRY—GOVERNMENT ACTION TO AVOID

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, my question is for the minister of unemployment. In view of the fact that Falconbridge Nickel, INCO and Alcan have recently announced lay-offs which total 4,000 or more; and in view of the fact that authorities in the mining industry have predicted by next spring as many as 20,000 mine workers will have been laid off, can the minister confirm the accurary of those predictions? Can he tell the House what steps he intends to take to ensure that such drastic lay-offs do not occur?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, for the edification of the hon. member who cannot read my title is Minister of Employment and Immigration.

Some hon. Members: Hear, hear!

Mr. Cullen: This kind of hyperbole does absolutely no good, and discourages any hope which people working for INCO or Falconbridge might have that their jobs will be secure or that they might find jobs in the future. In the month of July I indicated, before this kind of hyperbole was being used, that my department alone placed 1,400 miners in jobs. Thus, all is not the gloom and doom that is being spread by the hon. members of the New Democratic Party.

* * *

RESOURCES

POSSIBILITY MINISTER WILL MEET WITH MINING EXECUTIVES TO DISCUSS LAY-OFFS

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, I should like to direct my supplementary question to the Minister of Energy, Mines and Resources. In view of the fact that this

minister and the government has never been on top of the employment situation in the mining industry of this country; and in view of the fact that Falconbridge Nickel Mines has announced already hundreds of lay-offs, and hundreds more are going to be made, can the minister tell the House if he intends to meet with the boards of directors of Falconbridge Nickel Mines and the other mining companies that are threatening lay-offs in order to discuss that situation?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, already I have met with the chief executive officers of INCO. I have also been in touch with the chief executive officer of Falconbridge. There may well be further meetings with respect to these companies and others. A number of mining companies have been to Sudbury trying to recruit miners for their operations across the country. They have not yet been successful in being able to recruit very many. This seems to support the contention of my colleague who has just answered questions on this particular point. I can assure the hon. member, if there are miners in the Sudbury area looking for employment with Eldorado or with some of the other significant mining corporations, that there are openings available.

* * *

FINANCE

PROPOSED IMPOSITION OF TARIFF ON IMPORTED NICKEL CARBONATE AND FLUORSPAR

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, the mining companies which have gone into Sudbury looking for employees have asked for three years of experience, and the lay-off date is two years, 161 days. Therefore, the minister's reply is full of baloney. I want to direct my supplementary question to the Minister of Finance. In view of the fact that a certain amount of unemployment in this country is due to decisions by corporations to purchase minerals abroad which could be mined in Canada, such as the decision by Alcan to close down their fluorspar mine in St. Lawrence and the action of Sherritt Gordon in importing nickel carbonate for the Saskatchewan plant, can the minister tell the House if he is now considering placing a temporary tariff on the import of fluorspar or nickel carbonate, possibly in the neighbourhood of the 13 per cent Japanese tariff against imported nickel?

● (1427)

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I have already answered this question a few weeks ago. We have examined that proposal and the product imported by the Aluminium Company of Canada Ltd. does not replace the one produced in Newfoundland. So one cannot be replaced by the other. I am no expert but that is what the experts told me in my department.

As to the other part of the question, I think that the Minister of Energy, Mines and Resources has already given an answer in the House a few weeks ago.

* * *

REGIONAL ECONOMIC EXPANSION

REQUEST FOR PROGRESS REPORT FOLLOWING SIGNING OF HIGHWAY AGREEMENT WITH QUEBEC

Mr. Gérard Laprise (Abitibi): Mr. Speaker, my question is directed to the Minister of Regional Economic Expansion. On June 22, 1977 the minister announced the signature of an agreement with a minister of the Quebec government dealing mostly with forestry development and some road systems in Quebec involving $440 million. Could the minister tell the House if following that agreement there have been other new developments or whether only that agreement dealing mainly with road construction was signed?

Hon. Marcel Lessard (Minister of Regional Economic Expansion): Mr. Speaker, some steps were taken since the signature of the agreement. Some contracts were awarded by the provincial government responsible for carrying out the agreement as such for highways, access roads in forest areas and reforestation. In those three areas, agreements have been signed. Action is under way, jobs have been created and others will be created in the next few months.

* * *

[*English*]

AIR TRANSPORT

POSSIBILITY POLITICAL EMBARRASSMENT RESULT OF ENFORCEMENT OF SAFETY REGULATIONS—REQUEST FOR TABLING OF REPORT

Mr. Don Mazankowski (Vegreville): Mr. Speaker, I should like to direct a question to the Minister of Transport. It arises out of the telex that was released to the Standing Committee on Transport and Communications by my colleague, the hon. member for Winnipeg South Centre, which was sent by the Director of the Aeronautical Licensing and Inspection Branch of MOT which alluded, among other things, to the possibility of political embarrassment as a result of the enforcement of air regulations. Has the minister had an opportunity to review the telex and to discuss the contents with the director, Mr. Bolduc, and, if so, can he provide an explanation to the House in connection with that matter?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, I have found that similar words have been used in other cases in connection with investigations into air carrier licensing and the like. At this point I understand that the words were meant to mean that very important civil liberties issues are involved for the carriers since licences might be suspended. I have indicated that I do not think the words used carry that message very

effectively or very well and they will no doubt be revised accordingly.

Mr. Mazankowski: Having regard to the fact that this is now the second example of suggested political interference or undue political pressure—the other example being the report that was made by the two members of the minister's department in the investigation of air safety in northern Ontario—and having regard to the fact that the minister has indicated he wants to be as wide open as possible in regulatory problems, I am sure he has now had an opportunity to review the report of the two members of his department. If so, is he now in a position to table that report, and now that we have these two specific examples, can he outline to the House what action he intends to take in that regard?

Mr. Lang: I do not think the hon. member is really being fair in suggesting that the message from headquarters to the people in the field is an example of political interference because what it suggests simply is that in moving to remove the licenses from an air carrier there should be concern in the interests and the rights of the carriers and of the citizens who are served by that carrier and a broad view should be taken of the impact of that removal of service. That is an important point for officials to bear in mind when they are moving against citizens and depriving citizens of their rights.

● (1432)

On the other question, I have had a chance to look at the report. Parts of it contain what I think will have to remain confidential descriptions of specific people and carriers, and it would not be fair to them to have that made public. However, I am looking at what can be published. I can say that I have had a chance to compare the report with the story in the *Globe and Mail,* and I will confirm for hon. members that the *Globe and Mail* story contains a pretty useful summary of the analysis and conclusion. I will also indicate that the investigation which was made by my officials was very far-reaching and without any limitations or restrictions upon it. That is a pretty good basis upon which to act, and we have already begun to take action in relation to it.

Mr. Mazankowski: Is the minister now saying that he does not intend to follow through with a public inquiry, or at least a reference to the Standing Committee on Transport and Communications, to investigate the specific charges of undue political interference?

Mr. Lang: Mr. Speaker, I will want to reflect somewhat further on the kind of action which we can take immediately, and I expect probably at a fairly early opportunity to be able to indicate to hon. members of this House and to the public what we have done and why that really does deal with a number of problems which were cited in the course of the investigation. I think that is the most important thing. Indeed, I have already acted on a number of fronts. The investigators indicated that a good deal of the problem was due to enforcement problems. I have instructed that additional inspectors be hired and a significant number of them made available to the north. I have accepted another recommendation of the investigators, which is that the regional controllers have some power to act immediately to suspend operating licences and the like in order to make the investigations by inspectors more effective, and I have taken action on that as well. It is that kind of action which I think will at the earliest date restore confidence in the operation of all carriers. I think we should also remember that it is just a few carriers which cause most of the problem, and we should not let all carriers be labelled because of that fact.

POSSIBILITY MR. MACLEISH ISSUED DIRECTIVE SAFETY INSPECTORS NOT REMOVE LICENCES FOR BREACH OF SAFETY REGULATIONS

Mr. Dan McKenzie (Winnipeg South Centre): Mr. Speaker, I also have a question for the Minister of Transport. Would the minister inform the House whether Mr. Walter MacLeish as air administrator sent a similar directive to safety inspectors to the effect that they were not to ground airlines over safety infractions? Did he issue a similar directive following Mr. Bolduc's directive?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, I think the hon. member would have to identify a little more precisely what kind of directive he means, and if he is asking a sweeping question about whether an official issued a certain directive I would obviously need time to check that. I did indicate to the hon. member for Vegreville that the actual four points or items listed in Mr. Bolduc's telegram I have found repeated in another letter, but not by the official named by the hon. member. It was by another official, so I can check to see whether it was a form or a standard caution or practice, and I am also seeing that it is changed.

INQUIRY WHETHER MR. BOLDUC STILL EMPLOYED

Mr. Dan McKenzie (Winnipeg South Centre): Is Mr. R. L. Bolduc, the director of aeronautical licensing, still in that position, has he submitted his resignation or is the minister requesting his resignation?

Hon. Otto E. Lang (Minister of Transport): I am certainly not requesting it, and I do not know if the hon. member is again abusing privileges by even suggesting it.

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[*Translation*]

HOUSING

POSSIBILITY OF SUBSIDIZING RENTAL ACCOMMODATION AT OLYMPIC VILLAGE

Mr. Arthur Portelance (Gamelin): Mr. Speaker, I wish to direct a question to the Minister of State for Urban Affairs. I should like to ascertain what the Canadian government intends to do concerning the Olympic Village. More specifically, has the responsible minister decided to help financially a non-profit organization buy the Olympic Village from the Quebec

government, although this organization may be a sort of subsidiary of the Quebec government's own housing corporation? Is the minister prepared to subsidize housing to make sure that Montreal senior citizens and low income families may also find shelter in the Olympic Village?

Hon. André Ouellet (Minister of State for Urban Affairs): Mr. Speaker, I wish to indicate that the Canadian government intends to make it possible for senior citizens and people with low incomes to become tenants of the Olympic Village. We could help these people by paying part of their rentals by way of contributions under section 44(1)(a) of the National Housing Act. On the other hand, we are seriously wondering why the Quebec government is demanding $33 million from the non-profit organization which is apparently to become the owner of the Olympic Village. We feel that this purchase should be made against payment of a nominal fee, which would spare the future owner the problem of capital financing.

* * *

[*English*]

TRADE

SUGGESTED INITIATION OF TRADE FAIRS

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, I have a question for the Prime Minister. As the Canadian Manufacturers Association has stated that if this country could overcome its $11 billion trade deficit each year in manufactured products, it could make available 800,000 additional jobs for Canadians to work at, would the Prime Minister seriously consider initiating "operation world markets" which would bring principal buyers from the most important industrial countries of the world to this country to see our manufactured products at giant trade fairs in Montreal, Toronto, Winnipeg and Vancouver and our heavy machinery in the plants where it is made across the country?

Mr. Speaker: Order, please. The hon. member surely is making a representation rather than asking a question.

Mr. Hees: Mr. Speaker—

Mr. Speaker: Order, please. The hon. member for York-Simcoe.

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PUBLIC SERVICE

POSITION OF MINISTER OF FINANCE ON INDEXING PENSIONS

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, my question is for the Minister of Finance. Speaking to a group of businessmen in Toronto last Wednesday the minister very boldly told them that he and the government were considering capping public service pensions. By Friday the minister got away from that bold position. During a CBC interview he stated: "I don't think we could get away with it". It now being Monday, could the minister bring us up to date concerning his present position with respect to the indexation of civil service pensions?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I have talked about this in the committee. I have said nothing different from what I said to the businessmen in Toronto. This is a problem about which the President of the Treasury Board has spoken. There is much concern about the level of the pensions of some of the higher echelons of the civil service, and one solution could be the capping of those pensions. The President of the Treasury Board has already mentioned that. As usual, the hon. member takes only a little part of my remarks to make his point. When I was asked about the lower echelons, I said that it would be most difficult. That is exactly what I said, but that is not what the hon. member wants to say to the House.

EQUALIZATION OF SALARIES WITH PRIVATE SECTOR—CAPPING OF PENSIONS

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, my supplementary question is to the Prime Minister. As the Prime Minister knows, last July a letter was sent on behalf of the government to business and labour leaders. One part of that letter indicates that the government would attempt to lower compensation for civil servants to the level of their counterparts in the private sector. The Minister of Finance was asked to comment on this at his meeting in Toronto on Wednesday. Would the Prime Minister indicate what progress has been made with respect to bringing civil service salaries down to the level of salaries in the private sector?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I am afraid the hon. member may be inadvertently misleading the House when he indicates that civil service salaries should be lowered to the level of private sector salaries. What we have said is that salaries should be comparable as much as possible so that the public sector would not lead the private sector but would be able to pay a fair compensation comparable to the private sector. There has been a great deal of progress made in this regard. The President of the Treasury Board has met with his opposite numbers in the provinces to discuss this matter. It is a matter which has been very very central to the meetings I have had with the premiers in my current visits with them. I am sure that we will have occasion to report further on this matter to the House in due course.

Mr. Stevens: Mr. Speaker, I wish the Prime Minister would brief his Minister of Finance a little more fully before he speaks to his business friends in Toronto. The Minister of Finance at that time was not referring to an upward revision of civil service salaries or compensation, but one to bring them down to a more comparable level with the private sector. Would the Prime Minister indicate if from his remark today he is implying that what was in mind in July when he wrote to the business and labour leaders in the country was a general increasing of the civil service salaries and, specifically, what is

the Prime Minister's attitude on the capping of pensions as far as indexing is concerned with regard to civil servants?

● (1442)

Mr. Knowles (Winnipeg North Centre): What is the Tory position on that?

Some hon. Members: Hear, hear!

Mr. Trudeau: Mr. Speaker, when we speak of compensation we talk of total compensation. This, of course, includes the fringe benefits such as pensions. On pensions, the President of the Treasury Board is conducting a study into the whole pension question as it applies to all employees and persons paid by the federal government. We expect a report on that soon. I believe the first question was asked of my colleague, the Minister of Finance, on the basis of pensions. The hon. member then asked me a question on general compensation. It was to that question I was replying.

In that area, Mr. Speaker, one must realize that the upper echelons of the public service are paid considerably less than the private sector. I refer the hon. member to the last report of the Lambert commission which indicates that the Public Service of Canada in the upper echelons is way below comparable jobs exercised in the private sectors. The hon. member asks should they come up. The hon. member knows we have implemented the recommendations in part of the Lambert commission, previously the Clyne commission, and we discussed this before the House. He can refer to that to see what action we took. He will find that there was general criticism from the other side no matter what action we took.

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GRAIN

WHEAT—DATE OF INCREASE IN DOMESTIC PRICE—POSSIBILITY OF CHANGING FORMULA FOR FIXING FLOOR PRICE

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, my question is to the minister in charge of the Canadian Wheat Board. It is now some five or six months since he began promising an increase in the price of domestic wheat under the two price system. As the minister knows, the price has been steady at $3.25 a bushel and production costs are now as high as $3.96, according to the Department of Agriculture. When will the minister announce that increase, or is he trying to weasel out of it since he has now been talking about it for five or six months?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, the hon. member is once again using the word "promising". What has been the case is that we have been talking about it with farm organizations and looking at the issues involved. I indicated to the House only last week that I expected a resolution and decision on the question within this month. Of course, the hon. member is misleading the House, again unintentionally I suppose, in saying that the price was fixed at $3.25 a few years ago. The truth is in 1973 it was set for seven years in the range of $3.25 to $5. For most of the period since that time, it has been well above the $3.25 floor. Notwithstanding that, it is our intention to review the question of how inflation moved faster than expected in the period between 1974 and 1976. That is what we are now taking into account in our discussions.

Mr. Nystrom: Mr. Speaker, the floor price has indeed been set at $3.25 since September 1973. Is the minister considering introducing any changes to the act so that this floor price will be automatically indexed to farm input costs, in other words, the cost of production?

Mr. Lang: Mr. Speaker, the hon. member is ignoring that what was entered into in 1973 was a seven year arrangement with a price between $3.25 and $5. It was not suggested that the floor line would necessarily be adequate in terms of return by the farmers. The key is whether that price range, given some highs as well as some lows, would be fair. Dealing with the legislation in the House and in committee, we recognized that inflation at that time had already moved rather rapidly, probably more rapidly than had been anticipated in 1973. Accordingly, we built a potential review factor into the legislation. It is that review which is now going on.

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CONSUMER AFFAIRS

RUMOUR DEPARTMENT TO BE ELIMINATED—GOVERNMENT POSITION

Hon. Herb Gray (Windsor West): Mr. Speaker, my question is to the Prime Minister. Last Thursday, in answer to a question by the hon. member for Matane, the Prime Minister confirmed that rumours reported in the press that the government intends or is contemplating eliminating the Department of Regional Economic Expansion were false. I therefore ask the Prime Minister to confirm that the rumours reported in the press over the weekend that the government intends or is even contemplating eliminating the Department of Consumer and Corporate Affairs are also false. I ask this in view of the fact that most of the work of that department is to administer statutes adopted by parliament in the interest of consumers and in fact of all Canadians who come together in the market place and the government has said it intends to rely primarily on the market place in order to enable Canadians to achieve their goals of well-being.

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I can confirm that as far as I know there is no foundation to such a rumour or to the other rumours which accompanied that one. I should say to the House that every once in a while the government or members of the public service have an urge to reduce the number of ministries. There may be some place in the civil service where work is going on with regard to reducing the number of ministries. I can assure the hon. member there is no present policy for the government to reduce the number of ministries or, for that matter, to multiply

them. I can say that if there were such a movement, it certainly would not begin with the Department of Consumer and Corporate Affairs of which the hon. member was such a distinguished minister.

Some hon. Members: Hear, hear!

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INFORMATION

DATE OF REFERENCE TO COMMITTEE OF GREEN PAPER ON FREEDOM OF ACCESS

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I will ask my original question and defer from asking the Prime Minister about eliminating a few ministers. My question is to the President of the Privy Council. Does the government intend before Christmas to present to the House for consideration the green paper on access to government information to be referred to the Joint Committee of the House and Senate on Regulations and Statutory Instruments?

Hon. Allan J. MacEachen (Deputy Prime Minister): Mr. Speaker, the Secretary of State is responsible for that particular document. It was issued in his name. The moment he is ready to proceed, I will he happy to put the motion on the order paper.

Mr. Baldwin: I thank the minister for that information. Can he assure the House that it is not because the government has found too many skeletons still rattling around in the government closets that he refused to bring it in?

Mr. Speaker: Order, please.

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FINANCE

REQUEST FOR MEETING BETWEEN GATT NEGOTIATORS AND CERTAIN INDUSTRIES

Mr. Fred McCain (Carleton-Charlotte): Mr. Speaker, my question is directed to the Minister of Finance. It is further to a question asked earlier when I asked the minister if he would arrange for a committee of the House to meet with the various economic sectors in Canada and with the negotiators for the upcoming GATT negotiations to determine whether the rates on certain goods entering Canada can be upgraded for the increment of employment and the greater viability of certain industries in Canada.

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, last week the President of Privy Council stated that we are willing to ensure that in these negotiations the negotiators meet the different parties that have an interest in the Geneva conference. The policy is still the same. If there are some sectors in which the hon. member has a specific interest, he can let us know and we will ask our officials to be in touch with those groups.

AGRICULTURE

REQUEST FOR MEETING BETWEEN INDUSTRY REPRESENTATIVES AND GATT NEGOTIATORS

Mr. Fred McCain (Carleton-Charlotte): Mr. Speaker, I will direct my supplementary to the Minister of Agriculture. In view of the impact that trade negotiations could have on agriculture with regard to improvement, will the Minister of Agriculture attempt to have the government reverse its position in general on such a committee, in particular on agriculture, so that those who have any complaint about the proposals of the tariff board can put these complaints directly before members of the House, the negotiators of GATT and members of the cabinet as well?

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, I hope the hon. member is not intentionally implying that there has been no discussion between these groups. There has been a tremendous amount of discussion. There was discussion this morning at the food strategy meeting with the Canadian Federation of Agriculture, the Food Processors Association and the Meat Packers Council on Tariffs. They all had some input. I have already discussed with the President of Privy Council, the House leader, the possibility of members who have expressed an interest in agriculture, fisheries or industry, being on that committee in order that they will have a better understanding of what is going on in the tariff negotiations.

* * *

● (1452)

[*Translation*]

EXTERNAL AFFAIRS

TYPES OF SERVICES SUPPLIED TO AFRICAN COUNTRIES

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, in view of the absence of the Secretary of State for External Affairs, I should like to direct a question to one of the other spokesmen for the government in the matter, more specifically to the Minister of Supply and Services in charge of setting up a Francophone Commonwealth centered on Canada. Here is my question: During his recent African tour, with what types of supplies and services did he provide the countries visited?

Hon. Jean-Pierre Goyer (Minister of Supply and Services): Naturally, the services of the Department of External Affairs, the Department of Industry, Trade and Commerce, the Canadian International Development Agency as well as the good offices of Canada towards the Third World.

Mr. Munro (Esquimalt-Saanich): Mr. Speaker, I should also like to put a question to him concerning the various countries visited. Did he go to the Central African empire with a view to soliciting the support of Emperor Bokassa in his proposed Francophone Commonwealth centered on Canada?

Mr. Goyer: Mr. Speaker, I went neither to Central Africa nor to Uganda.

Oral Questions

CONSUMER AFFAIRS

ACCEPTANCE BY MANUFACTURERS OF AUTOMOBILES OF VOLUNTARY CODE AGAINST CORROSION—MINISTER'S POSITION

Mr. Eymard Corbin (Madawaska-Victoria): Mr. Speaker, my question is directed to the Minister of Consumer and Corporate Affairs.

As, at this time of the year, rusting of their automobiles is of particular concern to Canadians, can the minister tell the House if all the manufacturers of cars sold in Canada have voluntarily accepted the code against corrosion that was proposed by his predecessor, and if not, what steps does he intend to take to force the industry to solve that problem?

[*English*]

Hon. Warren Allmand (Minister of Consumer and Corporate Affairs): When the draft anti-corrosion code was published earlier this year my predecessor and his provincial counterparts set up a task force to develop and implement the code. That work has been continued. I hope early in the New Year to announce the code in its final form as well as instructions for car care and other measures. I must add that if the code is not complied with voluntarily we shall have to consider legislative measures.

* * *

FINANCE

POSSIBILITY OF NEGOTIATIONS TO JOIN EUROPEAN COMMON MARKET IN VIEW OF DETERIORATING EXPORT TRADE

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, my question is directed to the Minister of Finance. Having regard to the serious economic conditions in Canada today and, in general terms, the serious deterioration of our export trade, may I ask whether it is a fact that negotiations have been going on for some time on the part of the government with members of the European Common Market with a view to arriving at a basis upon which Canada can join the ECM?

Hon. Jean Chrétien (Minister of Finance): I should inform the right hon. member that last year we had a trade surplus of one billion dollars and that this year it will be $2.5 billion. As to joining the Common Market, no such discussions are going on that I know of.

Mr. Diefenbaker: Statistics by the minister are as far removed from the truth as it is possible for a statement to be.

Some hon. Members: Shame!

Mr. Diefenbaker: I wonder if we can get silence from that chorus of geese over there. I ask the minister this: is there no foundation for press references to the effect that a minister is presently in Europe with a view, among other things, to looking into the admission of Canada to the European Common Market?

[Mr. Goyer.]

Mr. Chrétien: I always want to be extremely nice to the right hon. member. I cannot tell him we will have a deficit of $2.5 billion when we will have a surplus of $2.5 billion because I would then be lying to the House. I cannot escape telling the truth. We had a minister in Europe last week, the very good Minister of Industry, Trade and Commerce—

Some hon. Members: Hear, hear!

Mr. Chrétien: I know the right hon. member shares my views about the qualities of the hon. member for Crowfoot. I am sure that his visit impressed the Europeans very much but I am also sure he has not offered to join the ECM.

Mr. Diefenbaker: I rise only to congratulate the minister on his inability to know the constituency of the latest recruit to the Liberal Party.

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HOUSE OF COMMONS

PRESENCE IN GALLERY OF DELEGATION FROM EUROPEAN PARLIAMENT

Mr. Speaker: Perhaps this would be an appropriate moment at which to call attention to the presence in our gallery of a delegation from the European Parliament led by a distinguished member, Mr. James Scott Hopkins of the United Kingdom.

Some hon. Members: Hear, hear!

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EXTERNAL AFFAIRS

CANADA'S ATTITUDE TOWARDS MULTINATIONAL CORPORATIONS IN SOUTH AFRICA—POSSIBILITY OF REVIEW

Mr. Andrew Brewin (Greenwood): Mr. Speaker, in the absence of the Secretary of State for External Affairs I should like to address my question to the Prime Minister. The Secretary of State in September referred to Canada's attitude to the behaviour of Canadian-owned multinational corporations in South Africa as "a bit of a cop-out". Is the government reviewing its stand on tax concessions or other support for Canadian corporations in South Africa involved in taking advantage of the South African policy of apartheid which discriminates against the majority of the population?

Right Hon. P. E. Trudeau (Prime Minister): Yes, Mr. Speaker. Relations between Canada and South Africa are presently under review.

INFORMATION

VIEWS OF GORDON ROBERTSON ON GOVERNMENT SECRECY—GOVERNMENT POSITION

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, my question is supplementary to that posed by my hon. friend from Peace River and is addressed to the Prime Minister. It relates to a speech given by the Secretary to the Cabinet for federal-provincial relations on the subject of government secrecy. Will the right hon. gentleman tell the House whether it is government policy that, in the words of the Secretary to Cabinet, freedom of information is "directed by a curiosity about the internal processes of government which does not have much purpose behind it except curiosity" and, in addition, will he assure the House that Mr. Robertson is removed as far as possible from the formulation of government policy on information dissemination?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Robertson is regarded very highly by this government and by myself in particular. I should like to refer to the speech. I know Mr. Robertson sent me a copy but it is not fresh in my mind. I will see whether I find anything objectionable in the speech when taken in its entirety.

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AGRICULTURE

POWDERED SKIM MILK—REQUEST FOR REPORT ON SUPPLY SITUATION

Mr. Steven E. Paproski (Edmonton Centre): Mr. Speaker, I should like to ask the Minister of Agriculture whether there is still a surplus of first grade powdered skim milk for human consumption and, if there is, what is the going price?

Some hon. Members: Order Paper!

Hon. E. F. Whelan (Minister of Agriculture): I am not sure whether there is a surplus but I was told last week that practically no skim milk is going into storage; they were filling the market for advance orders.

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ROYAL CANADIAN MOUNTED POLICE

ALLEGED ILLEGAL OPERATIONS OF BANK OF MONTREAL IN VANCOUVER—REQUEST FOR REPORT OF INVESTIGATION

Mr. Benno Friesen (Surrey-White Rock): Mr. Speaker, I should like to direct a question to the Solicitor General. I gave him notice a few days ago. On April 19, I asked the hon. gentleman to confirm that the commercial crime section in Vancouver was investigating alleged illegalities involving the operations of the Bank of Montreal in Vancouver as they have affected a constituent of mine, Mr. Larry McHale. The Solicitor General confirmed that this was the case and on June 23 stated during the adjournment debate that auditors were currently examining books and records. The audits have been complete for some time, now, and I ask the Solicitor General whether it is the intention of his department to press charges in the near future.

● (1502)

Hon. Francis Fox (Solicitor General): Mr. Speaker, I understand that the matter is being reviewed by the crown attorney in order that a decision may be made as to whether or not a charge is warranted in this matter.

Mr. Friesen: A supplementary question. This has happened on several occasions in the past. Several times the attorney general has apparently referred a case back to the commercial crime section. Would the Solicitor General forward this matter with some urgency to the attorney general to make sure action is taken?

Mr. Fox: Mr. Speaker, I am not too sure what type of action the hon. member would like to see taken, but the matter is being examined in as expenditious a fashion as possible.

* * *

PRIVILEGE

MR. WALTER BAKER—PARLIAMENTARY PRIVILEGE VIS-Á-VIS SUPREME COURT OF ONTARIO JUDGMENT—RULING BY MR. SPEAKER

Mr. Speaker: Order, please. Several days ago the hon. member for Grenville-Carleton raised, by way of a question of privilege, a matter concerning the recent decision of the Supreme Court of Ontario by the Chief Justice of that court, Chief Justice Evans. The specific motion of the hon. member for Grenville-Carleton is to be found at page 935 of *Hansard*, namely:

> That the portions of the judgment of Chief Justice Evans of the Supreme Court of Ontario, given November 9, 1977, which appear to restrict the right of members of parliament to full and accurate reporting in the press, be referred to the Standing Committee on Privileges and Elections.

It would, of course, be possible to take a very close technical stand on that motion and to indicate that it is too general to qualify for a question of privilege; but in fairness, the hon. member in his opening remarks, which are to be found on the previous page, cited the relevant part of the judgment of which he complained, which is as follows:

> Following the authorities set out above, I have come to the conclusion that a member of parliament may utilize information proscribed by reg. 76-644 in parliament and may release that information to the media. However, I hold that the privilege of the member cannot be extended to protect the media if they choose to release the information to the public. Nor do I consider that the "real" and "essential" functions of a member include a duty or right to release information to constituents. The cases indicated that the privilege is finite and I would not be justified in extending the privilege to cover information released to constituents.

The hon. member for Grenville-Carleton put forward four submissions. First, he submitted that the judgment of Mr. Justice Evans, in its comments upon parliamentary privilege, are not in accordance with interpretations in this House on

privilege as it relates to the relationship between members and the press; second, that the judgment is a clear and present source of intimidation to press gallery members which would prevent them from fairly and accurately reporting House proceedings; third, that the judgment usurps from the House the responsibility of determining itself when its proceedings are to be secretive and in camera; and fourth, that the judgment makes an addition to the body of legal precedent on the question of privilege which the House must challenge as soon as possible because it violates the right of the House to determine the extent of its own privilege.

I am asked, in other words, to find a matter of privilege in the judgment on the ground that it has in some way formulated an addition to the law on privilege which has lessened the definition which we have followed in this House, which has always been that it is the sum of peculiar rights enjoyed by each House collectively as a constituent part of the high court of parliament, and by members of each House individually, without which they could not discharge their functions, and which exceeds those possessed by other bodies and individuals. This has come to be refined in our own practices in the more positive definition of requiring, before a breach of privilege can be founded, actual interference with or prevention of a member's functioning in his capacity as an elected member of parliament.

In order to determine the validity of the points which have been raised, I think we have to examine the judgment which was put forward by the learned Chief Justice. First of all, we must realize that the nature of the application required the learned Chief Justice to examine the areas that he did. Here I refer to page 3 of the judgment which sets out the terms of the application that was made to the court. At page 2, being part of paragraph 4, the court was asked for, among other things, "a declaration that if the said regulations do prohibit the release or disclosure referred to in the"—three paragraphs above—"the said regulations are ultra vires the governor general in council and therefore of no force and effect because"; and then two or three reasons are set out, the most important of which for the purposes of this discussion appears at the top of page 3, subparagraph (iii):

> The regulations abrogate, abridge and infringe the privileges, immunities and power of the applicants and other members of the official opposition as members of the House of Commons.

In other words, the court was asked for a declaration that this order in council was in fact invalid because it infringed or continues to infringe the rights and privileges of members of the House of Commons. Therefore, obviously the Chief Justice had to come to some understanding or appreciation of our privilege. But before doing so, I think it is significant that even in that exercise the Chief Justice said this, and I refer to pages 15 and 16 of the printed version of his judgment which I have before me. At the middle of page 15, the learned Chief Justice warned of the dangers of attempting to proceed on academic grounds. He says:

> There is one aspect of this application which does concern me. In their alternative submissions, they seek a declaration that a member of parliament cannot be prevented from using the information in parliament. Moreover, they seek a declaration that the regulations do not abridge the solicitor-client privilege. In this respect they are seeking "absolution before sinning". In my view, they should advance these two arguments as a defence if they are charged. Practically speaking, they may not be charged, in which case this part of the application is simply an academic exercise.

Then, again, at the middle of page 16 he says:

> Counsel for the applicants argued that the applicants could not obtain meaningful legal advice due to the refusal of counsel to receive information which might contravene the regulations. If the applicants are willing to release the information but counsel refuse to receive it, it is counsel not the applicants who are seeking the exoneration of the court in order to justify the receipt of the information. Once again, I am concerned that these proceedings are inappropriate.

Therefore, after warning us of the dangers in the academic exercise, the Chief Justice goes on to deal in the pages leading up to page 30 with the dualism that exists between the courts and the House of Commons with respect to a matter of privilege, where each has tended over a long period of time to interpret "privilege" in its own way. As far as I am concerned, the dualism that exists in this case was adequately referred to and quoted by all participants in the debate. My attitude to it remains as I stated on the day the argument was raised, to be found at page 939 of *Hansard*. At the conclusion of the first round of arguments I said this:

> There is one thing that is very clear. There is no doubt in my mind that the privileges, rights and immunities of members of this House are in the first place to be decided by this House and not by any other body.

I have no reason to change that opinion.

> The second is that there is, as I indicated in previous discussion on this order in council as it might affect members of the House of Commons, a very real danger in anybody, including this House, attempting to deal with matters of privilege in the abstract or in theory.

I have no reason to change that opinion, either. The learned Chief Justice, after going through an explanation of the dual roles of interpretation of the courts and the House of Commons, then proceeded from page 30 to page 37 of his judgment to find the following: first, that all of our definitions in regard to privilege of a member of parliament related to "proceedings in parliament". I think that is a very important term. His first finding is that all of those definitions and precedents that we have followed are accurate, correct and intact, and in that finding, of course, I can find no question of privilege.

Second, the learned Chief Justice finds that nothing in the order in council diminishes the right of a member of parliament to deal with the uranium cartel during—again—"proceedings in parliament". With that finding, of course, I can make no quarrel with respect to our privilege here.

Third, the Chief Justice finds that the regulations do not prohibit the applicants, or in fact any member of the House of Commons, from releasing or disclosing any such documents in the course of parliamentary debate to the press. Again, I can find no quarrel with the Chief Justice's finding. I find no infringement upon our privilege in any of those conclusions.

The problem seems to arise when we reach page 38 of the judgment, concluding at page 42, to which I will now refer. This is the language which seems to be causing the difficulty. At page 38 the Chief Justice said this:

Counsel for the applicants argued that the members are entitled to release the information to the press. They argued that the right to release the information to the press would have no practical value unless the press were covered by a similar privilege. Finally, counsel submitted that the members have the right to release the information to their constituents.

● (1512)

I cannot accede to these latter two arguments. The privilege of the member is finite and cannot be stretched indefinitely to cover any person along a chain of communication initiated by the member. The privilege stops at the press. Once the press have received the information the onus falls on them to decide whether to publish. They cannot claim immunity from prosecution on the basis of the parliamentary privilege which protects the member releasing the informaton. Whether they have a valid defence under the regulations is another matter.

I think the following is the operative language:

Finally, the member does not have the right to release the information to anyone he chooses outside of parliament. The concept of "proceedings in parliament" cannot be extended beyond all logical limits. I am not satisfied that the privilege enables the member to release the information to his constituents.

I quote those words and emphasize them because clearly, in my opinion, they are significant as to whether or not the learned Chief Justice was speaking about proceedings in parliament. Again from page 42 I quote the following:

Following the authorities set out above, I have come to the conclusion that a member of parliament may utilize information proscribed by regulation 76-644 in parliament and may release that information to the media. However, I hold that the privilege of the member cannot be extended to protect the media if they choose to release the information to the public. Nor do I consider that the "real" and "essential" functions of a member include a duty or right to release information to constituents. The cases indicate the privilege is finite and I would not be justified in extending the privilege to cover information released to constituents.

My observations on these remarks by the learned Chief Justice, which are the ones that seem to be causing the trouble, are as follows: First of all, the Chief Justice was asked for a declaratory judgment which by its very terms requires the court to make some kind of pronouncement in advance of the application of the law. Therefore, the Chief Justice was required by the terms of the application to attempt to make an assessment in advance, or in the abstract. Furthermore, when he had concluded that there was no infringement on the rights of members in parliament, it was argued before him that unless there was an unfettered freedom in the media to use this information under any circumstances, members' privileges would be constrained. Therefore, the Chief Justice had to address himself to that argument and had to attempt a declaration, in the abstract, on that theoretical proposition.

The substance of his declaration on this troublesome ground is, I think, significant in several aspects. First of all, in my opinion, a point which I think was missed in most of the argument relating to this difficulty is that the Chief Justice was then talking about proceedings outside parliament and not proceedings inside parliament. He made it perfectly clear there was no restriction on the rights of members to participate in debate in this chamber and, furthermore, obviously no constraint on the right of the press—indeed, it was their duty—to report fairly and accurately the proceedings that take place in this chamber.

The question arises as to whether or not there is an absolute privilege when members go beyond this chamber, take information which comes into their possession and hand it to the media. Is there a risk in the media? In some circumstances I suggest there is. Is the privilege finite? Yes, I suggest in some circumstances it is. When we are relating to proceedings outside the House, I think we have to realize this. For example, in our very recent experience three examples have come to light, two of which were argued in the House and one was not.

The first, which was argued in the House, was the draft report of the committee on immigration. The second was the draft report of the penitentiary subcommittee of the Committee on Justice and Legal Affairs. Both of those in one way or another came before the House on a question of privilege because documents which had come into the possession of members during the course of their work in the areas of these committees had been released. The third situation to which I am referring, which has not come up, is a recent briefing—a regular occurrence—of members of the justice committee on security matters affecting the security branches of our federal police forces.

Again, I cite these examples only to illustrate that there are, in our own very recent experience, circumstances in which not only does a member suffer restriction in the right to communicate to constituents and to the press, but in fact it would in some cases, and has in recent memory, become an application under our privilege practices for a member or a journalist to communicate or publish documents in those circumstances.

The conclusion I have come to, therefore, is this: In the abstract, there are many situations in which at the one extreme it would constitute a matter of privilege to interfere in the slightest way with the full and complete communication by a member either to his constituents or to the press or, in turn, to interfere in the slightest way with the press's publication to the public. At the other extreme there are circumstances, again in the abstract, in which it would constitute privilege for a member to release information to his constituents and might constitute privilege, indeed, for a newspaper to publish it. In fact, there have been cases, and there are precedents in which newspapers have been brought before the bar of this House and the House of the United Kingdom on the ground that they have, in fact, breached privileges by publishing documents which were premature and which were confidential in nature.

I am only saying that the circomstances can vary from one extreme to the other, and that as long as we are dealing in the abstract, and as long as we are dealing with activities outside parliament, I do not find as much concern with the reasoning of the Chief Justice who felt that he had to deal in general pronouncements on abstract situations. I understand the reasoning of the Chief Justice in having to do so, and in the generalized way with which he dealt with matters outside parliament. In my opinion, he created no addition to the law which in any way lessens the privileges of members of this House.

Finally, even if he had done so, his pronouncement is *obiter dicta*, clearly, by any understanding of any lawyer who examines his reasoning, and is entirely theoretical in a nature. If and when such a question is transformed into reality, it will, I

am sure, take the form of an application by a member to this House. This House will then and there decide whether that reality has, in fact, constituted an interference with the real or essential functions of a member.

Therefore I find, first, that the Chief Justice was asked to make a declaratory judgment which required a response from him, firstly, on the general nature of a member's privilege and, more particularly, on the general nature of the relationship between a member and the press in the question of privilege.

Second, I find that nothing which was said by the Chief Justice alters in any way the privileges, the powers and rights possessed by members in the relationship with the press in respect of proceedings in the House.

Third, I find that nothing said by the Chief Justice alters these privileges and relationships in respect of activities of elected members which are outside of proceedings of parliament. But even if my opinion is wrong in this respect regarding activities outside parliament, in the first place the Chief Justice was dealing in abstract terms, by his own description, and in the second place he had gone beyond the basic reasons for judgment to *obiter dicta* and, therefore, did not make an addition to the law.

Finally, the Chief Justice was, I think, quite correct in indicating to us all the dangers that are inherent in attempting to deal with an academic situation. I feel strongly that this house should not—I have said so in the past—and cannot deal with this question in the same abstract form. On that ground, as well, I find that the matter ought not to go further.

I say, again, that this House remains the master of its own practice, particularly on the question of privilege, and this House will exercise its own judgment on our practices and precedents if and when the matter is raised in a real way before this House. At that time, this House will decide whether or not it qualifies and ought to be dealt with under the heading of privilege, and no other body.

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I wonder whether it would not be appropriate that the judgment in question be placed on record in *Votes and Proceedings*. Otherwise, it will be very difficult to follow the several points that you have enunciated, however clearly you did so.

Second—and this is just an observation—any infraction or invasion of the rights of parliament must be opposed strongly in the House.

I tell you, sir, that the ruling you have just given shows a Solomonesque capacity. It will be read in future years as upholding the rights of parliament, making it clearly understood that declarations outside parliament shall not in any way impede, interfere with or diminish the rights of parliament or, indeed, the rights of the press, for those rights were determined under the Bill of Rights passed by this House in 1960.

Mr. Speaker: I thank the right hon. gentleman for his suggestion. I want to say, in passing, something I intended to say during the course of my ruling, namely, that the contributions made by all hon. members to this very important point were, first of all, in agreement, because every member of the House who participated in the discussion rejected the idea that our procedure could be determined externally. However, I thought it was incumbent upon me, in respect of all these arguments—all of which were very valuable—to reject as firmly as I could that idea, and indicate that I did not think it was necessary to go further, for the deliberation of the House, in order to make that rejection.

[Mr. Speaker.]

● (1522)

I thank the right hon. member for his remarks. With respect to his precise suggestion, I have the copy of the judgment to which I referred during my study of this matter. It is rather marked-up with my own notations, but it is the only copy which would relate to my remarks. I cannot think of any reason why it should not be tabled forthwith as part of *Hansard*, since the reasons I have just given will not make much sense without it. In any case, I am more than happy to comply with the suggestion made, and table it forthwith.

MR. BEATTY—LEAKING OF PERSONAL AND CONFIDENTIAL TAX INFORMATION

Mr. Perrin Beatty (Wellington-Grey-Dufferin-Waterloo): Mr. Speaker, during question period for the past couple of weeks I have raised the question of leaks of personal and confidential tax information to an unauthorized individual. I have cited a number of cases in the House concerning the possibility of an individual, posing as a chartered accountant, getting this information without producing proper authorization to the tax authorities.

Last Friday the minister asked me to substantiate my claim that chartered accountants have said publicly that they are able to get this information without having specific authorization. I cited to the minister an interview on "As It Happens" a couple of weeks ago by Mr. David Ingram of CEN-TA Tax Services, of Vancouver. Also, I could have cited a similar interview on radio station CFNY in Brampton two weeks ago last Friday. In that interview, a chartered accountant indicated that it was possible for him to receive confidential tax information about individuals without showing the proper authorization.

Today, the minister delivered to me a letter, as the House opened, in which he reported on his study of the transcript of Mr. Ingram's remarks on the CBC. The minister quoted one or two sentences from the letter. However, he did not quote from the operative paragraphs of the letter in which the minister confirms what Mr. Ingram said about the facility with which chartered accountants, or people posing as chartered accountants, can get information from the Department of National Revenue without showing any authorization whatsoever. Instead, the minister extracted one sentence from the letter in which he concluded that Mr. Ingram's allegations were general in nature and that his examples were so hypothetical that it made his observations meaningless.

If the minister had put the entire letter on the record it would have been possible to look at the report made and to compare it with the facts. That letter substantiates everything I have said. It shows that although Mr. Ingram was not trying to get information for fraudulent purposes, an individual posing as a chartered accountant could very easily have access to personal and confidential information from the Department of National Revenue about individuals.

My point of order is that the minister quoted, in the House of Commons, an extract from the letter. He did not quote the entire letter. It is incumbent upon him to table the letter and to have it appended to today's proceedings.

Mr. Speaker: I will wait for the response of the minister on the argument. The point raised by the hon. member, on the face of it, conforms in many ways to our practices. I am not aware of any defences the minister may have. It is an extraordinary situation, where obviously the minister does not have to ask the recipient of the letter for permission, which is often the case. In any case, the minister may have something to say. But the hon. member has raised a point which conforms with similar suggestions in the past. Surely the minister is forewarned that when he comes into the House tomorrow, he will have to meet the point. He can either argue the point, or table the letter. We would expect the minister to do so tomorrow.

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INCOME TAX ACT

PROCEDURAL REGULARITY OF BILL C-11

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, last Thursday, when Bill C-11 was being dealt with in committee of the whole, I raised a point concerning the appropriateness of a subsection within Bill C-11 which in no way is in keeping with the income tax motion. At that time, the Chairman of committee of the whole indicated that he was not sure whether it was the appropriate time to deal with it. The discussion ended with the Chairman stating, as reported at page 1480 of *Hansard* for December 1, 1977:

> I would be ready to stand the clause by unanimous consent, leaving the way open to the hon. member to make his request when Mr. Speaker is in the chair, rather than to me. Otherwise I would be more or less making a decision which strictly I have not been asked to make, the request being made of Mr. Speaker.
>
> I hope we can resolve this problem without forcing me to make a decision, since there is apparently unanimous agreement among the committee.

Then the Chairman indicated that he would go on to hear me on another point. I spoke on the other point. My point of order is this. When may I put the fundamental point of order to Your Honour concerning the appropriateness of the section in Bill C-11 which I raised last Thursday in that it is not in keeping with the income tax motion which is set out on the opposite page? If now is the appropriate time, I would be prepared to make my argument as to why I feel the legislation in its present form is quite improper in that it does not conform in any way with the income tax motion to which I am referring.

Mr. Speaker: I understand the point raised by the hon. member for York-Simcoe about the substance of the substantive point and the procedural one. The proper course of action would be to get some determination, since the bill is still in committee of the whole, from the chairman, from which an appeal would be taken to the Chair. Whether that might be done in a very brief way to avoid repetition of argument on both sides could be explored.

As a result of a motion initiated last Friday by the hon. Minister of Finance, I understand that today we will launch into a two-hour debate under the provisions of Standing Order 75. That being the case, we would have two hours, and during the supper hour as well, in which to explore whether some arrangement can be made. Perhaps after the vote this evening would be an appropriate time to deal with it very briefly in committee and then have it referred, by way of an appeal, to the Chair. Perhaps during the debate on time allocation, negotiations could take place to see if there is a convenient way to do it.

Mr. Stevens: Mr. Speaker, I feel the committee of the whole anticipated what Your Honour has said. My understanding is that there was unanimous agreement to stand the clause, as far as committee of the whole stage was concerned, with a view to making a stated case to Your Honour in order to receive your decision with respect to whether the clause is, in fact, appropriate or not.

Mr. Speaker: In either case, perhaps we could agree to deal with it right after the vote on the procedural motion today. That would be the most convenient time for me, if it is to go ahead in that way.

Mr. Stevens: Mr. Speaker, our only handicap is that we have a great deal to consider during committee of the whole stage on this bill. I understand we are now being limited to three further sitting days. Being a jurisdictional and a procedural type of problem, it would be most unfortunate if the bulk of the debate during that closure period should turn on a procedural problem, as opposed to being dealt with at a time such as now. Once we were within the "gag" limitation of the closure motion, it would be most unfortunate to spend a considerable amount of time arguing this motion within the limited time-frame, as opposed to advancing our arguments at this time.

Mr. Speaker: My hands are tied. I cannot make a decision on a matter which is now in committee of the whole unless it is referred to me by the Chairman of that committee by way of an appeal. Perhaps that could be arranged very quickly. Aside from that, there is a possibility that if the vote is taken with reasonable expedition tonight, on the precedence that the time available during the balance of the evening would not be counted in terms of one day, and three more days would be allowed, that might be an appropriate time do deal with it. In any case, unless I have an appeal by way of the Chairman, I am powerless to deal with the matter at this moment. I will deal with it at the first possible moment.

● (1532)

Mr. Blais: There is no mandatory provision requiring that a full two hours be taken up in debate on the limitation motion. I suggest that if the hon. gentleman is anxious to have his point of order argued, he might consent to having a vote taken now, followed by a debate on the merits of his point of order.

Mr. Stevens: With reference to my point of order, as I indicated, I felt we had the unanimous consent of the committee of the whole on Thursday to have the matter considered at the earliest opportunity by yourself, Mr. Speaker. I was simply trying to expedite the procedure. It might be helpful if we could have a ruling with respect to when the three sitting days will commence, in that if it is clear that there will be extra time tonight after whatever length of debate takes place on the closure motion, it would facilitate an argument being made with respect to my point of order later tonight.

Mr. Chrétien: If the hon. member is willing to consider today as the first day of the time allocation, I would have absolutely no objection. I do not want to debate that matter once more. The points were made. I tried to give explanations. There are some differences between the ways and means motion and the provisions in the act, and I tried to explain them in the best way I could. Now I leave the matter for the Chair to decide.

I do not want to argue with the hon. member once more. It is up to the Chairman of the committee to make a decision, or to refer it to you, Mr. Speaker. I am completely agreeable. If we were to vote on this motion right away and proceed today with the clause by clause study in committee of the whole, and consider today as the first day, I think everyone would be happy.

Mr. Speaker: It would be most helpful, under any circumstances, if we moved quickly to resume committee of the whole proceedings. If the Chairman does report to me any decision he has made, then I can take action on it.

Mr. Hnatyshyn: Mr. Speaker, it is germane to the matters under discussion by the House, but in view of some of the comments made I wonder if the deputy House leader on the government side would indicate the intentions of the government with respect to the business of the House tonight in the event that we complete the debate on rule 75C. Can he tell us what he has in mind with respect to the business tonight and for the next few days, on the assumption that today is not counted as the first day of debate? I know that ministers are very anxious to avoid discussing this matter in the House, but possibly I will get an answer from the deputy government House leader.

Mr. Cafik: Mr. Speaker, obviously, the preferable course is to complete the debate in as short a period as possible and move on to the balance of the day as the first day of debate. But in light of the point made by the hon. member for York-Simcoe, we may not arrive at that point, and if that is the case, then obviously the first day will be tomorrow.

[Mr. Speaker.]

Mr. Speaker: It is not for me to decide on matters that have not yet arisen, but I do not think there is any way without strenuous objections on the basis of some pretty clear precedents, that the House will be able to consider today as the first day under the time allocation order. it might be worth a try. I see indications, however, that it will not be very successful.

Mr. Cafik: I have indicated that if the two-hour debate did not last two hours, that may be a possibility. But I would certainly agree with Mr. Speaker and all hon. members that if we cannot count today as the first day, then obviously the first day will be tomorrow and the last day would be on Friday, with an opposition day intervening.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, surely the picture is clear on that point. We have not yet seen the actual motion the minister will move this afternoon, but on Friday his notice read:

> —that I shall move . . . that three additional days be allocated to the study of the said bill in the committee on the whole.

Surely those three additional days cannot start until after the motion has been passed.

Mr. Hnatyshyn: This was my understanding, Mr. Speaker, and I agree with the hon. member for Winnipeg North Centre; but unfortunately the deputy House leader did not understand my question. On the assumption that the first day will not start today, has he any idea what business the government has to present to the House for consideration after we finish this debate, whether it be two minutes or two hours, and whatever time it takes for a vote? What has he in mind for House business? Or is this another demonstration that the government does not know what it is doing?

Mr. Cafik: Mr. Speaker, it is very difficult for the government to indicate what business will take place, when we do not know whether there will be an opportunity for any business at all beyond what is presently before the House.

Some hon. Members: Hear, hear!

* * *

PRIVILEGE

PARLIAMENTARY PRIVILEGE VIS-À-VIS SUPREME COURT OF ONTARIO JUDGMENT—JUDGMENT TO BE PRINTED IN HOUSE RECORDS

Mr. Speaker: Earlier in the day it was suggested that the reasons for judgment of the Chief Justice of the Supreme Court of Ontario, to which I referred in making my ruling, be printed as an appendix to *Hansard* and in *Votes and Proceedings*, but there was never a House order to that effect. Does the House agree that it be done?

Some hon. Members: Agreed.

Mr. Speaker: It is so ordered.

[Editors Note: The judgment referred to will be printed as an appendix to Hansard as soon as the translation is available.]

ROUTINE PROCEEDINGS

[*Translation*]

ROYAL CANADIAN MOUNTED POLICE

TABLING OF CORRESPONDENCE BETWEEN SOLICITOR GENERAL AND CERTAIN QUEBEC ORGANIZATIONS

Hon. Marc Lalonde (Minister of State for Federal-Provincial Relations): Mr. Speaker, a few days ago the Prime Minister referred to certain documents in the House and you directed that those documents be tabled.

I am glad to table them on behalf of the Prime Minister.

* * *

[*English*]

COMMITTEES OF THE HOUSE

TERMS OF REFERENCE OF JOINT COMMITTEE ON DEVELOPMENT OF NATIONAL CAPITAL REGION

On the order: Government notices of motions:

December 1, 1977—The Deputy Prime Minister and The President of Privy Council:

That a special joint committee of the Senate and House of Commons be established to consider and report upon matters bearing upon the development of the national capital region, including the programs and operations of the national capital commission;

That 15 members of the House of Commons, to be designated by the House at a later date, be the members on the part of this House of the special joint committee;

That the said committee have the power to send for persons, papers and records and examine witnesses; to sit during sittings and adjournments of the House; to print such papers and evidence from day to day as may be deemed advisable; and to adjourn from place to place within Canada;

That the said committee present a final report within 90 days of the adoption of this resolution taking into account the evidence given before the special joint committee on the national capital region established in June 1975, and the evidence given before the newly established joint committee;

That a message be sent to the Senate requesting that House to unite with this House for the above purpose, and to select, if the Senate deems it advisable, some of its members to act on the proposed special joint committee;

That the quorum of the special joint committee on the national capital region be fixed at eleven (11) members, provided that both Houses are represented, whenever a vote, resolution or other decision is taken, and that the joint chairmen be authorized to hold meetings to receive and authorize the printing of evidence, when a quorum is not present, so long as five (5) members are present, provided that both Houses are represented; and

That the special joint committee on the national capital region be authorized to retain the services of advisors and such additional professional, stenographic and clerical staff as is required during the committee's consideration and review of matters bearing upon the development of the national capital region.

Mr. Speaker: Pursuant to section 2 of Standing Order 21, this government notice of motion stands transferred to and

ordered for consideration under government orders later this day or at the next sitting of the House.

* * *

[*Translation*]

BUSINESS OF THE HOUSE

PROPOSED LIMITATION ON COMMITTEE STAGE OF BILL C-11

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, pursuant to the notification which I gave to the House, I move:

That in relation to Bill C-11, An Act to amend the statute law relating to income tax and to provide other authority for the raising of funds, three sitting days shall be allotted to the further consideration in Committee of the Whole stage of the said bill;

That, on the third of the said days, at 15 minutes before the expiry of the time provided for government business in such sitting, any proceeding before the Committee shall be interrupted, if required, for the purpose of this order and, in turn, every question then necessary in order to dispose of the Committee of the Whole stage to the said bill, shall be put forthwith and successively, without further debate or amendment.

[*English*]

Mr. Speaker: Order, please. In conformity with past practices, since we have only one or two items of routine business to clear up, perhaps we might conclude those and return to motions. Is that agreed?

Some hon. Members: Agreed.

* * *

● (1542)

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Ed. Lumley (Parliamentary Secretary to Minister of Finance): Mr. Speaker, the following questions will be answered today: 209, 242, 299, 400, 444 and 454.

[*Text*]

NUMBER OF PERSONS UNDER CONTRACT TO COURT MARTIAL APPEAL BOARD

Question No. 209—**Mr. McKenzie:**

1. What is the total number of persons under contract to the Court Martial Appeal Board of Canada and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Mr. Roger Young (Parliamentary Secretary to Minister of Justice): 1. Pursuant to an amendment to section 190 of the National Defence Act, S.C. 1959, c. 5, assented to March 20, 1959, the Court Martial Appeal Court was established succeeding the Court Martial Appeal Board. Since its inception, no person has been employed under contract to provide services to the Court Martial Appeal Court.

2. (a) Not applicable; (b) Not applicable.

Order Paper Questions

NUMBER OF PERSONS UNDER CONTRACT TO TAX REVIEW BOARD

Question No. 242—**Mr. McKenzie:**

1. What is the total number of persons under contract to the Tax Review Board and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Mr. Roger Young (Parliamentary Secretary to Minister of Justice): In so far as the Tax Review Board is concerned: 1. Nil.

2. 1974-75, Nil. 1975-76, Nil.

COURT MARTIAL APPEAL BOARD—PERSONNEL OBTAINED FROM PRIVATE EMPLOYMENT AGENCIES

Question No. 299—**Mr. McKenzie:**

1. Has the Court Martial Appeal Board of Canada obtained (a) part-time (b) full-time employees from private employment agencies in (i) British Columbia (ii) Alberta (iii) Saskatchewan (iv) Manitoba (v) Ontario (vi) Quebec (vii) New Brunswick (viii) Nova Scotia (ix) Prince Edward Island (x) Newfoundland and, if so, in each case, how many?

2. Are such employees paid from supplementary estimates and, if not, from what estimates are they paid?

3. By province, what was the (a) average hourly rate paid to employment agencies (b) average hourly rate paid to employees (c) total amount paid by the Court Martial Appeal Board of Canada in (i) 1975 (ii) 1976?

Mr. Roger Young (Parliamentary Secretary to Minister of Justice): 1. (a) Nil. (b) Nil.

2. Not applicable.

3. (a) Not applicable. (b) Not applicable. (c) Not applicable.

NOTE: Pursuant to an amendment to section 190 of the National Defence Act, S.C. 1959, c .5, assented to March 20, 1959, the Court Martial Appeal Court was established succeeding the Court Martial Appeal Board. Since its inception, no part-time or full-time employees from private employment agencies have been contracted to provide services to the Court Martial Appeal Court.

NUMBER OF PERSONS UNDER CONTRACT TO IMMIGRATION APPEAL BOARD

Question No. 400—**Mr. McKenzie:**

1. What is the total number of persons under contract to the Immigration Appeal Board and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Hon. Bud Cullen (Minister of Manpower and Immigration): 1. Nil

2. (a) 1975, $602.75. None of this money went to retired public servants. (b) 1976, nil.

[Mr. Young.]

POST OFFICE DEPARTMENT EXPENDITURES IN CONSTITUENCY OF NEW WESTMINSTER

Question No. 444—**Mr. Leggatt:**

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

Hon. J.-J. Blais (Postmaster General): The information requested is not readily available; our expenditure report systems are not designed to provide the information by constituencies but rather on a postal district basis for management purposes.

DEPARTMENT OF VETERANS AFFAIRS—EXPENDITURES IN CONSTITUENCY OF NEW WESTMINSTER

Question No. 454—**Mr. Leggatt:**

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

Hon. Daniel J. MacDonald (Minister of Veterans Affairs): Departmental accounting systems are not designed to provide this information by constituency.

Mr. Ed. Lumley (Parliamentary Secretary to Minister of Finance): I ask, Mr. Speaker, that the remaining questions be allowed to stand.

* * *

[*English*]

BUSINESS OF THE HOUSE

PROPOSED LIMITATION ON COMMITTEE STAGE OF BILL C-11

Hon. Jean Chrétien (Minister of Finance) moved:

That in relation to Bill C-11, an Act to amend the statute law relating to income tax and to provide other authority for the raising of funds, three sitting days shall be allotted to the further consideration in committee of the whole stage of the said bill;

That, on the third of the said days, at 15 minutes before the expiry of the time provided for government business in such sitting, any proceeding before the committee shall be interrupted, if required, for the purpose of this order and, in turn, every question then necessary in order to dispose of the committee of the whole stage to the said bill, shall be put forthwith and successively, without further debate or amendment.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, before we proceed to debate this motion, I wonder if it could be made clear as to what it means with respect to time. Since the motion refers to three further sitting days, that sounds as though it means Tuesday, Wednesday and Friday. I draw attention, in particular, to the reference to the vote taking place at 15 minutes before the end of government business on the third day. In other words, is the proposal that any votes at the end of the committee of the whole stage take place at a quarter to four on Friday?

Mr. Chrétien: Mr. Speaker, depending on the length of the debate we are now proceeding with, if we have two or three hours today that could be considered the first day and the vote

could take place on Wednesday afternoon. However, as Thursday is an opposition day, and if today cannot be considered the first day, the third day would be Friday and the vote would have to be taken on Friday afternoon. If hon. members would like to consider today as the first day, and we get through this motion quickly, we could dispose of the vote on Wednesday as the last item of government business.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I am really asking for a ruling from the Chair as to what the motion means.

Mr. Speaker: I have not, of course, been met with any argument on the precedents as to what is meant. It is difficult for the Chair to determine what a motion means, when the motion has not been carried. But the motion refers to a number of additional days; therefore, at the time the motion is carried it would speak of additional days from that moment.

It is also clear—and the point has been argued—in all our precedents that the day on which a decision is taken is not one of those days. The question is not before me as an argued point, but decisions of the past are quite clear that decisions of the House take effect the moment they are taken. Obviously, if that is at nine o'clock tonight, five o'clock this afternoon, or even now, the precedents say that since the motion says "sitting days", it does not mean today.

Mr. Chrétien: Mr. Speaker, I would be agreeable to some alternative. We could have those votes on Wednesday, if we consider today the first day. I understand that there are problems for many hon. members on Friday afternoons. I would agree to postponing the votes and making them the first item on Monday after the question period. At that time we would begin the third reading stage of this bill. It has been the first priority of the government since the end of the throne speech debate more than a month ago. We want to finish it as quickly as possible. If there is no accommodation with regard to what the motion means, the votes would be taken as the last item of business on Friday afternoon.

Mr. Speaker: Order, please. It seems that hon. members are trying to carry on negotiations, albeit in good faith, on the floor of the House. I remind hon. members that we are talking about the committee stage of this bill, and I do not think it is necessary to envisage that on Friday afternoon the votes would take place because that is simply the automatic conclusion, by virtue of this order, of the committee stage of the bill when the committee would deal with the questions necessary to stop at that time, rise and report the bill to the House. That does not, of itself or in its own terms, constitute a recorded division. Therefore, the sensible thing must be to let some time go by in an attempt to negotiate the easiest way around this question between now and either late Wednesday or Friday, depending on what time is available. I think I have made clear what the decision on the precedents would be if the point were argued.

[*Translation*]

Mr. Chrétien: Mr. Speaker, I do not intend to speak at length about this motion. During consideration of Bill C-11, on November 22, 1977, the Minister of State (Multiculturalism) (Mr. Cafik) tabled a motion in my name regarding the need for the government to have an order passed by the House to shorten the debate.

I wish to say, Mr. Speaker, that Bill C-11 follows the budget put forward by my predecessor, the hon. member for Rosedale (Mr. Macdonald). The bill was tabled last spring. Consequently, there was a six day debate on these budgetary measures. In addition, when the House was reconvened last fall, the opposition had clearly indicated to the government that they would use the Address in Reply to the Speech from the Throne as a means to discuss our economic policy. All matters which have been discussed in the House as well as the motion put forward by opposition parties during the debate that followed the message delivered by Her Majesty the Queen and lasted eight days dealt with the economic situation. Later on, we did have a ten day debate on second reading of this same bill. At that time, we were obliged to impose closure and restrict the duration of the debate in order to progress. We have already had four days of consideration in committee and yet, Mr. Speaker, we have done virtually no progress on a bill which contains 120 clauses. We have dealt with five of them after four days of discussion. Obviously, opposition members do not intend to pass these measures which are extremely important to the economy of this country.

The budget speech made by the hon. member for Rosedale (Mr. Macdonald), who was then finance minister, provided for substantial incentives to the private sector, to encourage it to make new investments to promote a more adequate growth of our economy.

As I have noted in my many conversations with Canadian businessmen and in a great number of newspaper articles, businessmen have always said they did not believe we were going to approve the legislation introduced by my predecessor, the hon. member for Rosedale (Mr. Macdonald), and even though I have reassured them several times about this, many believe that we shall change our mind and they are waiting for this legislation to be passed before making any decision. I understand that our system is different from the American system, but under the American system, the president introduces a budget which is then completely changed by the House of Representatives or the Senate. In Canada, when the government introduces a budget, the House must dispose of it, otherwise there are elections, but this is not always understood.

I suggest today that we spend three full sitting days to finish the debate in the committee of the whole. Then we should have one or two days for the third reading stage, and if we compare this with other debates, and I would refer to the bill introduced by my predecessor in 1976, Bill C-22, we see that the House took 11 days to study this bill, plus the six days of the budget debate, which gave a total of 17 days.

To this day, we have spent six days debating the budget in the spring. During the debate on the Address in Reply to the Speech from the Throne, we spent in fact eight days studying economic problems. We have now been studying this bill for 14 days, we expect to study it in committee of the whole for

another three days, and as is traditional, we shall probably have one or two more days afterwards. This means, Mr. Speaker, that we shall have spent 32 days studying the budgetary legislation introduced in the spring whereas this used to take 12 or 15 days. It is with great regret that I introduce this motion.

[*English*]

I think the people of Canada are entitled to some decisions.

Some hon. Members: Hear, hear!

Mr. Chrétien: At second reading of this bill the opposition did not have the courage to vote against it. Hon. members opposite voted for it because they knew they could not vote against the budget measures which had been proposed. Now they are dragging their feet. It was said that one of the obstacles was that for much of the debate I was not in the House, so I have made it a point to be here all the time.

Mr. Hnatyshyn: That is our problem.

Mr. Chrétien: If that is the problem, I will leave it to my parliamentary secretary, because I have an excellent parliamentary secretary.

Some hon. Members: Hear, hear!

● (1552)

Mr. Chrétien: If I do that, they will say I did not take my responsibility. I know the parliamentary secretary is better than any of the critics they have on the other side.

Some hon. Members: Hear, hear!

Mr. Chrétien: I missed only one day last week when I went to talk to the Canadian Chamber of Commerce. I would like to say to the hon. member for York-Simcoe (Mr. Stevens), who is asking me questions about that meeting, that he obviously has a friend there. I do not mind—

An hon. Member: More than one.

Mr. Chrétien: I do not mind. I do not have to withdraw anything. While talking on the phone with the executive secretary of the Canadian Chamber of Commerce, he was appalled—

Mr. Stevens: You raised it first.

Mr. Chrétien: —that someone would go rushing to the hon. member right away—

Mr. Stevens: On a point of order, I believe the minister very carefully explained to the House that he first raised the meeting with the Chamber of Commerce before the standing committee of this House, and took it upon himself to say that he had made certain observations to that meeting in Toronto. If the minister is receiving flack from the executive secretary of the Chamber of Commerce, he should accept that personally—because he raised the meeting, not us.

[Mr. Chrétien.]

Mr. Chrétien: The communication I have from the executive secretary of the Canadian Chamber of Commerce was to offer his apologies that I was there. In my usual style, I told him like it is, and I do not have to withdraw anything I have said. He said to me that he wanted to offer an apology that the hon. member for York-Simcoe would use one of the members of the Chamber of Commerce as his personal spy.

Some hon. Members: Oh, oh!

Mr. Chrétien: I do not mind, they hired spies all over the place for many years, and I am not embarrassed by that. I just wanted to report to the House that I have received the apology of the Canadian Chamber of Commerce and I said that in their organization, like any other, there could be some rotten apples.

Mr. Stevens: On a point of order, Mr. Speaker, I know the minister is trying to get into flight here, but I wonder if he would accept a question before he flies any farther.

Mr. Chrétien: I have answered many questions from the hon. member for the last two months since I have been Minister of Finance.

An hon. Member: He has not had a good answer yet.

Mr. Chrétien: After so many days here in committee and in debate, he has not scored very often.

Some hon. Members: Hear, hear!

Mr. Chrétien: I want to say that it is urgent, for the economic good of this nation, to pass this bill. The people who will receive tax exemptions on January—are entitled to know exactly where we stand. If hon. members on the other side do not agree with what is proposed, why did they vote for these measures at second reading, and now are dragging their feet? For what good? The people of Canada who are watching us on television will find it incredible that we have spent a month on such an item. I am just doing today what Westminster is doing every day; they allocate the business of the House of Commons. As a Francophone from Quebec, I am not embarrassed at all in taking a traditional mood from Westminster, England.

Today we have decided, in the name of the government, that there is going to be a vote on these measures at the end of the third day. I have moved such a motion.

The Acting Speaker (Mr. Turner): I regret to inform the hon. member, but his time has expired. The hon. member for York-Simcoe (Mr. Stevens).

Mr. Chrétien: I have to move the following motion:

That in relation to Bill C-11, an Act to amend the statute law relating to income tax and to provide other authority for the raising of funds, three sitting days shall be allotted to the further consideration in committee of the whole stage of the said bill;

That, on the third of the said days, at 15 minutes before the expiry of the time provided for government business in such sitting, any proceeding before the committee shall be interrupted, if required, for the purpose of this order and, in turn, every question then necessary in order to dispose of the committee of the

whole stage to the said bill, shall be put forthwith and successively, without further debate or amendment.

Mr. Stevens: Obviously, the Minister of Finance (Mr. Chrétien) is getting forgetful in his tired state. He did not even realize his own motion had already been moved.

An hon. Member: Wasted time.

Mr. Chrétien: We have a problem understanding, sometimes.

Mr. Stevens: I always find that when the minister is a little weak in argument, his ire is raised. He expresses himself in a louder voice and shows his emotion. Clearly, the government has no legitimate reason to bring closure in to gag the members of this House the way they are doing today.

Some hon. Members: Hear, hear!

Mr. Stevens: I find absolutely contemptible the way this government is not only overtaxing the Canadian public but is completely impatient when their representatives try to discover a few facts concerning the Income Tax Act itself.

The Minister of Finance has outlined what he feels is the position respecting debate on this bill. Frankly, he has misled the House. As we know, this matter arose first of all, out of a budget brought in by the then minister of finance on March 31. For reasons known only to the then minister, he did not choose to bring in the Income Tax Act arising out of his budget until June 15 of this year. I refer to Bill C-56.

All of us realize that the government, in complete contempt of this parliament and in contempt of the Canadian public, refused to bring that bill in for debate. There was not one day's debate during that period, at second reading stage or at any other stage, with respect to the Income Tax Act and Bill C-56. To have the minister now stand and make representations that this has been a continuous debate—in referring to the March 31 six days of debate—and somehow leaving the impression that the bill before us is one and the same as the legislation which started with the March 31 budget, is not the fact. That is why I say he is misleading the House. Bill C-56 never proceeded.

The bill before us arose after the October 20 statement of the Minister of Finance. It was a new budget in everything but name. As a result of the new budget on October 20, we have Bill C-11 which was given first reading on November 2. I would point out Bill C-11 is an adaptation or an extension of Bill C-56; it adds 24 pages to the bill.

The last time closure was used on Bill C-11, how many of us realized that the minister himself, at the time he was proposing closure, brought in ten further amendments to his own bill, Bill C-11? Let us not forget that not only did they bring in ten amendments after bringing in closure at second reading of Bill C-11, but after announcing here on Friday that he proposed to bring in his closure motion today, his parliamentary secretary informed us that they were proposing to bring in an additional eight amendments to Bill C-11.

● (1602)

I do not believe any other minister of finance has had the colossal audacity to move closure on a bill that is before the House, and within minutes propose that he will have new amendments with regard to the bill when we get to committee of the whole. It is unbelievable, especially when you bear in mind that the amendments announced last Friday deal with one of the provisions that we on this side of the House are most concerned with, namely, government's proposal to tax life insurance policies in this country. That is some of the background. The fact is that there has not been undue delay in considering this bill. Many Canadians are, in truth, very concerned about some of the provisions of the Income Tax Act.

The minister has represented that his friends in the business world are saying that, somehow or other, they do not want to make the investments they otherwise would make, because Bill C-11 is not passed. What absolute poppycock! If that is what is holding up the Canadian economy from further progress, God help our Canadian economy. Clearly, the Minister of Finance is again misleading the House. He referred to the private little meeting that he thought he was having in camera in Toronto, where he obviously went to tell certain businessmen what he thought they wanted to hear. He referred to that in the course of debate on this motion. What he forgot to make clear to this House was that he was the one who first raised the fact of an incamera meeting, before a standing committee of this House. Having raised the subject, he is obviously now a little embarrassed that some of us at that standing committee happened to know what he said at the meeting and put a few questions to him.

We have a Minister of Finance who is, first, beyond his depth on Bill C-11. He does not understand the provisions he is asking us to accept. I point to the record. Read what transpired in committee of the whole stage, the number of times the minister obviously did not know what the clauses meant. In fact, after they were explained to him he could not re-explain them to members of the committee.

Second, we have a minister who wants to suck and blow at the same time. He tends to want to go to the business community and meet with them in private to get their confidence, telling them what he thinks they want to hear. He knows in his heart that what he is telling them is not what his master is willing to have them do. The only thing that counts on that side is what the emperor, the Prime Minister (Mr. Trudeau), at any particular time thinks should be the law. It really does not matter what our little Minister of Finance happens to be saying at any particular time.

Let me be more specific about Bill C-11. Let me tell the members of the House that we are quite concerned about some of the provisions of this bill. In committee of the whole stage, for the first time since capital gains tax was introduced in this country—January 1, 1972—we dealt with a review of what, in fact, has been the impact of capital gains tax in this country. We brought out that it is a confiscation at the present time, to

the extent that capital gains are not being indexed in order to allow for inflation.

You will recall, Mr. Speaker, that we reviewed the tax for employment benefits that is proposed. We suggested it was not what was needed. We felt there should be a greater exemption given with regard to the employment expense deductions that are in the Income Tax Act. Unhappily for the workers of Canada, the government ramrodded it through and said the allowance it was proposing was sufficient; that it would not go along with anything higher. Surely it is not wrong for us in this House to ask for a little better treatment. The provision to which I am referring simply allows the expense allowance to be raised from $150 to $250. We voted for it to go to $400 on the basis that many people in business are able to get almost unlimited expense allowance simply by showing receipts. Surely it is not unreasonable to suggest that employees should get a bigger allowance than $250.

We also dealt with the question of the proposal to tax the grants that will go to those who attempt to insulate their homes in order to save energy. We feel the government should not be taxing those grants. We made some effective arguments to back up that position. It was on this point that the Minister of Finance really lost his head. We pointed out—and we will be arguing this further—that the income tax motion with regard to the taxation of insulation grants is not in keeping with the legislation they are trying to foist through by means of this bill. If the bill in its present form passes, the government in future will be able to proscribe, as they say, any program and from this day on such programs will be subject to taxation. We say that provision is wrong, and we wish to have it deleted from the bill.

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

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, the unfairness of this motion must be very obvious to anyone who takes the trouble to discover that there are 116 clauses in the bill and thus far we have dealt with only six of them. That means the other 110 clauses will have to be dealt with in what amounts to about 2½ days, since Wednesday is only a half day. In addition, we have the various amendments of which the government has already given us notice, plus other amendments which we understand are to be made. Therefore, I say it is very unfair to the House and the country to ask that this legislation be put through committee of the whole stage under a closure motion of this kind.

I enter the debate on this closure motion mainly to express, again, my disappointment at the ease with which the government brings in these motions. After all, every time the government uses a closure motion to end debate, it is copping out on its responsibility to participate in some significant discussion on the procedures of this House. I want to say frankly and categorically, I do not believe it is the right of the opposition to be able to decide that debate is going to go on forever.

Mr. Cafik: Hear, hear!

[Mr. Stevens.]

Mr. Knowles (Winnipeg North Centre): I am glad to have that 'Hear, hear". I hope there will be a similar "Hear, hear" when I state the other side. I do not think the opposition should be able to engage in filibuster after filibuster and stall the work of the House in that way. However, the other side of the coin is there as well. I do not think it is fair for the government to be free to decide unilaterally, by its own fiat, that a debate must end whenever it says so.

Some hon. Members: Hear, hear!

Mr. Knowles (Winnipeg North Centre): Surely there is somewhere a compromise, somewhere an accommodation between unlimited debate or filibuster on the one hand and the constant use of the guillotine on the other. What I do not like is that the government, having got 75C on the books, finds it easier to use that than the old Tory closure rule of 1913, and resorts to it time and time again as the easy way out. Some day we are going to have to come to an arrangement to handle the business of the House on the basis of common sense.

On a radio program yesterday, I think it was "Cross Country Check-up," I heard the voice of my good friend, the President of the Treasury Board (Mr. Andras). He made a remark to the effect that this House of Commons will have to be yanked into the twentieth century. I think the government has to face its responsibility in matters of procedure, as well.

● (1612)

In my opinion, a better way should be found. I will take a few minutes in which to lay out a proposal I have made a number of times because I feel it has common sense in its favour. I do not think every motion or every bill which comes before the House should be debated without any time limit. On the other hand, I do not think the government should have the right to cut off debate unilaterally.

We ought to have an arrangement based upon an understanding between both sides under which at the start of a session of parliament the government would be required to list all the measures it proposes to bring down during the session. The government, having provided such a list, a meeting should take place among the representatives of the parties to divide those bills into three categories. It should be possible to agree that a number of those measures are purely housekeeping in nature and ought to take very little time by way of discussion in this House or, perhaps, no time at all.

I have seen many bills debated at length on second reading when they could have gone to committee without any debate at all. At the other end of the scale, there are measures which are so important that the opposition ought to have the right to debate them at any length it wishes. In between are the routine bills which, I suggest, could be dealt with under some firm rule. So there are the three divisions: housekeeping measures which could go through with little or no discussion, routine bills which could be subject to a two-day limit, and then the controversial matters which would be open to full debate without time limit.

I suggest the opposition should be given the right to pick out five or six, or eight or ten bills—whatever the agreed number might be—which it felt should be open to unfettered debate. Having been given that right, the opposition should agree to housekeeping measures going to committee with little or no discussion, and to a two-day time limit on the debate of other legislation. I put this forward as a common sense approach to the present situation in which, on the one hand, the opposition says, "This debate must go on forever," and the government says, unilaterally, "The debate must end."

A scheme of this sort involves, of course, a degree of understanding which does not now exist. Oh, we do have a form of consultation; we meet as House leaders and discuss these things, but in the final analysis the decision is with the government. I have proposed an idea of the kind I have just outlined on a number of occasions over the years. It has been considered by the Standing Committee on Procedure and Organization. In the last session, that committee produced a report which was supposed to streamline the work of the House. That report got nowhere because it did not meet with general acceptance.

Mr. Speaker, the only approach the government takes toward the provision of time is to cut or limit. It never wants to give anything; it just wants to take away. We came out of that committee last session with a report to which there was no possibility of getting agreement. No consideration was given to the kind of proposal I am putting forward. I am not suggesting, of course, that the regime I propose is perfect in every detail, but something along those lines would make sure that our procedure worked much better than it does.

Someone said to me, when I was discussing this approach, "What would happen in the case of bills which were not on the list at the start of the session?" Well, if the government was not smart enough to list all the bills it wanted at the beginning of the session, bills which were brought in later would be in the third category, the category which would be debated without time limit. The government always objects, of course, to any program of that sort because it looks at part 3 and says it does not like a provision for unlimited debate. But, Mr. Speaker, we have it now unless closure is brought in, and when closure is brought in everybody is unhappy. Surely the time has come—

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

[*Translation*]

Mr. Gérard Laprise (Abitibi): Mr. Speaker, we have just heard from the hon. member from Winnipeg North Centre (Mr. Knowles) very valid suggestions which deserve our consideration. In my opinion, the government and the opposition should carefully consider these proposals and accept them. If those proposals require some amendment, this can be done, as the hon. member said himself. Certain governments, including the Swedish government, operate in a way somewhat similar to that mentioned by the hon. member for Winnipeg North Centre. For the second time, we are debating a closure motion on Bill C-11, that is on the same bill. This must stop since it embarrasses everyone.

Until recently, in Sweden at least, sittings are held on a set schedule and debates are divided into three categories and also held on a set schedule, as for bills on financial legislation. They also must be debated within a certain period. Routine bills, for instance, are debated on a set schedule and finally, there is the general debate. So I think, Mr. Speaker, that to be logical we should use a similar approach and better organize our parliamentary debates. I think that one of the main points we could adopt here would be the set schedule for sittings. It could improve many aspects of our proceedings.

The Minister of Finance (Mr. Chrétien) told us earlier that we have now been debating Bill C-11 for fourteen days. It seems very long to him but for the opposition that must study a bill as badly drafted as Bill C-11, it is certainly not exaggerated. At almost each session we have a similar and as voluminous a bill amending the Income Tax Act; if those bills were better drafted, I think we could adopt them much faster.

In this long debate, I think that both main parties are to blame. First, as I said earlier, if this bill had been better drafted, its study would be easier. This government systematically refuses all suggestions made by the opposition. It rejects the amendments proposed by the opposition. Last week, my colleague from Rimouski (Mr. Allard) proposed an amendment extending the provision that allows any worker to claim a tax deduction of $250 a year. Before, this exemption was $150. We believe, and I think it is accepted by all workers, that this amount falls far short of meeting the substantial increase in transportation costs in Canada.

My colleague from Rimouski suggested to raise that amount to $400. Yet, the majority party massively rejected this amendment. Other suggestions have been made in other areas but the same thing happens. The only amendments accepted by this government are its own. We should almost adopt them without any study, without any debate, particularly in a closed debate like this one.

Mr. Speaker, I think there was also some exaggeration on the other side. I often heard the Progressive Conservative Party repeat the same thing. Instead, I think that they might have made more precise suggestions and particularly a larger number of amendments to improve Bill C-11. Mr. Speaker, I have participated in the whole debate on Bill C-11 and I often asked myself certain questions. Everybody knows that the Liberal Party is recognized as a tax prone party but people know also that if the other party were in power, I mean the Progressive Conservative Party on the left side of Your Honour, it would probably be the same.

We should only remember the situation in 1962, when we had a Progressive Conservative government. We were facing the same economic problems. We had a frightening rate of unemployment. The inflation rate was going out of hand. The U.S. dollar was at a considerable premium over the Canadian dollar, which in effect was responsible for the Progressive Conservative defeat in 1962-63. And we are now back to the same position. For that reason, a number of people feel that no

matter which of those parties is in power, it is always the same thing.

I for one believe that neither is better than the other. I heard the representative for the Progressive Conservative party cry like an offended maiden against the closure motion. This is quite ridiculous. They had ample time to introduce amendments, but did not choose to do so. Suggestions they made, but amendments they forgot to introduce. I feel that if we are to proceed in a responsible way during the three remaining days, we should be thinking of bringing down amendments, at least to show the Canadian people we are making positive suggestions to the government, we really want to improve the legislation. And if the government turns them down, they will probably be treated as they deserve next year. Mr. Speaker, such are my views in this brief closure debate. This is the second closure motion we have been having these last two weeks, and I hope we will not be confronted with a third one on the same bill at the third reading stage.

● (1622)

[*English*]

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, I should like to continue with the thoughts left with us by the hon. member for Winnipeg North Centre (Mr. Knowles) about the way in which business is conducted in this House. Those of us who have watched the House of Commons in operation over a period of years, and seen the transformation that has occurred, can only agree with the hon. member when he suggests that serious consideration should be given to making the rules of this House more responsive to the circumstances of the legislation which appears before us from time to time.

The fact that we are debating this kind of motion under 75C is, I think, a reflection of the mismanagement of this government and of the way in which the cabinet, almost uniquely in the history of Canadian politics, has managed to bungle its way through the affairs of the House of Commons. When I say that, I am not sure that they do this without some motive behind their approach to the House of Commons, for it is not a very well kept secret that the Prime Minister (Mr. Trudeau), the leader of this "great" government across the way, is a man who resents the House of Commons, resents involving himself in debate in the House of Commons, and resents the fact that he has to put any programs which he wants to make into law before the House of Commons.

Therefore, the Prime Minister accedes to the actions of ministers of finance who bring forward bills emanating from budgets brought down months before. We have examples where budget bills are brought forward six months, or, in the case of Bill C-11, more than six months after the budget has been presented in the House.

What have we heard from the government side, Mr. Speaker? We have heard cries of agony and concern that "if we don't get this bill through immediately, or tomorrow or the next day, the business community will not know where they stand and this will be the fault of the opposition". The

backbenchers and colleagues of the government cannot see the expression on the face of the Minister of Finance (Mr. Chrétien) as he has sat through the debate on the bill in committee of the whole, whereas we on this side can. I have never seen anyone go through such anguish and express such dislike for the process of committee of the whole as the Minister of Finance. To those of us on this side of the House he was completely ill at ease and ill-prepared to deal with any suggestions and questions from members on this side of the House, or to defend a piece of legislation brought forward by his government. Since the last budget was not his, I understand his apprehension and concern at defending it.

We might get some indication of the government's motivations in this matter, Mr. Speaker, if we examine what happened in committee of the whole. The government has talked about having a full debate on economic matters. We have before us a bill which puts into effect provisions which were set forth first in the budget of last March. We went into committee of the whole on Bill C-11 for one minute on November 24. On November 25 and November 28 we spent approximately five hours debating the bill in committee of the whole. We then had an approach from the government side to enter into discussions pursuant to Standing Order 75B. After a mere five hours of discussion in committee of the whole, the government was thinking in terms of bringing in an agreement under Standing Order 75B. Having discussed the possibility of an agreement, the government is then entitled unilaterally to bring in a motion under 75C, and this after a mere five hours of debate on a bill containing over 200 pages.

Some of the provisions of the bill we agree with, but we have serious concern about many others. Not only are we concerned at measures in the bill; we are concerned at the absence of many other measures. Due to the government's bungling and mismanagement, since the budget was brought down in March there was a hiatus in time before further action on the bill was taken, rather than the budget debate following the normal course and the bills being introduced thereafter.

The government wails and complains about the fact that there is so much repetition in debate. The fact of the matter is that to avoid repetition, the government should put their house in order and bring their business before the House in a logical manner so there is some relationship between ways and means and supply and we do not have to dissect and bisect our consideration of budgetary matters. The government should show it is capable of governing the country, instead of being a bunch of bungling—the only appropriate word I can think of—incompetents.

● (1632)

What do they do? They sit back and say we should get this bill through because the businessmen and chambers of commerce want us to give immediate attention to this matter. Anyone who is concerned with business—and every accountant—knows that this government, with a majority, will carry the provisions in due course. Is that any reason to thwart the legitimate representations of the representatives of the people

of Canada in the House of Commons or their suggestions to this government?

We had a budget early on in March, but what has happened since then? We have had substantially worsening inflation. We have an unemployment prospect for this winter which is horrifying. We now have the announcement by the minister that the government is going to withdraw wage and price controls. In economic terms, we have these developments six to eight months after the budget is brought down. We are denied a new budget which rightfully we should have had to deal with these horrendous economic prospects. Instead, we are thwarted in any discussion or in making any recommendations. This government seems incapable of running this country, economically or otherwise.

We now have the prospect of the government trying to ram this bill through by curtailing discussion. This means the people of Canada will not have full discussion of the economic matters on which the people of this country think we should be spending our time. In fact they are demanding that we spend time on these matters.

I say, therefore, to the minister—who has disappeared from the chamber after his outburst—that the fact of the matter is that it will not do him any good to try to confuse the issue by saying the opposition is responsible for the mismanagement of this country. I do not think for one moment that anyone who gives any thought to the whole process of parliament and the idea of responsibility of government will pay any attention to that kind of specious argument. The government proposes, and this forum of parliament is the place where elected representatives have the right to speak about what is happening and make recommendations based on what the people they represent are suggesting in respect of economic matters.

We would like to have made a number of specific propositions in respect of this bill. The life insurance provisions continue to be in a mess. The $100 tax cut should be made in 1977, not in 1988. I would suggest that roll-over provisions to help small corporations, farmers and small businessmen to pass enterprises over to their children should be included in this legislation. There should be no taxation on home insulation grants. It is almost an insane proposition to make these grants and then tax the money in the hands of the recipients. That is what will happen with the exception of two Liberal provinces where the rules are quite different. No wonder the government is receiving few applications under this plan.

These are legitimate suggestions which we on this side want to put to the government, but it refuses to listen to anybody. It blames the opposition for everything and refuses to bring matters before parliament, due to its basic contempt for this institution. There are a number of propositions which we in this party intend to set out. Members on our side wish to tell the House precisely what we think this government—

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

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I think this is the second time in two weeks I have had to get up—and I do not like putting myself forward to speak too frequently—to oppose the imposition of closure by the government. I never thought it would come to this day. I come from a parliamentary legislature where the value of speaking and the value of being able to express your view is well recognized. I believe the only time in my ten years in the Newfoundland legislature that we had closure was on an occasion brought in by the Liberal government of the late J. R. Smallwood, and I say "late" not in the sense of the fact that that gentleman is now deceased, because he is not; he is travelling across Canada saving us; he is speaking on the national unity question across Canada, with his trips paid for by the privy council. When I say "late", I do not mean deceased, but that gentleman brought in closure once, on interim supply. That is the only time in my ten years in the Newfoundland House it was ever done. If it has happened twice here in the last two weeks. What has the government to hide, that is the question?

An hon. Member: Plenty.

Mr. Crosbie: Apparently it must be plenty, Mr. Speaker.

An hon. Member: Incompetence.

Mr. Crosbie: Incompetence, yes; but they cannot hide that. It is pretty difficult to hide incompetence, but they have certainly got it. Let me take one instance of the difficulty we have been having in committee of the whole. In committee of the whole, for it to function properly you must have a minister who believes in parliament, a minister who believes in the democratic process, a minister who believes in giving information and answering questions. In our committee of the whole we have not had a minister who believes in any of these things.

For example, the minister was asked the other day, repeatedly—I think it was last Friday—what it would cost if clause 6 of the bill was amended, taking out the provision that home insulation grants under the CHIP program would be taxable in eight provinces but not in Nova Scotia or P.E.I. If that provision came out of the bill so grants were not taxable in any province, what would it cost? The Minister of Finance (Mr. Chrétien) gave the extraordinary answer that it would cost $560 million. You might ask, Mr. Speaker, why it is extraordinary for the minister to collect $560 million in taxes over the next seven years from these grants. I hope he is listening, because he has a lot to learn. But he does not appear to want to learn, and is pacing restlessly about the chamber like a caged tiger. He cannot wait to get closure in so he will not have to answer any further. There would have to be grants to four million householders. The minister says he would collect $560 million over the next seven years from people who had received the home insulation grant. The maximum is $350 if you are living in Newfoundland, New Brunswick, Ontario, Manitoba, Saskatchewan, Alberta, Quebec or British Columbia, the Northwest Territories or the Yukon. If you live in Nova Scotia or P.E.I., the maximum is $500. We will forget about that for now.

The Minister of Energy, Mines and Resources (Mr. Gillespie) says thay are going to spend $2.4 billion over the next

seven years. They are going to get back roughly half of what they spend, according to the minister's reply. The program will cost the government $1.4 billion over seven years. The Minister of Finance says if he makes the grants non-taxable, he will lose $560 million. He has to get $560 million back from the $1.4 billion that the other minister intends to spend over seven years.

If the maximum grant is $350, you will need four million householders outside Nova Scotia and Prince Edward Island receiving the grant. If you divide $350 into $1.4 billion, it goes four million times, so you would have four million householders getting the maximum grant of $350. Every one of those four million householders will have to be in the highest tax bracket, or at least the 50 per cent tax bracket, because they will have to lose half of what they get to make up the $560 million.

What the minister is saying is that there are four million householders who are going to get the maximum grant and who are all going to be in the 50 per cent tax bracket, because that is the only way he could lose $560 million if he made these grants non-taxable. It is quite obvious he is not accurate; he is not even approaching accuracy. To suggest that one-half of the cost of the program would come back in taxes if the grants remain taxable in the eight provinces is not true; it is not the fact. But that is the kind of answer we have been getting from the Minister of Finance over the last few days.

By the way, there are only 7,026,000 householders in the eight provinces, so you would require a fantastic acceptance rate. You would require four million out of those 7,026,000 householders to take the grant. To make it even more ridiculous, only 1,223,000 are eligible the first year, and it gradually goes up year by year; so you haven't got four million even eligible until four years have gone by. Never before has such codswallop been put before the House. Codswallop is something which is scraped off the floor after the cod has been dealt with pretty sternly. Thus, the minister will know what I think of his answer. When we stand up to ask questions in this chamber, this is the type of answer we receive.

● (1642)

The committee of the whole is the only effective committee parliament has. We can ask questions, and if the minister does not give proper answers we can ask another question. It is unlike House committees. House committees are emasculated. House committees are parliamentary eunuchs guarding the harem of the Prime Minister (Mr. Trudeau), where he hides his delights. The hidden delights of the Prime Minister and the Minister of Finance are protected by the Parliamentary eunuchs, the committees of the House of Commons. Those committees have no power. They cannot subpoena anything. They are dominated by the majority; the majority controls them. The chairmen are Liberals for the most part. They are under the thumbs of the powerful ministers in the government, as well as the Prime Minister. One cannot expect the chairmen to be independent.

[Mr. Crosbie.]

Members can only do what they are permitted to do. They sit in committee. They are given ten minutes to ask questions and receive answers. A member asks a question and he receives a non-answer from some long-winded minister for nine minutes. It is the most pusillanimous and piffling procedure ever foisted on parliament.

Mr. Boulanger: That is not so.

Mr. Crosbie: The hon. gentleman opposite is too used to being a Liberal backbencher. Members on this side of the House have not been through that experience. We are full of vim, vigour and vitality. We ask questions and we want answers. We are not interested in the parliamentary eunuchism that this government enforces on members opposite and on Canadians. We want vibrant committees which have power.

Mr. Boulanger: That is good for TV.

Mr. Crosbie: We do not want these emasculated committees. We do not appreciate closure. We are like the Minister of Industry, Trade and Commerce (Mr. Horner). He does not appreciate the Cape Breton miner. He infers that they are lazy louts who do not want to work.

Some hon. Members: Oh, oh!

Mr. Crosbie: We do not appreciate closure. Positively, we do not appreciate it. Also, we do not appreciate the honourable baa-baa black sheep opposite.

Mr. Boulanger: Oh, oh!

Mr. Crosbie: If the hon. member opposite wants to rise and speak on this motion, he can do so.

Mr. Boulanger: I will. You are a phony.

Mr. Crosbie: I am sure there are people who would like to hear what he has to say. Wherever these people are located, they would like to know why he is voting to cut off debate in this House on the income tax amendments which are before us. The only effective forum to put a minister on the griddle and give him a bit of a frying is committee of the whole. That gives him a bit of a frying, but not a scorching.

The hon. member for Rosedale (Mr. Macdonald) would not have had closure brought in. He was fearless in his approach. He was convinced, absolutely, that he was right. He had all the wrong ideas to back that up, but he was not afraid to put them forth for examination. The new minister is somewhat different. The new minister is a slippery eel; he will slither this bill through the House, using closure. He will seduce the senatorial promises, the sleek and sumptious growth of wealth and corporate privilege.

That is similar to what may be said by members of the New Democratic Party. The minister will rush this through because he is receiving telephone calls from the investment community. The poor fellows do not know what to do. They do not know what to expect. They cannot add two and two. Apparently they do not realize that 145, or whatever the figure is, is more than

50 per cent of 265 members. They do not understand the government has the majority and controls the House.

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

Mr. Stan Darling (Parry Sound-Muskoka): Mr. Speaker, I am pleased to make a few comments on the proposed motion of the Minister of Finance (Mr. Chrétien). I am delighted to see him conferring with his officials in the gallery: that shows he is very interested.

Mr. Hnatyshyn: He is being briefed.

Mr. Darling: Perhaps that is so. I am well aware of the importance of Bill C-11. Certainly, there is merit in stating that it should not be debated forever. As the hon. member for Winnipeg North Centre (Mr. Knowles) stated, certain bills merit considerable debate. I consider Bill C-11 to be one of those.

I listened to the hon. member for Abitibi (Mr. Laprise) make some interventions. He stated that the Conservative party talked at some length on this bill and brought in no amendments. As far as bringing in specific amendments is concerned, the government and the Minister of Finance are aware that we have spoken against certain clauses in the bill which are in themselves amendments.

As the hon. member for St. John's West (Mr. Crosbie) indicated, we have taken great exception to the home insulation grants being taxable. We have indicated that they should not be taxable. As far as the home insulation legislation is concerned, it comes under the Minister of Energy, Mines and Resources (Mr. Gillespie) and the Minister of State for Urban Affairs (Mr. Ouellet). Aside from the two favourite provinces, the grant is $350. That is only two-thirds of the amount of material that is purchased. Certainly, in the case of smaller houses, it could meet the entire cost of the material. Forcefully, I tried to bring that to the attention of the House on Friday afternoon when speaking on the motion presented by the hon. member for Ottawa-Carleton (Mrs. Pigott).

My party has made proposals regarding Bill C-11. I am interested in the clause dealing with life insurance. I appreciate the position of the minister and the government on this matter. It is of considerable interest to 12 million policyholders in Canada. The government has made a concession indicating that nothing is to be done at death. I give the government full marks for that.

The Minister of Finance looks as if he wants to speak. It should not be taken off my time.

Mr. Chrétien: I just want to indicate to the hon. member that more amendments are coming.

Some hon. Members: Oh, oh!

Mr. Darling: Why do we not see these amendments now, before closure?

Mr. Lumley: We are not dealing with clause 14.

Mr. Darling: I hope the amendments consider this question, because it is very important. I am referring to the loan provisions of life insurance policies which are not allowed as tax deductions. Will that be allowed?

Mr. Chrétien: Are you dealing with clause 14?

Mr. Darling: The minister can refer to clause 14, but he has a lot of amendments up his sleeve which we do not know about.

Mr. Chrétien: It was given to your financial critic on Friday.

Mr. Darling: The rest of us are as entitled to it as our critic.

Mr. Paproski: Was that before, or after, closure?

Mr. Darling: I am not sure whether I have an undertaking from the Minister of Finance and his able parliamentary assistant.

Mr. Chrétien: Hear, hear!

Mr. Darling: Yes, he is a very able man. I have great respect for the minister's parliamentary assistant. I had occasion to work with him in municipal politics, where he did a great job. I feel he made a wrong choice when he came to the House of Commons and joined the Liberal party rather than the Conservative party.

Mr. Paproski: Why is the hon. Parliamentary Secretary to the Minister of Finance (Mr. Lumley) blushing? Let the cameras show his red face.

Mr. Darling: That is quite right. How can the Minister of Finance deny a business person borrowing up to the cash value of his life insurance policy at a 6 per cent interest rate? That person can borrow money more cheaply, but he is unable to deduct it as a legitimate expense. Yet you could put the policy up as collateral and borrow through a bank or another financial institution at a much higher rate, and the full deduction would be allowed. It does not make sense. In other words, if you borrow $1,000 at 6 per cent on your life insurance policy, $60 is not deductible. But if you borrow that amount from a friend and you put the life insurance policy up as collateral and give him 10 per cent, which is $100, you can deduct it. That is crazy. I hope this clause will be amended. I see the minister nodding. Praise the Lord and thank God it has sunk in.

• (1652)

Mr. Chrétien: Let us praise the Lord and thank God, and hope we go on to clause 14.

An hon. Member: Is this a Pentecostal meeting?

Mr. Darling: One other clause to which we take exception is the one which allows business expenses to be deducted for ordinary employees from $150 to $250. We consider that not to be adequate in these inflationary times and in this time of the special iniquitous 10 cent tax on gasoline. The motion

presented by my colleague, the hon. member for Rimouski (Mr. Allard) of the Social Credit Party, was that the amount be increased to $400. The $400 would give the ordinary workingman a break, which he does not get now as does the regular businessman who can deduct anything he can think of, and even things he cannot think of but his accountant can think of for him so that he can get maximum benefits. I think the ordinary workingman should also be given that additional break.

These are the reasons we feel this bill is important and should be debated at length on behalf of all the people of Canada, and that is why I take exception to closure at this time. I hope the amendments to be proposed by us will be accepted by the government. We will not need three days of debate if the government will agree to the common sense suggestions made from this side of the House.

Mr. Gordon Ritchie (Dauphin): Mr. Speaker, I do not believe it is a good thing that closure has been imposed again, because I think the economic situation in Canada is worse now than it has been for many years and we need to debate measures such as the one before us. The fact that the government is cutting off debate on this bill indicates, probably, that it is not willing to face up to what lies ahead.

We find that the United States has just come out of a recession and they are discussing what efforts should be made to improve the economy. Their problems are big; their foreign trade deficit stands at $30 billion. Let us see how their situation compares with our economic situation in Canada. The United States will run a foreign trade deficit this year of $30 billion, with oil imports alone costing about $45 billion, as compared with Canada's $5 billion. Their trade deficit is relatively twice as big if we take into account that Canada's growth rate is only half of theirs, and our inflation rate is two points higher. Certainly we should discuss our economic problems in the House.

Let us consider what the minister himself said not long ago in the province of Quebec. He said that there is a loss of population in Quebec, business is moving out of the province, there is a faster growth of unemployment in Quebec than in most other parts of Canada, and Quebec has one of the poorest records for increased investment and higher rates of interest abroad. In an article which appeared in the *Financier*, a journal of financial affairs directed at top U.S. businessmen, it was pointed out that if Quebec separates, businessmen may find that their loans are being repaid in worthless Quebec dollars, supported by a nation without reserves, burdened by chronic domestic and external foreign payments problems, recognized by few, if any, foreign nations. These are some of the problems we have.

The budget was brought down six months ago, but times have altered drastically since then. Economic changes are coming on fast. We have a higher rate of unemployment, and an increasing budget deficit which has to be met by borrowing. We are borrowing at a rate comparable to the rate during the Second World War, in relative terms. A similar situation prevailed in the 1920s and the early part of the 1930s. Anyone who has read the record will recognize that at that time bankers and politicians were saying that the economy was fundamentally sound, yet the country was plunged into a depression.

Bringing down a budget is more difficult now than it was a few years ago. Then it was a simple revenue-raising device. Now it has come to be recognized as a major weapon by which the government carries out its fiscal, economic and social responsibilities. In recent years the government has been involved to a great extent in social problems. Everyone is complaining—particularly those involved in accounting and those making business decisions—that they are not aware of what the government is doing. Accountants and businessmen will tell you that they read avidly debates in the House of Commons carried on by members of parliament who are not necessarily the most expert financiers in the world; but, say the businessmen, they demonstrate what the governement is thinking and they represent what various members have in mind when they present their arguments for and against a particular tax change.

I find that tax accountants in particular would like to have a record of the debates in the House of Commons because it indicates to them what the government has in mind, and questioning of the government brings out what may flow from a certain tax change. It is certainly true that what we pass in the House in the way of regulations is developed by senior civil servants, and these regulations are often very difficult to understand.

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

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Deputy Speaker: Order, it is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised at the time of adjournment at 10 p.m. are as follows: the hon. member for Winnipeg South Centre (Mr. McKenzie)—Unemployment Insurance—Reason for eliminating fraud squad—Possibility of reinstatement; the hon. member for Capilano (Mr. Huntington)—Northern Affairs—Exceeding of departmental appropriation—Possibility of disciplinary action; the hon. member for Saskatoon-Biggar (Mr. Hnatyshyn)—Federal Provincial Relations—Meeting of resource ministers—Discussion of ownership and taxation of resources.

It being five o'clock, the House will now proceed to the consideration of private members' business as listed on today's order paper, namely, notices of motions, public bills.

PRIVATE MEMBERS' BUSINESS

[*Translation*]

Mr. Deputy Speaker: Before proceeding with the consideration of private members' business, as we usually do at this time on Mondays, I would like hon. members to allow me to give my decision on a point of order raised by the hon. member for Vaudreuil (Mr. Herbert) on November 4 last specifically dealing with the program and selection of parliamentary measures to be discussed during private members' hour, more especially with the notices of motions moved by hon. members to that effect.

The decision which I am about to give must, in my opinion, take our rules into account, particularly Standing Orders 18(1), 19(1) and 49(1), but it cannot ignore the recent practice which has been developed in the organization of private members' business by the government.

Besides, neither hon. members nor even the hon. member for Vaudreuil seem to be opposed to that practice, except that the latter suggests it could lead to abuses in the sense that an hon. member's proposal could be set aside and not debated at the time of his choice. So, my decision was meant to conciliate those two concerns with a concrete proposal about future practice for private members' business, a uniform and orderly way of proceeding which complies with our standing orders.

[*English*]

• (1702)

The point of order raised on November 7, 1977, by the hon. member for Vaudreuil (Mr. Herbert) and concluded on November 28 showed that for some time the House has not been following precisely the provisions of Standing Order 18(1), Standing Order 19 and Standing Order 49 as they related to private members' business.

Standing Order 18(1) provides that private members' business be taken up according to the precedence assigned on the order paper. Standing Order 19 offers a degree of protection to notices of motions and orders not taken up when called, in that it provides that at the request of the government they may be allowed to stand and retain their precedence on the order paper. Standing Order 49 provides that a private member's notice of motion which has been called twice and not proceeded with shall be dropped. The Standing Order goes on to provide a procedure for reinstating a notice which has been dropped in that manner.

On the other hand, in recent years the House has accepted the practice whereby the government has taken a certain initiative to determine in advance the item of private members' business to be dealt with at a particular sitting. Rather than calling each item seriatim in accordance with the precedence assigned on the order paper, the Parliamentary Secretary to President of Privy Council (Mr. Pinard) has simply requested that all items preceding the previously determined item be allowed to stand at the request of the government, and sometimes by unanimous consent, or both.

As a result of the debate last week, I am satisfied that even if this practice did not conform precisely with the provisions of the relevant Standing Orders, it has gained a large degree of acceptance by the House, for two reasons. First, it gives the House advance warning of the business to be taken up during each private members' hour, and second, it protects private members' business more effectively than the Standing Orders.

At the same time, however, I considered the point made by at least two hon. members who contributed to the debate and who claimed that the practice is open to possible or apparent abuse. Certain doubts were expressed that in arranging the business for private members' hours the government might not always be guided by the priorities established on the order paper, or might not always consult all members affected or concerned.

I must say that I was struck by the effectiveness of the arguments on both sides of the question, and in making my ruling I shall try to combine the virtues of both practice and the relevant Standing Orders. I therefore hope that the House will be prepared to accept the following proposals. First, I propose that the practice developed over the last few years be continued, that is, that the government take the necessary steps to schedule in advance the business to be considered during private members' hours, with due regard to the priorities established on the order paper and through consultation, and that the House proceed directly every day at the time of private members' business to the scheduled item, standing all preceding items by unanimous consent.

Second, a member who feels that the practice has resulted in an injustice on a particular occasion and that he should have been consulted or given more advance notice may, of course, express his dissatisfaction simply by withholding the required unanimous consent. This would oblige the Chair to call seriatim, one by one, all items preceding the scheduled item.

Third, items not proceeded with when called in this manner could then be allowed to stand either at the request of the government or by unanimous consent, or they would be dropped. Of course, the necessary notation would be made in *Votes and Proceedings* and on the order paper so that we would know every day what items appearing on the order paper have been stood at the request of the government.

It seems to me that this combination of rules and practice should meet the concerns of all hon. members, and I hope the house will be prepared to work within this framework at least on an experimental basis.

[*Translation*]

I suggest that hon. members follow to the letter, or at least as closely as possible, this procedure proposed in my decision about notices of motions presented by hon. members, unless implementation problems arise. Therefore, it seems to me that if everything works smoothly enough it might not be necessary for the time being to revise the standing orders of the House.

[*English*]

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, may I ask just one question? Putting it that way implies readiness on

my part to accept the ruling Your Honour has made. Do I take it that in future when a bill has been allowed to stand by unanimous consent, that will be the notation on the order paper, rather than the notation "at the request of the government"?

Mr. Deputy Speaker: I have considered both possibilities, and I think what the hon. member is suggesting would cause complications for the people who have to keep records and who have to prepare *Votes and Proceedings* and the order paper. My proposition is to operate every day on which there is a private members' hour by giving notice to the House that we are to proceed with one numbered item, making a request for unanimous consent to stand the previous ones. The fact that unanimous consent is given means that all the items which are bypassed are not really affected, so they should be considered as if they had never been called.

That is why I say that the developing of the practice of proceeding by requesting unanimous consent at the beginning of each private members' hour will thus allow us to proceed in an orderly way directly to an item, without having to use the right of the government to stand an item unless an hon. member withholds unanimous consent for some reason of his own. So actually we would be following a practice which would be in between what we have been following in recent months and what the Standing Order says. We would proceed by standing all items not proceeded with by unanimous consent, and only when an hon. member withheld unanimous consent would each item be called one by one.

● (1712)

For items where unanimous consent is not given, they would have to be stood at the request of the government or taken off the order paper because, as the hon. member knows, the Standing Order says that an item may remain on the order paper when called, if requested to stand at the government's request. If an item is enumerated and no member concerned does request it to stand by unanimous consent, and the government does not protect that item, it will have to go down the list if it is for a bill that is, for a notice of motion, it will be dropped from the order paper, but it can be reinstated. I do not know if I am clear.

Mr. Knowles (Winnipeg North Centre): I understand what you are proposing. My question related only to the point as to what the notation would be on the order paper of the future; whether it would be one or the other. I now make the suggestion that in all cases the notation simply be allowed to stand. Why worry whether it was unanimous consent?

Mr. Paproski: Right.

Mr. Deputy Speaker: If I may refer the hon. member to Standing Order 19(1), the only way such an order or a notice of motion can be allowed to stand is at the request of the government or by unanimous consent. Because of the fact we do not want to keep a record of dates of standing an order or notice of motion on the order paper and on the *Votes and Proceedings,* I feel in making this practice a general one—the practice of standing all the items by unanimous consent—we can forget about those items stood by unanimous consent. We do not even have to take the trouble of putting a note in the records. On the other hand, the House is very concerned, and from what I have heard the hon. member from Vaudreuil is concerned about the number of times an item has been stood at the request of the government.

I think it will be useful to an hon. member because he will know from the order paper that an item had since the beginning of a session, been called a few times, and stood by unanimous consent. If on a following occasion that consent is refused the government would be entitled to request it to stand. Only that instance will be recorded. From then on, the next time it is called it will be automatically dropped. Does that satisfy the hon. member?

Mr. Knowles (Winnipeg North Centre): Yes.

Mr. Deputy Speaker: Of course, I would leave it open to any suggestion as we go along to improve the formula. I felt while we are staying within Standing Orders we would be developing a practice that could not be challenged by any member, especially operating on the basic principle of unanimous consent.

Mr. McKinley: Just a question with regard to your ruling, so I understand exactly what the ruling is. Are we to understand these items on the order paper, up at the top, will be allowed to stand either by unanimous consent, or at the request of the government, an indefinite number of times?

Mr. Deputy Speaker: What I am suggesting is a general practice that every time the House is proceeding with private members' business, the government should continue to organize the programming of private members' business, so that every time at the outset of private members' hour a representative of the government would request all the items previous to the item proceeded with be stood by unanimous consent. So these items could stay there up to the end of the session if there is unanimous consent.

But if at any time, to satisfy the right of a member to request that the orders be called one by one, then the Chair would call all items one by one up to the item that was to proceed. In so doing at that moment the Chair would request consent for each item to stand. If there is no consent, then the government could use its right to stand an order or motion at the request of the government. Standing Order 49(1) says these items cannot be called more than twice. Those items will be identified on the order paper as having been stood at the request of the government. The next time they come up, if they do not succeed in getting unanimous consent to be stood, they will be dropped from the order paper.

The Parliamentary Secretary to President of Privy Council is absent from the House, and I would be ready to receive an indication from the government as to what order of business we are to proceed with.

Mr. Alexander: Further evidence of incompetence, short and sweet. They do not know what they are doing.

[*Translation*]

Mr. Yves Caron (Parliamentary Secretary to Minister of Agriculture): Mr. Speaker, I would ask that motion No. 7 be dealt with and that the three previous motions be allowed to stand.

Mr. Deputy Speaker: The Parliamentary Secretary to the Minister of Agriculture (Mr. Caron) suggests that we immediately proceed with the consideration of notice of motion No. 7 appearing in the name of the hon. member for Compton (Mr. Tessier) and that notices of motions Nos. 2, 4 and 5 be allowed to stand with the unanimous consent. Is there unanimous consent to allow notices of motions Nos. 2, 4 and 5 to stand so that the House may proceed with notice of motion No. 7 appearing in the name of the hon. member for Compton (Mr. Tessier)?

Some hon. Members: Agreed.

[*English*]

Mr. Knowles (Winnipeg North Centre): By unanimous consent.

Mr. Deputy Speaker: Is there unanimous consent to stand motions Nos. 2, 4 and 5 so that the House can proceed with motion No. 7.

Some hon. Members: Agreed.

● (1722)

PRIVATE MEMBER'S MOTIONS

[*Translation*]

AGRICULTURE

SUGGESTED PUBLISHING OF MARKETING QUOTAS OF MILK BY CANADIAN DAIRY COMMISSION

Mr. Claude Tessier (Compton) moved:

That, in the opinion of this House, the government should consider the advisability of having the Canadian Dairy Commission publish the marketing quotas of the milk produced by all Canadian milk producers.

He said: Mr. Speaker, the request in today's motion to publish the marketing quotas of the milk produced by all Canadian milk producers has already been made by the Quebec Liberal caucus and was even referred to the House by the present Parliamentary Secretary to the Minister of Agriculture and member for Beauce (Mr. Caron). This request was justified in the past and seems even more justified today particularly at the very outset of what could be the third great war of milk producers.

Of course, legal advisers may object on the ground that farm producers' incomes should not be disclosed, but the motion asks that a study be made into the advisability of publishing marketing quotas for all milk producers in Canada, more particularly over the last four dairy years, namely 1974-75, 1975-76, 1976-77, 1977-78. I am even prepared to recommend that this list of producers be made available only to members of the Standing Committee on Agriculture and that they be given the opportunity to question witnesses as they see fit in order to clear up things and brief the producers themselves who are the first people to be concerned with this matter.

Refusing to make these quotas public or rationalizing our opposition would amount to our entering the conspiracy of silence which would lead to a distortion of the Canadian milk policy through all kinds of tricks. Are there any reasons for such a request? Mr. Speaker, our policy in Canada is undoubtedly the best in the world, we can vouch for it but we cannot accept to have it distorted because it will remain the best possible policy only in so far as the support price can provide the producers with a guaranteed income and this guarantee is a real one.

● (1732)

Indeed, Mr. Speaker, between 1967 and 1975 the dairy policy had the incentive effects that were being sought. On the other hand, in 1975-76 we had to realize that an overproduction was becoming totally unacceptable. That is why in 1976-77 the federal government had to ask the federations to agree to drastic cuts so as to be able to bring Canadian production in line with Canadian needs. It appears that things should be back to normal in 1977-78. However, the instruments have to be reconsidered and it should again be restated that the Minister of Agriculture (Mr. Whelan) has the duty to determine Canadian needs and to ensure that Canadian production is directly in line with Canadian production.

The management committee, for its part, is responsible for ensuring that production is in line with Canadian needs. In such a system, theoretically the quota system allots and imposes quotas on every producer. This is a power and a duty to produce but, on the other hand, it should also be a guarantee for the producer. As far as the government, the cabinet, the Minister of Agriculture, the Canadian Dairy Commission, Agriculture Canada and the management committee are concerned, the present system is not only valid but is the instrument we must have and use properly so as to give our policy the effects we would want it to have.

Indeed, between 1967 and 1975, there was a real increase in Canadian production, and at that time the policy reached the objective that our Canadian production was more in line with Canadian production so that in fact that incentive and that lack of dependence on foreign markets had been corrected since they were the reasons why the policy had been put in place in 1967. In 1975-76, when the minister had clearly established that Canadian needs were 100 million hundredweight, we saw at the end of the dairy year that production had effectively been 112 million hundredweight and furthermore, we saw that at that time production quotas were around 136 million at the beginning of 1975-76. So the management

committee had failed to put Canadian needs in line with Canadian production and only conflicts of interest within the management committee itself can be cited to explain that the committee completely distorted the dairy policy.

In 1976-77, of course, producers had to accept cuts in quotas. It is said that, theoretically, that cut was about 20 per cent but when one analyzes these cuts from the standpoint of the quotas of the producers themselves one realizes that those cuts were far from being even and one even wonders—and that is why we have the right to ask that those quotas be published—how it was that producers had their quotas cut by 20 per cent when some other producers—compared with 1975-76, 1976-77 and even going back to 1974-75—had their quotas increased 200 per cent, and even up to 300 per cent. Indeed, the government was always taken to task, and the motion introduced today would seek to have the government actually take its responsibilities as well as those who have to share those responsibilities with the government.

Indeed, Mr. Speaker, it is about time producers know what their dairy policy is all about, that device which some dare refer to as the best possible policy, whereas in fact some producers have to suffer cuts and are in a very near future likely to have to accept more quota cuts while others seem to get quotas practically to suit their needs.

In spite of the positive recommendations we made in 1974-75 at the end of the dairy year, and in 1976-77 at the time of those drastic cuts, it has been deemed advisable not to implement the recommendations because the administration and distribution of quotas were not under federal jurisdiction but were the responsibility of federations and provincial bodies. The fact remains that we may find ourselves with new quota cuts in the very near future. We would very much like to why know some producers should face cuts whereas others are buying quotas everyday almost as they wish.

So, Mr. Speaker, this is precisely what we need to know to inform producers so that they will know exactly who is responsible. I for one, in the case of the province of Quebec, regret that the Agricultural Producers' Union did not take a firm stand. I discussed this with the chairman and he always says: If the UPA gets involved in the war between the two types of milk producers, it might disappear. Then to maintain the union, and we agree on that, the UPA does not want to say the truth to producers and prefers to get mixed up in a conflict of interest.

On the other hand, Mr. Speaker, the leaders of the UPA try to make us believe that the federal government is always to blame for everything and we have letters to that effect: Quotas cutbacks are always the responsibility of the federal government when that responsibility, and the UPA people know it, belongs to their respective federation. There are also dairy federations in the industrial milk sector. It has been said that the dairy policy for 1977-78 was a good policy, that producers could accept it when a large number of them come to our offices and say: We do not have quotas anymore and we need them. As concerns whole milk, there has been a war between the two types of dairy producers since the beginning of this year. They tried to make us believe that the federal government wanted to create this war and, as concerns the famous 25 cents, thank God, the problem has been solved as I think that the interdependency of the two types of milk has been recognized and even if they wanted to invoke established policies, they had to recognize that there was in fact an interdependency between those two types of milk and that if whole milk producers had taken advantage of a situation favourable to them since 1967, in 1977 they had to correct the actual injustice made to industrial milk producers.

Mr. Speaker, the war between the two types of dairy producers might start again and I think that we have the duty to throw light on the situation. This is why I ask the Agricultural Producers' Union to establish without any doubt that the administration and the distribution of quotas is their responsibility via existing organizations at the provincial level.

In addition, the APU and the dairy federations must reaffirm their exclusive responsibility, and take what means are necessary to make sure their members know that the administration and distribution of quotas is their exclusive responsibility. Moreover, the APU must call upon its permanent members and ask them to stop shirking their responsibilities by referring their problems to the federal government, and issue instructions to that effect; otherwise, Mr. Speaker, there will be no other choice but to ask that the list of all quotas, for all producers be published or, if it cannot be made public, then that access be given to it at least to the Standing Committee on Agriculture of the House.

Then the standing committee would be able to summon witnesses and ascertain whether or not there has in fact been manipulation of quotas because rumour has it that there is almost outright banditism in the field of quotas, their distribution and administration. We are responsible, as a government, because the government has invested millions of dollars in that sector; it has the right to know who is tampering with the data of its policy; to my mind, it behoves the House of Commons to make sure that the money granted the producers can and does in fact reach them, without any of the messing around that seems to exist now.

Mr. Pierre Bussières (Portneuf): Mr. Speaker, I would first like to say that I strongly support the suggestion of the hon. member for Compton (Mr. Tessier) that the Canadian Dairy Commission publish the quotas of each individual dairy producer for the reasons that he explained. When we discuss the dairy policy, we find that there is one major difficulty which comes from the fact that this dairy policy, from its development to its administration, involves several groups or levels of responsibility and authority. Unfortunately, when this policy is ineffective, only one level of responsibility is held finally responsible, which is unfair since several managers or several administration or management levels deal with this dairy policy. It would therefore be normal that each level of responsibility recognize its own errors.

I believe that if the quotas of individual producers for the last five years for instance were published, we could see which producers kept to these quotas, which exceeded them and

which benefited from the generosity or the administrative laxity of those responsible for the control of quotas, which does not come under the Canadian Dairy Commission, but rather under the agencies that my colleague from Compton mentioned earlier.

It is the same every time that the dairy policy is announced for the year. One year, everyone is happy, the next, everyone is unsatisfied. When everyone is happy, no one is said to be responsible for the happiness of dairy producers, but when something goes wrong, someone is held responsible for the misfortunes of dairy producers, and that is the government of Canada or the Canadian Dairy Commission. What we are forgetting is that the Canadian dairy producer, the management committee service and the producer federations all have duties and responsibilities in the administration of this policy.

When things are going wrong, it is not the responsibility level, which must first of all assess the Canadian needs, determine the amount of the subsidies and make the necessary payments, which alone is the culprit, but it must assume the responsibility together with all those who, during the year, must check production, give out or share the quotas of this production among all individuals.

Well, Mr. Speaker, in order to point the finger at the level of all the weaknesses of this administration which jeopardize the dairy policy, I feel that it is essential for the quotas to be published as quickly as possible, in order to determine which producers have remained within their quotas between 1972 and 1977 and which have not unduly exceeded their quotas, and make sure that the over-quota deliveries have not been excessive. If compared with the other producers, there are variations to the level of production, we shall know then truly where responsibilities rest, and tell the federations of producers that, before they place the blame on the shoulders of higher levels of government for the administration of the dairy policy, they ought to properly carry out their own responsibilities, namely the administration of the dairy policy.

Mr. Speaker, this concludes what I had to say on this motion.

[*English*]

Mr. Fred McCain (Carleton-Charlotte): Mr. Speaker, this is a motion which I find it difficult to support for reasons which have been outlined by the two hon. members to your right who have just spoken. I sympathize with the position of farmers who wish to keep their incomes reasonably confidential, but I submit that at any point at which a complete list of milk quotas is publicized a farmer's income is publicized by the same stroke of the pen. Therefore I find the argument based on confidentiality difficult to support.

The primary purpose of the motion is to deflect criticism away from the Government of Canada and direct it to the various organizations which are responsible for the administration of the milk quota system. It is deflecting criticism on the various organizations in Canada which are responsible for the administration of milk quotas, it is deflecting criticism on the various provincial governments under whose jurisdiction these organizations operate, and it is doing everything it can to protect the Government of Canada.

● (1742)

If one reviews the history of our milk distribution structure, one finds that up until about 1975 the Government of Canada had neglected the dairy industry to the point where it was virtually bankrupt. It had neglected it to the point that our production in Canada was deficient to the extent that we were importing tens of millions of pounds of butter and establishing quotas for the importation of cheese. At that point in time the dairy industry was on a slide and the bank balances of dairy farmers were nil.

The next step the government took was over-stimulative. It gave the industry too much stimulation. Then the government, by virtue of its inaccurate prediction of the requirements for milk in this country, began to lay blame on everyone but those who had calculated the quotas that they thought could be absorbed. It did not work, Mr. Speaker. In other words, the computer malfunctioned. There was no accurate prediction of what was required in Canada, and the Government of Canada found itself in the very embarrassing position of having to reduce the quotas it had already established.

As a result, the milk farmers found themselves in even worse condition. They had spent the capital required to put them in the position of producing milk to meet the quota the government had suggested in 1975 the country could tolerate.

This leaves the government in the position where it can be properly criticized, first for its neglect, and secondly for its failure to estimate the amount of milk Canada could produce and consume and which the government could afford to support. In view of this total mismanagement and the practicing of both extremes, the federal government is being criticized in Quebec, it is being criticized in New Brunswick, and the industry has felt the power of the purse. The only way the dairy industry in Canada has been able to survive for a good many years is by virtue of subsidies paid by the federal government to maintain the Canadian dairy industry. When we get to the point where we withdraw that subsidy and complaint is expressed, as it has been by the two members to your right, Mr. Speaker, then there is something the matter with the government's dairy policy.

I am quite prepared to have the provinces send the various representatives of the milk industry to the agriculture committee to express their complaints. And let the committee consider those complaints and make recommendations thereafter. If by chance the organizations in Canada want to publish the total list of quotas, then that is their position and we will support it. But out of the clear blue sky, having received no recommendation from any farm organization in Canada that we take this step, I find myself in the position where I am compelled to oppose this motion.

The latest representation I received pertaining to milk is by way of stoical complaint and complete resistance to the government's position that there should be a levy on fluid milk production in the various provinces. One or two provinces have

capitulated, others have adjusted, but the dairy farmers are not necessarily in accord with this position. Therefore the federal government is subject to criticism, and let it take criticism where it deserves it, because it has brought it upon itself.

The problem in Quebec has been very serious. It was unique inasmuch as the quotas which were issued were taken up with the great encouragement of the government of Quebec. When the Canadian Minister of Agriculture (Mr. Whelan) had to back off, he embarrassed his own Liberal government of the day in Quebec and hurt the pocketbooks of the farmers of Quebec. Let us not try to deflect the blame for this on to farm organizations which are administering the policy of the federal government as issued with the full power of the purse by the Canadian Dairy Commission. This does not elicit support as far as I am concerned.

There are one or two comments which have been made in this regard with which I concur. The responsibility of the Minister of Agriculture in his dairy policy is to see that prices and subsidies as a combination do give a farmer a fair income; there is no question about that. But that, Mr. Speaker, starts in the chair in which the minister sits. It does not go back to the milk producers' organizations, the dairy commissions in the individual provinces, or whatever it may be. Responsibility for the distribution of manufacturing milk and fluid milk quotas is the responsibility of the minister, if he were in his chair, not the responsibility of the provincial organizations or provincial ministers. They have to live within the money which we vote and the distribution as prescribed under the guidelines of the minister. The guy who is responsible is not here.

I am not going to be party to laying any blame on the organizations of Canadian farmers which administer the ultimatum issued from Ottawa by the minister. If the House wants them to appear before the agriculture committee to make representations, then fine, I buy that. But I submit the minister will take a few knocks if they do come before the committee. Perhaps they will not come because they will not be invited.

I find this a very difficult motion indeed to support, Mr. Speaker. I think there would be some very serious repercussions if the House as a whole supported a motion which basically is politically oriented so as to deflect all criticism from the Government of Canada and the Minister of Agriculture on to farm organizations, placing the responsibility in their hands.

Let us instead, Mr. Speaker, bring in a motion asking the Minister of Agriculture to be responsible for prices and subsidies which will provide adequate income for individual farmers. We will then not need to know, and the farm organizations will not have a problem with how big or how small is the quota, how it is come by, or how it is distributed. That is a farm problem which should be dealt with province by province, organization by organization which deals with milk in the various areas of Canada.

[Mr. McCain.]

[*Translation*]

Mr. Florian Côté (Richelieu): Mr. Speaker, I would like to say a few words only, so that there may be time left for my colleague the hon. member for Beauce (Mr. Caron), the Parliamentary Secretary to the Minister of Agriculture, because he knows the problem very well. I would simply like to answer briefly the comments made earlier by the hon. member for Carleton-Charlotte (Mr. McCain). I have been familiar with the farm problem for 25 years, especially the dairy industry problem.

I could deal at length with that problem, because my qualifications are not only those of someone in a position to criticize the government or point out the weaknesses of certain agencies that do not take their responsibilities, but those of a former producer, someone victimized by the lack of understanding of some governments, including the former Progressive Conservative one. The previous speaker forgot about that. All those problems I had to face. I felt bad when I heard suggestions earlier that the minister should be blamed for the loss of revenue incurred by farmers, when in fact our dairy policy has come an extraordinary long way since 1967. The only problem in that dairy policy is that mentioned by the hon. member for Compton (Mr. Tessier), namely that there is some mismanagement of quotas, some kind of favouritism.

● (1752)

Mr. Speaker, I am in a position to state that not later than this morning, I had the visit of 27 farmers in my constituency, in Sorel. Those farmers were blaming the government for not getting the required quotas. They were hearing from their producers' federation. The government was responsible. Had I more time, I could have told them about the Canadian government's contribution. The Canadian government has been looking after the dairy industry since 1963, when the Progressive Conservatives lost power. Before that I was a producer myself and I felt the consequences.

I would like to conclude now by suggesting it might be normal that the proposal be accepted, although care should be taken as far as disclosing farm revenues is concerned, although milk is not the only source of revenues. Sometimes, there are other sources. Maybe there should be further discussion on that later on. So I give a chance to my colleague, the parliamentary secretary, so he can quote some figures. Maybe this problem should have been discussed for a few more hours, so hon. members opposite might better realize the problem is caused by some agencies not taking their responsibilities.

Mr. Yves Caron (Parliamentary Secretary to Minister of Agriculture): Mr. Speaker, I would like to congratulate my colleague, the hon. member for Compton (Mr. Tessier) for the motion he introduced before the House today to discuss the publication quotas. If hon. members wonder now about the necessity to make public the marketing quotas for each industrial milk producer in Canada, it is because the reasons underlying such a request appear to be indisputable since they aim at greater justice at the individual level. It is true that all ministers and members as well as the Canadian Dairy Com-

mission have received many letters from milk producers complaining about injustices or the lack of quotas.

Several members as well as myself have brought the grievances of those of our constituents who are producers before the Canadian Dairy Commission. To our knowledge, according to the answers given by the commission, some of the injustices that had been underlined actually took place in many cases not as much at the level of the manipulation of the quotas as at the level of the implementation in the provinces of the regulations by the Canadian committee for the management of milk supplies.

I think that to understand perfectly the complaints of milk producers for the 1976-77 milk year in particular, one has to have a look at history. Let us go back to the year 1973-74 when Canada had to import butter because the Canadian production was not sufficient to meet our own demand. During those years, producers could buy quotas at very low prices. One has to remember that, in 1975-76 they could even get them for nothing. Such a lack of production was due to the fact that the prices paid for industrial milk were too low. The producers and their sons hardly made a living out of that production. Then, following numerous representations from the Minister of Agriculture (Mr. Whelan), the federal government decided to rebuild confidence in that important area of Canadian agriculture by bringing the price of industrial milk more in line with production costs.

In 1975-76, the Minister of Agriculture asked the milk producers to boost their production by 5 per cent, that is from 95 million hundredweights to 100 million hundredweights in order to meet the Canadian demand. The attractive milk price, the ideal weather and the lack of appropriate control over production by the management committee resulted in the production of 113 million hundredweights of milk and in reserves which, by April 1, 1976, totalled 42 million pounds of butter and 300 million pounds of powdered milk. At the same time, world prices for milk products became disastrous; for instance, skimmed powdered milk fell from 45 cents down to 10 cents and 8 cents a pound. The export fund had a deficit of $130 million by the end of that milk year.

It was then necessary to reduce the production in relation to Canadian needs and consequently to reduce quotas allocated to each province and to each producer. The implementation of the rulings edicted by the milk supplies management committee in a period of underproduction resulted in injustices at the very level of the producers themselves, in 1976-77. These injustices which today seem to justify the announcement of quotas, do not originate from the handling of the quotas per se but rather from the implementation of the rules set up by the management committee and which was done to the knowledge of the representatives of the federations and the provinces.

We are not saying that these rules should not have been changed, that they have not created injustices, but we are simply saying that they have been applied without changes. We have nevertheless touched the heart of this issue. The Canadian milk supply management committee which is composed of 23 members had established these rules during a period of underproduction and the 1975-76 overproduction as well as the cut in quotas which took place in 1976-77 created a tremendous chaos. Apparently nobody had foreseen the mechanisms which would apply in such a situation. Is there anyone here who has forgotten those 8,000 to 10,000 farm producers who came to demonstrate on the hill?

This management committee which is so often referred to is composed of nine provinces excluding Newfoundland, and it is presided by the Canadian Dairy Commission and its three commissioners; a representative of the producers sits there for every province with the exception of Quebec and Ontario which both get two representatives and finally there is also a representative from the provincial governments. Mr. Speaker, in short, the provinces and the producers of products with a high content in milk enjoyed a definite advantage during this overproduction period of 1975-76. The uniform 18 per cent cut applied in 1976-77 bore heavily on the industrial milk producers who had increased their production only very little or not at all.

It benefited producers who produce mainly consumer milk and who had known increases of 35 to 40 per cent. Today, the problem is different and if quotas were to be made public, any increase in quotas for every producer would then be known, which would enable each of them to discuss individual increases which can occur through the purchase of quotas or by any other means. One of the drawbacks of this action, however, would be that the name and possible gross income of every producer would then be known and as a government, we must wonder whether making this information public meets the principle agreed to by our society as regards the secrecy surrounding any information concerning private people. I wish to thank above all the hon. member for Compton (Mr. Tessier) for raising the matter of the publication of quota lists.

Mr. Deputy Speaker: Order, please. I regret to interrupt the hon. parliamentary secretary, but as the private members' hour has now expired, I do now leave the Chair until eight o'clock tonight.

At 6:03 p.m., the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

ROUTINE PROCEEDINGS

[*English*]

BUSINESS OF THE HOUSE

PROPOSED LIMITATION ON COMMITTEE STAGE OF BILL C-11

The House resumed consideration of the motion of Mr. Chrétien:

That in relation to Bill C-11, An Act to amend the statute law relating to income tax and to provide other authority for the raising of funds, three sitting days shall be allotted to the further consideration in Committee of the Whole stage of the said bill;

Allotment of Time for Bill C-11

That, on the third of the said days, at fifteen minutes before the expiry of the time provided for government business in such sitting, any proceeding before the Committee shall be interrupted, if required, for the purpose of this order and, in turn, every question then necessary in order to dispose of the Committee of the Whole stage to the said bill, shall be put forthwith and successively, without further debate or amendment.

Mr. Gordon Ritchie (Dauphin): Mr. Speaker, as I was saying, the federal budget has changed in recent years because it is a means by which the government carries out economic, fiscal, and social policies. These tax changes have not developed from the earlier time when secrecy was all that important. Today the Minister of Finance (Mr. Chrétien) has only a relatively small group of people who can advise him on tax changes before he makes proposals to the House of Commons. Thus, these substantial tax changes are often not very good, because the people who advise him cannot be expected to be aware of all the pitfalls.

At the present time, anyone can make submissions to the government and to the Minister of Finance on the pre-budget preparation in regard to things which should be in the budget; but there is no method available to the Department of Finance to decide and sift these in order to have public debate on their advisability or non-advisability. Everyone who makes submissions has their own personal interests to look after. What may benefit a small group of people may not benefit the country as a whole. This is where the House of Commons comes in to debate government proposals in the way of tax changes.

Imperfect as it may be, committee of the whole is the only means by which we can debate, pro and con, the tax changes. I am unhappy to see the government introducing closure once again. Debate on closure on second reading was finished before the actual time allocated. Similarly, there have been only five hours of debate in committee of the whole. Much of that was spent on the insulation problem. We have not touched roll-overs as yet, which is very important. It is a recognition that the capital gains tax, which was instituted at the time of the white paper, is not working the way it should. This Chamber is the only forum where we can debate these important things.

There is no way in which amendments can be instituted in this House except by the government. No witnesses can be heard on the merits of a bill or a tax change. After all, this is the place where we must act as witnesses; we must make suggestions and carry out the public interest. Even at the other place after third reading, when the bill is sent there, no substantive amendments can be made. That is the case on third reading in this House, or while the other place is dealing with the tax changes.

The government has erred in closing debate on these very important clauses, particularly those which will be dealt with next, such as the roll-over tax, which is the capital gains tax, and basically on which the whole of the tax changes proposed in the white paper and subsequently brought into the legislation—

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

[Mr. Deputy Speaker.]

Mr. Benno Friesen (Surrey-White Rock): Mr. Speaker, I want to join the chorus of people who are lamenting the fact that the government has been almost spontaneously invoking closure on this very important piece of legislation regarding taxation. During second reading debate, when I spoke on this bill, I made the point that the government seems to have adopted the philosophy that it ought to spend as much as possible and, in order to pay for that, tax as much as possible. It has almost come to the point that when the government sees a missed opportunity for taxing, it is looked upon as a loophole. Then that loophole has to be covered, which is too bad.

The fact that closure has been invoked means that members of the opposition, whose duty it is to examine the expenditures of the government, are foreclosed from that full opportunity which we deserve. During the closure speeches on second reading, the hon. member for Skeena, the hon. Minister of State for Fitness and Amateur Sport (Mrs. Campagnolo), rose to speak in favour of the closure motion. As reported at page 1131 of *Hansard* dated November 22, 1977, she said the following:

This parliament is based on Westminster, the Mother of Parliaments, yet we have not modernized to any degree whatsoever our monstrously inept rules to deal with the lightning-quick world in which we live.

I am sure hon. members will realize that I do not agree very often with the hon. member for Skeena. Usually we do not see eye to eye on too many subjects; but I must agree with her that the government lives in a kind of medieval world when it comes to the business of the House. Intuitively I agreed with what she was saying, but I thought there had to be documentation for it. I went to the "Oxford Companion to English Literature" and, sure enough, that is where I found the documentation to prove that parliament is still operating under the rules of the Middle Ages. I turned to the section under S where I found the definition for Star Chamber. This book tells me that:

● (2012)

The Court of Star Chamber, whose procedure in the reigns of James I and Charles I made it a proverbial type of an arbitrary and oppressive tribunal, was developed from the above judicial sittings in the 15th cent. It was abolished in 1641. In its original (Tudor) capacity, it was essentially the 'poor man's court', to do justice against great lords.

I think it is almost prophetic when it says that under the original rule of the Court of Star Chamber the poor people were protected from the oppression of the lords, but under the reigns of King James I and King Charles I—and, should I say, of King Pierre I—the poor people have lost that protection because the Star Chamber court is operating somewhere in the inner recesses of the government. I thought that was a good piece of documentation to prove the point that the Minister of State for Fitness and Amateur Sport had some basis in fact for complaining that parliament was still operating under the rules of the nineteenth century, and probably according to some mediaeval principles.

Then I remembered that before the Star Chamber court was dissolved history records that there was what was called the Long Parliament. Charles I, that imperious monarch who

thought that parliament should be putty in the king's hands, decided that because parliament was not automatically voting funds to him the way he wanted and allowing him to spend the money the way he wanted to spend it, and they were examining the rules too closely, did not bother to recall parliament, so they had a long session lasting a number of years. This was called the Long Parliament. I know that King Pierre would like to do the same like his forebear, Charles I, but he has not been able to summon up the nerve to do that yet. It is one of the techniques under which we have been operating in this session of the House whereby the committees have not been summoned to meet, as they should have, to examine the estimates. This is another form of closure.

I remember back in history the techniques used by William the Conqueror to assess all of the citizens of his newly acquired realm, and I remembered a big book called the Domesday Book. I should like to read from the "Oxford Companion to English Literature" the description of the Domesday Book. It says:

> . . . day of judgment, is the name applied since the 12th cent. to the record of the Great Inquest or survey of the lands of England, made by order of William the Conqueror in 1086. It contains a record of the ownership, area, and value of these lands, and of the numbers of tenants, livestock, etc. Its title originated in a popular name given to the book, as a final and conclusive authority on all matters connected with land-tenure.

If my memory serves me correctly, I recall history which tells us that the king's ministers used to ride up and down the land to meet the poor peasants. If a peasant said, "Look, I am living in these poor, abject surroundings. Obviously you can see that I do not have money to spend on myself, therefore, please do not tax me", the king's agent invariably would say, "Judging from the very fact that you have been spending your money on material things, you must have a lot of money saved up and therefore I will levy the tax on you". If the argument went the other way and the king's agent saw the peasant spending lavishy, he would say, "Look, you have a lot of money to spend, so I will tax you". In both cases they were taxed. This seems to be the way the government operates here. No matter how a citizen manages his affairs, the government finds some way of taxing him.

I was looking forward with great relish to the debate which will come, that is the debate in committee of the whole. I think that it is probably the most democratic role of the House of Commons when, from any position in the House, we can examine the minister and he will attempt on the spot, to the best of his ability, to answer our questions. I think that is democracy in action. We should be able to have as much time to examine as carefully as possible not only this bill but the minister's policy which lies behind the bill. I think it is an invigorating part of the examination and debate on this matter.

This is the one area where we have the kind of freedom we deserve to examine government legislation. The government, by its so called modernization of the rules, has taken away every other opportunity to meet in committee of the whole, and now it wants to take away this opportunity also. I think that this limiting of debate is a sham to hide the government's attempt to do what it wants to do without giving the opposition opportunity to scrutinize the estimates properly. We oppose that kind of guillotine with all the vigour we have. Because we are limited in debate in committee of the whole, we want to serve notice on the government that we will examine the estimates right down the line and as carefully as we can.

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, in making a brief contribution tonight I would like to say that it is pretty obvious to all members that the government has long displayed a perverse genius for deficit financing and regressive taxation. As if that were not bad enough, now we see for the second time in a little over two weeks another use of closure to limit discussion.

An hon. Member: Time allocation.

Mr. MacKay: Closure by any other name hurts as much, I say to the minister. Unfortunately the rules we have, always end up by constricting debate and reflecting on the ability of the House to do the job that the people of Canada sent us here to do.

It is pretty obvious that, in contrast to the United States where a meaningful attempt is being made to reform the taxation system and to simplify the rules of taxation, we have a monstrosity of a bill here with 116 clauses, over 200 pages long. I suppose that one reason why the government is anxious to stop Her Majesty's Loyal Opposition from studying to the end this cumbersome and contradictory bill—which could have been discussed fully had the government had the intestinal fortitude to put it before the House when it should have been brought forward—is because it is giving itself power to raise $9 billion for public works and general purposes. That provision appears at the very end of the bill, and it is not much wonder because it certainly gives the lie to any meaningful attempt by this administration to save money.

I am surprised the Minister of Finance (Mr. Chrétien) who, I believe, comes from the small town of Shawinigan, who was a lawyer and who, I would expect, would have some feeling for small business and for stimulating the Canadian economy, does not have some feeling for limiting the type of taxes that are stifling the country's economy. I would have expected that he would have done something meaningful to change and modify, and in some cases perhaps do away with, certain of our capital gains taxes.

I think it will be useful for members to consider that more money has been lost to the taxpayers of Canada because of UIC fraud—according to the Auditor General, some $95 billion—than the government has realized from the capital gains tax. There has been more money spent on Petro-Canada than the government has derived in revenue from capital gains tax.

● (2022)

When we look at the results of the capital gains tax in this country in terms of destroying initiative and taking away that urge to do something with one's money or to get into business

for the sake of realizing capital gains, in my submission we see that the results are not worth it as far as the government or the country is concerned.

I say in all sincerity to hon. members opposite that I cannot understand why, if they insist on going ahead with the capital gains tax in every field except, I suppose, the family farm, which was one instance where Her Majesty's Loyal Opposition and the government were able finally to come to some sort of consensus when it became obvious the harm this was going to do, the government and the Minister of Finance do not take this opportunity to rework the capital gains concept so that Canadians who are buying stocks in Canadian companies—sometimes by virtue of payroll deduction—are not treated differently, when these securities are sold, from a speculator who goes down to the stock exchange or arranges through his broker to buy 1,000 shares of a company and sells them after a few weeks and makes a quick gain.

I can see the justification for taxing in those latter circumstances, but with inflation proceeding at the rate it is, and in many cases with the taxpayer borrowing money to buy securities to add to his portfolio, I do not see how the government can possibly justify taxing people on any basis after they hold Canadian securities for a few years, long enough to demonstrate that they are buying them as an investment to educate their children or to facilitate their retirement, or for some other worth-while purpose. I urge the Minister of Finance and his influential parliamentary secretary to have another look at this concept so that the initiative which is being blunted by this capital gains tax the way it is presently applied can be freed, and so the taxpayer, the ordinary Canadian who wants to invest in his country and wants to invest in Canadian companies, can do so without having his investment wiped out by the fact that when he is taxed, taking into account present economic positions, he is worse off than when he made the investment in the first place.

Another thing I think Canadians would do well to consider is the fact that ever since the then minister of finance—I believe it was J. L. Ilsley in 1942—put into effect the confiscatory arrangement whereby taxes are deducted at source, most Canadians have not fully realized the extent of the tax moneys which have been taken from them at source. The confiscation of their hard earned dollars they never even see. If Canadians had to write out a cheque and actually pay those moneys to the government, they would be far more conscious of the tremendous amount of money which is taken away by the government, to the point where we are perhaps the most regressively taxed nation in the western world.

This bill is full of contradictions and full of the worst kind of tax fraud, as far as I am concerned. It is difficult to reconcile the so-called tax benefits whereby a tax cut of less than $2 a week is supposed to be a stimulant for the economy. As the hon. member for York-Simcoe (Mr. Stevens) has pointed out, the average person who earns $10,000 and who is subjected to a cut in his allowable wages increase from 8 per cent to 6 per cent is certainly not even holding his own in this respect. The difference between an 8 per cent and a 6 per cent raise on a $10,000 salary is $200.

[Mr. MacKay.]

With its usual hypocrisy the government is saying to that taxpayer that it is doing a big thing for him by giving him the $100 tax rebate, but when the poor fellow counts it up at the end of the year, he finds that as a result of the "charity" exhibited by the government he is actually substantially worse off than he was in the first instance.

It is obvious that the attitude of hon. members opposite and of the Minister of Finance cannot be founded on any sense of logic or equity. To suggest seriously that the opposition is stalling on this bill to the point where it is justifiable for the government to bring in closure, is just not in accordance with the facts. It has been pointed out already, and I think it should be pointed out time and time again, that this legislation is substantially the same legislation which was brought in on June 15. Because the government was either unwilling or unable to get its act in order, it found it necessary to bring it in at this late stage in this session of parliament. Having done that it seeks to shut off reasoned debate about the honest concerns of opposition parties for the sake of ramming a piece of legislation through which, on its face, is full of contradictions and deserves to be severely criticized.

If one looks at the forecasting record of the government even cursorily, one cannot really blame the government for wanting to get this piece of legislation out of sight, and hopefully out of mind, as far as the Canadian people are concerned. On March 31 the minister's predecessor forecast 4 per cent real growth, 6 per cent inflation, and a $6.4 billion cash requirement. This was not a forecast of which one could be very proud. Even government apologists would have a great deal of difficulty in suggesting that this was living up to Canada's potential as a trading nation.

As a result of further mismanagement and incompetence the forecast had to be changed to 2 per cent real growth, at least 8 per cent inflation, and a $8.5 billion cash requirement. With a performance like this, with a record like this, and with a bill which is, as I said, a monstrosity which would require many hours just to put fully on the record and to have explained, it is little wonder that the government is seeking to bring in closure to justify its own incompetence.

I wonder if this precedent is going to be used again and again because, if so, it has the potential of making this institution practically meaningless. Certainly the opposition cannot do better than have the opportunity to examine just a fraction of the important clauses of this bill which purport to change the very basis upon which Canadians have to plan their affairs. If that is so, and if the government is going to come into this place and say after a few hours' debate that it wishes to restrict the time for the scrutiny that members of parliament are bound to give legislation like this, by virtue of their mandate as members of parliament, I wonder where this institution is going to go.

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

Mr. G. W. Baldwin (Peace River): Mr. Speaker, one of the earlier speakers said something about taxes and livestock, and that reminded me of something which happened to me just a few months ago. I was up in my constituency in one of the homestead areas where there are still people working who remember the days of pioneering. One of the competitions they had at the annual fair I was at was the selection of "Mr. Homesteader" or "Mrs. Homesteader of the year." Each of the people taking part in this competition was set some tasks, and one of the tasks was to milk. They could not bring a cow into the hall, so they brought in a poor old nanny goat.

None of the six or seven people involved was experienced at milking goats, and they tackled this goat from different directions, one from one side, one from the other side, two lay underneath—and I forget what the others did. Just when it was all over I was sitting on the platform, and the nanny goat looked at me. She was bleating and looking miserable. I wondered where I had seen that face before. It was the face of the Canadian taxpayer who has been milked by the last six or seven ministers of finance. The present minister is just like the last competitor who stood, if I remember correctly, astride the goat and reached underneath searching for something to milk. He obviously did not have much experience. He only knew he was supposed to get milk out of the poor old goat, forgetting his predecessor almost milked it to death. This, as I say, was reminiscent of the present Minister of Finance (Mr. Chrétien). He does not know where he is going to get what he is after. That is the background against which this debate is taking place.

If this bill stood in isolation I would probably say that there has been enough time on the debate, but it cannot be considered in isolation. We must consider it against the background of an incompetent, inept, scandal-ridden government which has shown its inability to deal adequately with issues which confront this country, and a calendar of ineptness, indecision, corruption, and all the things we have seen manifest in this land.

● (2032)

These are the people who say, "Let's get through with this budget." They treat budgets like housewives treat paper towels and toilet paper. They tear off some and use it, wait a little while, and tear off some more. They do it in budgets, mini-budgets and legislation. There is neither rhyme or reason; no sense, no intelligence. I would guess that before this budget is finished the Minister of Finance will introduce between 12 and 20 amendents.

An hon. Member: At least.

Mr. Baldwin: The hon. members who were in this House at the time Mr. Benson was minister of finance at the time the famous bill that was brought in concerning the white paper and the new approach to taxation, will recall that bill was debated at very great length to the accompaniment of screams of anger from the government who said that we were taking too much time. Before that debate was concluded, hundreds of amendments were introduced and hundreds more were brought out in the Senate. Hundreds more were promised. I would wager that some of the amendments we are now dealing with were contemplated by Mr. Benson,six, seven, or eight years ago, and we are still dealing with them. We will probably still be dealing with them ten years from now in the aftermath of this unfortunate measure inflicted upon this country.

Under those conditions it is essential that we in this House take the one limited remedy left to us in the course of a debate in the Committee of the Whole, and point out the inequities, the improprieties, the bad measures, and suggest that amendments should be made. Each amendment which the government may bring in may well result in a benefit to the Canadian taxpayers to the tune of hundreds of millions of dollars over a period of time. If we should take an extra five or six days in the course of this debate, as we well could and if the government would listen to us and accept the amendments which have been proposed by my colleagues, the savings to the taxpayers of Canada would be well worth the time spent.

I do not think the government will do it. It will probably introduce some amendments it has seen fit to deal with. It probably has a great many more to be processed through the bureaucracy of the Department of Finance. This is the situation. It is a sad story.

Parliament has deteriorated in its powers. It has a Minister of Finance who does not know where he comes from or where he is going. This has led to the deterioration of our parliamentary institutions, and has allowed the country to fall into decay from the point of view of national unity.

The government has failed to grapple with regional difficulties and needs. On the one hand talking about national unity, the Prime Minister (Mr. Trudeau) travels around Canada interviewing the premiers, suggesting a third option, suggesting what should be done to bind together the wounds of our country, and at the same time the Postmaster General (Mr. Blais) makes a speech in Ottawa where he says we do not want a third option. The idea of a third option is to give to the federal government even more power than it has, to take away from the provinces some of the authority they now possess.

The government, in litigation pending before the Supreme Court, instructs its counsel through the Minister of Justice (Mr. Basford) to challenge the rights of provincial governments with respect to natural resources. This is the sort of government that comes before us asking for taxation proposals contained in this bill, and at the same time says, despite the obvious inequities, despite the fact that we intend to improve the legislation before it is finished by moving amendments, "It is not for the poor peasants in the opposition to have the opportunity for adequate debate at this particular stage." However, if this bill stood by itself in isolation, I would agree with the Minister of Finance that there has been adequate time. But you cannot do that.

I suggest the Minister of Finance will be back to this House, and to this parliament within a year, admitting some of the things proposed now are not working, asking this parliament for changes to the income tax legislation, to his fiscal policy. He may be back in six months. If we are going to have an election, he will probably be back even earlier than that. Under those conditions, Mr. Speaker, I suggest it is mere folly for the government not to listen to the very intelligent and earnest representations which could be made by this side of the House to the minister and to the government so that this bill, which is before us, will leave parliament in vastly improved condition.

Obviously the Minister of Finance is not interested. Nobody in the government is interested. They have their minds made up. "All systems are go. To hell with the taxpayer. To hell with the Parliament of Canada. Hurrah, hurrah for our side." This is the situation we have to face, Mr. Speaker. It is essential that we who care for the values of this place, and the things it can do, should protest not so much the element of time but the cavalier treatment which is accorded to the members of the House of Commons by the government in connection with its budgetary measures, and the steps it has taken in connection with this particular bill.

Some hon. Members: Hear, hear!

Mr. Alexander: On a point of order, Mr. Speaker—

An hon. Member: You are in your seat.

Mr. Alexander: I am sorry, I was not in my place when I started to raise my point of order. I do not want to get involved with this debate about the government cutting the throat of the opposition—

An hon. Member: Not true.

Mr. Alexander: Could the minister give us some indication tonight as to the number of amendments which he intends to bring in in order to make a bad bill just a little bit better? Could we have an indication of the number of amendments he has in mind?

Mr. Chrétien: I have already tabled a few technical amendments when we were in committee. On Friday I gave the opposition parties one further amendment I wish to introduce, that is, an amendment my colleagues approved only last week, so it was impossible to deliver it previously. These are the only new amendments we are proposing.

An hon. Member: How many?

Mr. Chrétien: The others are well known by the opposition. We have approved five clauses in the last five weeks—

An hon. Member: How many amendments?

Mr. Chrétien: —and at that rate it will be 110 weeks before we pass the bill.

An hon. Member: How many amendments?

[Mr. Baldwin.]

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

Mr. Alexander: I appreciate the comments of the minister, but unlike other ministers with whom I have dealt in terms of other pieces of legislation, we have always had the number of amendments. All I am asking the minister is this: how many amendments? Un, deux, trois, quatre, cinq, six, etc. How many amendments has the minister at 8.40 p.m. on this date? I am not asking for a rundown of what they are about—just how many.

Mr. Chrétien: They are all on paper.

An hon. Member: Get out your computer. How many?

Mr. Knowles (Winnipeg North Centre): On the same point of order, Mr. Speaker, since we will be under closure when we get back to the Committee of the Whole, how is the minister going to get amendments before the committee to clauses we may not have reached before the guillotine falls?

Mr. Alexander: A very good question.

Mr. Chrétien: If we do not reach an item, we will not have any amendments. We will have to live with the bill as it is. As we say in French—

[*Translation*]

They bitterly regret it.

[*English*]

• (2042)

Mr. Stevens: Following on the rather evasive answers by the Minister of Finance (Mr. Chrétien) to my colleague from Hamilton West, I wonder if the minister could be more explicit. Are the amendments we have yet to consider in committee of the whole, beyond the technical ones that he referred to, the ones that were given to us in private on Friday afternoon, numbering eight, and there will be no more amendments?

Mr. Alexander: That is the question.

[*Translation*]

Mr. Chrétien: Mr. Speaker, on Friday the hon. member received only the amendments which we will suggest if we reach that clause. I think it is clause 14. However, at the rate we are going it will at least take three weeks to come to it.

[*English*]

Mr. John M. Reid (Kenora-Rainy River): Mr. Speaker, if one had listened to the discussion in the House since eight o'clock, one would have the feeling from listening to the opposition that this bill had only just come into the House of Commons, that it had been discussed for perhaps just one day, and there had been practically no time spent on it in the House of Commons.

I am informed that the facts are somewhat quite different. In fact the bill has been in the House of Commons for five solid weeks. There has been a great number of opportunities for hon. members to make contributions to the debate on the bill. One of the difficulties, and I think opposition members have pointed out a real problem, is that not very much time has been spent in Committee of the Whole House.

The interesting thing about the bill, of course, is that it originated in the budget of the former minister of finance, the hon. member for Rosedale (Mr. Macdonald), sometime last spring.

Mr. Stevens: Mr. Speaker, I rise on a point of order. I think it is very much a point of order that none of us should sit here and have misstatements going on the record. This bill has not been before the House for five weeks.

Mr. Dionne (Northumberland-Miramichi): Mr. Speaker, I rise on the same point of order. When time limitation was brought in on second reading, the opposition had five hours for debate. They could not even muster enough speakers to use the five hours.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Reid: I certainly apologize to hon. members if I was mistaken, and that we have not spent five weeks on this particular debate.

Mr. Stevens: You were misinformed.

Mr. Reid: My understanding at least is that it was four weeks.

Mr. MacDonald (Egmont): It's coming down.

Mr. Reid: I am now informed that we spent some 32 days—

Some hon. Members: Oh, oh!

Mr. Reid: —which seems to me, the way the House of Commons spends its time—

The Acting Speaker (Mr. Turner): Order, please. The hon. member for Kenora-Rainy River (Mr. Reid) has the floor. We should all listen to him.

Mr. Stevens: He should stick to the facts.

Mr. Alexander: Let him say something honest.

Mr. Reid: The only point I want to make is that we had plenty of time to discuss the bill in general but not enough to discuss it in Committee of the Whole. The problem is that members are great on the generalities but not so great when it comes down to the specifics.

One of the frustrations that members have is the fact that we still use the Committee of the Whole House for finance bills. It is clear to me that this system is archaic and useless. If we had any intelligence, we would take the finance bills as we take all other bills, send them off to committees, allowing the committees the freedom with finance bills that we have with every other bill. They could call outside witnesses and outside experts who could prepare themselves before appearing in front of the committees.

When we put this bill in the Committee of the Whole House, we limit ourselves in what we can do with it. We cannot bring other people into the House to hear testimony, and find out what we can do with the bill. In effect, we limit the bill as it is before us, that is, to the opinion of the Minister of Finance (Mr. Chrétien) and of the Department of Finance. In financial matters, we ought to try to cut a wider swath as with any other bill.

I recognize that when the rules were reformed it was considered we would make a distinction between the bills that were sent to committees and those which would stay on the floor of the House of Commons. To give greater prestige to the finance bills, it was decided to leave them on the floor of the House. It is amusing that, in the seven or ten years we have been working under this system, we have discovered that the least efficient way of handling these bills is the choice we made, that is, to deal with them on the floor of the House of Commons.

What happens? Members spend all their time on second reading. When we come to the Committee of the Whole, members are unable to comprehend fully all of the technicalities. Ministers often have that problem as well. Instead of being in a forum where we can get technical assistance and have people come before the committee or the House, we cannot do that because of what we have done. One of the things we should look at is to get rid of this archaic system of having the finance bills passed in committee on the floor of the House of Commons. It simply does not work.

The second point I want to make is with regard to the question of closure, time allocation, or whatever one wishes to call it. Basically, we do not use our time very well in the House of Commons. It is a great tragedy that, with a technical bill such as a finance bill, we will spend very little time actually going over the technical details of it. This would have happened with this bill regardless of closure or not.

We have to come to some kind of agreement among ourselves that we will limit what we do on second reading and spend more time in committee studying the details of legislation. There very seldom is legislation brought into the House of Commons without any kind of warning, that is, as a surprise. Basically we know what the government's plan is and we know what will be brought forward. Therefore we have to start focusing on how we use our time.

There is a whole series of other legislation before us. We have not been able to get to it because we have spent all our time dealing with this finance bill and the Speech from the Throne. Those are the only two items we have had, plus the elections bill.

This bill has been around since last spring when the then minister of finance, the hon. member for Rosedale, presented his budget. We have already passed two or three bills which he presented. What is in this bill is not new. The additions brought down by the Minister of Finance in his so-called mini-budget were not extensive in terms of technicalities.

The other point is the comment which was made in the *Financial Post* by a lawyer whose name escapes me. I paraphrase what he said. He stated that anyone who knows anything about tax law would have to tear out his hair in frustration if he expected to find any enlightenment about what was going on from what was said in the House of Commons. Quite frankly, that is an appropriate comment. All one has to do is look at the speeches made over the last four weeks on this bill to find out how little goes on. He also made the point that members opposite did not understand the proposals they were criticizing. Even in some answers by the Minister of Finance, he was not as fully informed as he ought to have been.

Mr. Stevens: Hear, hear!

Mr. Reid: That ought not to be surprising because of the technicalities. At least the minister has access to some advice because of the House practices, where the opposition has none. The only point I am trying to make is that it is absolute madness—

Mr. Stevens: On a point of order—

Mr. Dionne (Northumberland-Miramichi): Oh, sit down.

Mr. Stevens: I feel that the record should be constantly brought up to date. I have just received another amendment that will be proposed to be made during the committee of the whole stage. There will be nine amendments that we know of so far which the Minister of Finance (Mr. Chrétien) will be making.

Mr. Chrétien: That is true, Mr. Speaker, but we are not even sure how many days it will take to get to clause 14. Perhaps that will only be on Friday afternoon. In addition, it is an amendment that is desired by members of parliament. It is all related. It is to make sure that further changes on this question of insurance companies will be brought about. I have listened to representations by members of this House as well as from outside. If members opposite do not want it, we will not have it, but we will know who to blame. It is important that the people of Canada know that we are completely on their side. It is about time we decided who is running this nation.

Some hon. Members: Hear, hear!

Mr. Stevens: On a point of order—

The Acting Speaker (Mr. Turner): Order, please. I am sorry, but the time, has expired. It being 8:51 o'clock p.m., the two hours provided for the consideration of the motion now before the House under the provisions of Standing Order 75C have expired. Accordingly, under the terms of the Standing Order, it is my duty to interrupt the proceedings and put every question necessary to dispose of the motion.

● (2050)

The House divided upon the motion (Mr. Chrétien) which was agreed to on the following division:

● (2102)

(Division No.13)

YEAS

Messrs.

Allmand
Anderson
Andras
(Port Arthur)
Andres
(Lincoln)
Baker
(Gander-Twillingate)
Bégin (Miss)
Blais
Blouin
Boulanger
Breau
Buchanan
Bussières
Cafik
Campbell
(LaSalle-Émard-Côte Saint-Paul)
Caron
Chrétien
Clermont
Collenette
Condon
Corbin
Côté
Cullen
Cyr
Daudlin
Dawson
Demers
Dionne
(Northumberland-Miramichi)
Douglas
(Bruce-Grey)
Drury
Duclos
Dupont
Dupras
Duquet
Ethier
Faulkner
Fleming
Flynn
Foster
Fox
Francis
Gauthier
(Ottawa-Vanier)
Gillespie
Goodale
Guay
(St. Boniface)
Guilbault
Harquail
Herbert
Hopkins
Horner
Isabelle
Kaplan
Lajoie
Lalonde
Lang
Langlois
Lapointe
Leblanc
(Laurier)
LeBlanc
(Westmorland-Kent)
Lefebvre
Lessard
Loiselle
(Saint-Henri)
Lumley
MacDonald
(Cardigan)
Macdonald
(Rosedale)
MacEachen
MacGuigan
Marceau
Marchand
McIsaac
McRae
Milne
Munro
(Hamilton East)
Nicholson (Miss)
O'Connell
Olivier
Ouellet
Parent
Pelletier
Portelance
Poulin
Prud'homme
Railton
Reid
Robinson
Roy
(Laval)
Sauvé (Mrs.)
Savard
Smith
(Saint-Jean)
Stollery
Tessier
Trudeau
Trudel
Turner
Watson
Whelan
Wood
Yanakis
Young—98

NAYS

Messrs.

Alexander
Baldwin
Beaudoin
Benjamin
Brisco
Caouette
(Villeneuve)
Clarke
(Vancouver Quadra)
Crosbie
Crouse
Darling
Dionne
(Kamouraska)
Firth
Friesen
Hamilton
(Qu'Appelle-Moose Mountain)
Hamilton
(Swift Current-Maple Creek)
Hargrave
Hnatyshyn
Holmes
Huntington
Jarvis
Johnston
Knowles
(Winnipeg North Centre)
Knowles
(Norfolk-Haldimand)
MacDonald
(Egmont)
MacKay
Mazankowski
McCain
McKenzie
McKinley
Muir
Munro
(Esquimalt-Saanich)
Murta
Neil
Nielsen
Nowlan
Nystrom
Orlikow
Paproski
Patterson
Peters
Pigott (Mrs.)
Ritchie
Roche
Rodriguez
Scott
Stanfield
Stevens
Stewart
(Marquette)
Symes
Towers
Whiteway
Whittaker—52

• (2122)

Mr. Speaker: I therefore declare the motion carried.

Motion (Mr. Chrétien) agreed to.

Mr. Cafik: Mr. Speaker, I rise on a point of order. I wish at this time to reserve the right to raise a point of order at a later date arising from the preceding proceedings.

Mr. Speaker: I take it the deputy government House leader makes reference to some question about the application of the Standing Order on the duration of the ringing of the division bells in circumstances of this sort. I must say it would benefit the House, and certainly benefit the Chair, if either the House would address itself to the problem or the Standing Committee on Procedure and Organization, because the language of the Standing Order is not entirely precise regarding the application in all cases of a 15 minute bell in situations in which a vote is anticipated but not at an exact time. It would be of great help to the Chair if it could be discussed, either in the House or in the committee. The point is well taken for another occasion.

I do now leave the chair for the House to resolve itself into committee of the whole.

GOVERNMENT ORDERS

[*English*]

INCOME TAX ACT

MEASURE TO AMEND

The House resumed, from Thursday, December 1, consideration in committee of Bill C-11, to amend the statute law relating to income tax and to provide other authority for the raising of funds—Mr. Chrétien—Mr. Laniel in the chair.

The Chairman: When the committee rose at its last sitting an amendment to Clause 6, presented by the hon. member for St. John's West, was under consideration. Shall the amendment carry?

Some hon. Members: Question.

Mr. Stevens: Before we proceed to the debate on the amendment brought in by my colleague, I wonder if the committee would consent to the Minister of Finance tabling further amendments which he is proposing to make to this bill. Eight of these amendments were offered to us on a private basis on Friday. The minister has added a new one today. You will recall, Mr. Chairman, that a week ago today the minister tabled ten or 12 amendments, and they became part of the record of the proceedings of this House. I think it would be very helpful if we could have these new amendments also tabled by the minister, if there is consent.

• (2132)

[*Translation*]

Mr. Chrétien: Mr. Chairman, I am pleased to comply with the wishes of the hon. member.

The Deputy Chairman: Order. I must point out to the hon. member and the minister that there is a procedural problem. Such documents cannot be tabled in committee. They must be tabled when the Speaker is in the Chair, but there is nothing to keep the minister from putting the amendments at the disposal of the members of the committee, and then tabling the documents tomorrow or on some other occasion when the Speaker is in the Chair.

[*English*]

Mr. Knowles (Winnipeg North Centre): Mr. Chairman, I think the trouble arises simply because of the wording of the request made by the hon. member for York-Simcoe. The last time this happened the amendments were not tabled; they were just handed to *Hansard*, and the House agreed that they be printed in *Hansard* as if they had been read. If the hon. member for York-Simcoe had put the request in that form, I think there would have been no problem.

The Chairman: I do not see any significant difficulty with the last suggestion.

[*Translation*]

Mr. Chrétien: With the unanimous consent of the House, I should like to table the amendments to clause 14 and following clauses for distribution to all hon. members in the House. Those amendments on insurance companies have been asked not by all hon. members but quite a number of them, and in particular by those on this side of the House.

[*English*]

The Chairman: Does the committee agree that the amendments mentioned be printed as if they were read to the committee?

Some hon. Members: Agreed.

The Chairman: Agreed and so ordered.

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

Subclause 14(1)
Pages 21 and 22

That subclause 14(1) of Bill C-11 be amended as follows:

(a) by striking out lines 32 to 35 on page 21 thereof and substituting the following:

"the end of paragraph (ee) thereof and by adding thereto the following paragraphs:"; and

(b) by striking out line 7 on page 22 thereof ans substituting the following:

"365; and

Policy loan repayments

(hh) an amount in respect of all or any part of any policy loan repaid by the taxpayer in the year not exceeding the amount, if any, by which

(i) the amount required by subsection 148(1) to be included in computing his income in the year or a previous year from a disposition described in subparagraph 148(9)(c)(ii) in respect of that policy

exceeds

(ii) the part of any loan on that policy repaid by the taxpayer that was deductible under this paragraph in computing his income for a previous taxation year."

Subclause 14(2)
Page 22

That subclause 14(2) of Bill C-11 be amended by striking out line 21 on page 22 thereof and substituting the following:

"March 31, 1977 except to the extent the amount thereof is verified by the insurer in prescribed manner and prescribed form to be interest paid in the year on that loan that is not added to the adjusted cost basis (within the meaning given that expression in subsection 148(9)) of the policy.

"Life insurance policy"

(2.2) For the purposes of paragraphs (1)(c) and (d) a "life insurance policy" does not include a policy referred to in paragraph 148(1)(b)."

Subclause 52(4)
Page 100

That subclause 52(4) of Bill C-11 be amended by striking out lines 18 to 20 on page 100 thereof and substituting the following:

"(b) the amount, if any, by which

(i) the amount included by virtue of subsection 148(1) in computing the income of the taxpayer for the year in respect of the disposition of an interest in a life insurance policy

exceeds

(ii) the portion thereof arising from a disposition described in subparagraph 148(9)(c)(ii) in respect of that policy."

Subclause 74(4)
Pages 161 and 162

That subclause 74(4) of Bill C-11 be amended as follows:

(a) by striking out line 44 on page 161 thereof and substituting the following:

"year, subsection (1), section 16 or para-";

(b) by striking out line 3 on page 162 thereof and substituting the following:

"of interest thereon or any repayment of a loan that was deductible pursuant to paragraph 20(1)(hh), and"; and

(c) by striking out lines 9 to 12 on page 162 thereof and substituting the following:

"as it would have read on that date if subsection (8) had not been applicable) of his interest in the policy on that date"

Subclause 74(6)
Pages 163 and 164

That subclause 74(6) of Bill C-11 be amended as follows:

(a) by striking out line 28 on page 163 thereof and substituting the following:

"respect of a policy loan other than interest deductible in the 1978 or any subsequent taxation year pursuant to paragraphs 20(1)(c) or (d);"; and

(b) by striking out lines 8 to 12 on page 164 thereof and substituting the following:

"(ii) in respect of a policy loan made after March 31, 1978, means the amount of the policy loan;"

Subclause 74(7)
Page 164

That subclause 74(7) of Bill C-11 be amended as follows:

(a) by striking out lines 15 to 24 on page 164 and substituting the following:

"subsection:

"(10) For the purposes of this section,"; and

(b) by striking out line 34 on page 164 thereof and substituting the following:

[The Chairman.]

"a reference to an annuitant under such a life".

Subclause 74(8)
Page 164

That subclause 74(8) of Bill C-11 be amended by striking out line 36 on page 164 thereof and substituting the following:

"(8) Subsection (1) and (2) are appli-"

Subclauses 74(10), (11) and (12)
Page 165

That subclauses 74(10), (11) and (12) of Bill C-11 be amended by striking out lines 1 to 9 on page 165 thereof and substituting the following:

"(10) Subsections (4), (5), (6) and (7) are applicable after March 31, 1978.

(11) With respect to the 1972 to 1977"

That subclause 110(1) of Bill C-11 be amended by striking out lines 6 to 14 on page 209 thereof and substituting the following:

Application rule

"(8) For the purposes of paragraphs (1)(d) and (2)(a) there may be deducted from the aggregate referred to in those paragraphs, 9% of the portion of that aggregate that is attributable to the 1974, 1975 or 1976 taxation year."

Mr. Crosbie: Mr. Chairman, before my amendment is carried, I would like to summarize for a few minutes.

Mr. Chrétien: Oh, no!

Mr. Crosbie: Do not get excited. I am giving hon. members a chance to vote against this.

This is a clause in the minister's bill which discriminates against the residents of eight provinces of Canada, the Northwest Territories and the Yukon Territory. This clause provides that any grant a householder gets in any of the provinces or territories except Nova Scotia and Prince Edward Island will be taxable. Grants made to those lucky people in Nova Scotia and P.E.I. will not be taxable at all. We on this side propose that we do away with this discrimination and that grants to recipients anywhere in Canada be not taxable. We support the programs in Nova Scotia and P.E.I., but they should be the same across Canada. They should have the same non-taxable status. The only answer the minister has given in reply to this amendment is that it will cost the treasury $560 million over seven years if we pass this amendment to delete that clause. That is an errant piece of foolishness. The minister has produced no figures whatsoever to show that that is the case. As a matter of fact, government figures show that this year the program is supposed to cost $45 million. We know it will cost much less than that.

The program has not been successful. In the year 1978-79 the cost is to be $145 million, and in seven years the cost is to be $1.4 billion. The minister is saying that if this clause remains in this bill one half of the expenditure of the government will come back to the government in tax revenue. As I explained this afternoon, for that to happen four million householders would have to receive the maximum grant of $350, and every one of them would have to be taxed at a 50 per cent personal income tax rate. In other words, they would all have to be wealthy and earning something like $30,000 or $40,000 a year in order for the government to get back this $560 million over seven years. That is a piece of errant nonsense. It is not an accurate figure.

It is not going to cost the government much to put the people who live in Newfoundland, New Brunswick, Ontario, Manitoba, Saskatchewan, British Columbia, Alberta, the Northwest Territories, the Yukon Territory and Quebec on exactly the same basis as the people of Nova Scotia and P.E.I. That is why we are moving this amendment.

Incidentally, there are only seven million households in Canada which could possibly receive this grant over the next seven years, and only 1.223 million are eligible next year, so how the minister is going to lose $560 million through this clause there is no way of telling.

If hon. members vote against this amendment they are voting to put a tax burden on the people who live in their provinces. That burden is not justified, and it will not be placed on the people who live in Nova Scotia and P.E.I. Being from Newfoundland, I am certainly not going to vote for that. We in Newfoundland should pay the same taxes as people who live in Nova Scotia, Ontario or British Columbia. We should not be taxed differently because we live there. I have never heard such a principle being suggested before.

Because we have closure I cannot go into the other 1,000 arguments in favour of this, but any hon. members opposite who vote for this clause certainly deserve to go down to resounding defeat, particularly hon. members from New Brunswick and other unfavoured parts of the country like the north. Any hon. member who votes to have this tax apply to citizens in their constituencies and not to other citizens should be defeated. I hope hon. members opposite will break the heartless, merciless discipline they are under and vote with the opposition.

Mr. Chrétien: Mr. Chairman, I would like to make just one clarification. I have had those estimates looked into again by my officials, and they maintain that it will probably be $560 million which will be lost in terms of revenue. That could vary, because it is an estimate of the situation over a period of seven years, and we cannot forecast exactly what will be the rate of income tax for everyone who will be receiving grants. Of that $560 million, $360 million will be lost to the federal government coffers, and $200 million will be lost to provincial government coffers. I am very surprised that a former minister of finance of Newfoundland would not care more about revenue for his own province's treasury.

Mr. McCain: Mr. Chairman, on the same question, I would like to ask the minister if he has assessed the effect upon an old age pension recipient who has supplementary benefits when she is reported to have an additional income of $350. If it is interpreted in the regular way, it means a decline of some $15 or $18 per month in the supplementary benefits which the old age pensioner would receive. Has that little snag been considered by the minister's department or by the Department of National Health and Welfare? Are old age pensioners in receipt of supplementary benefits to be penalized?

Mr. Chrétien: Mr. Chairman, I am not sure the situation described by the hon. member will apply. There is provision in the bill that a person in that circumstance will not see her supplementary income diminished by that, and I will provide the hon. member with the clause. It is clause 115.

Mr. McCain: The reason I raise the question is that an old age pensioner in receipt of supplementary benefits in my area was advised by the officer supervising that structure in New Brunswick that she would definitely lose somewhere between $15 and $18 per month if this amount of money is considered taxable.

Mr. Chrétien: Mr. Chairman, perhaps the hon. member would like to pass the information contained in clause 115 on to the officer who gave that misleading information. CHIP grants will not affect the amount of the supplement.

Mr. Brisco: Mr. Chairman, I would like to ask the minister if what he is stating is confirmation of a question which was addressed to the Minister of National Health and Welfare and a statement she made on this issue in the House earlier this year.

Mr. Chrétien: This is exactly the same question, and my colleague was giving the same information to the House at that time.

• (2142)

The Chairman: Is the committee ready for the question?

Some hon. Members: Question.

Amendment (Mr. Crosbie) negatived: Yeas, 39; nays, 55.

The Chairman: I declare the amendment lost.

Mr. Stevens: At an earlier session of this committee I raised the procedural question as to whether subclause 5 is in order, bearing in mind the wording that we find in the income tax motion. You will recall, Sir, at that time I made the basic argument that there was a very wide discrepancy. Subclause 5 is worded as follows:

That it will apply to any proscribed program of the Government of Canada.

Whereas the actual income tax motion refers to a much more limited type of taxation, being limited solely to the Canadian home insulation program. Mr. Chairman, when we dealt with this on December 1—

The Chairman: Order, please. The hon. member is raising a very important point of order on which the Chair will have to make a decision. I hope the hon. members will either listen or, if they have other business to attend to, leave the committee.

Mr. Stevens: Thank you, Mr. Chairman. On Monday when we were discussing this point of order I asked the Minister of Finance to explain to the committee why he felt that the wording we have in this bill is proper. I pointed out to the minister that the wording in the income tax motion seems to deal only with the question of taxation of the home insulation program—which presumably means the grant—whereas the wider wording in the bill would appear to cover any program

that the cabinet might proscribe. At that time the minister was very candid, and as reported at page 1478 of *Hansard* he stated:

> We can introduce a program. It is not a question of having the right to tax. We can decide to extend or modify a program or decide to give more grants, for example. This bill will authorize the government to make it taxable, if it wishes.

Further on the Minister of Finance continued:

> If we want to apply the same system of giving a grant and taxing it, we are getting this authority for that kind of program and it is related to a program of the same nature.

With all due respect I would suggest what the minister has indicated is their intention is exactly the reason why we must not find the provision in the bill in order. He has, in no uncertain terms, spelled out they anticipate the provision, if passed in its present form in the bill, will be much wider than was proposed in the income tax motion.

As we know, Standing Order 60(11) states:

> The adoption of any Ways and Means motion shall be an order to bring in a bill or bills based on the provisions of any such motion.

I will repeat that:

> . . . to bring in a bill or bills based on the provisions of any such motion.

"Based on" I would suggest are the key words. Therefore, is there a substantial change between the wording in the income tax motion and the wording in subclause 5 to which I have referred? On that particular point, Mr. Chairman, I would refer you to a ruling by His Honour, the Speaker, on December 18, 1974, at page 224 of House of Commons *Journals*—a question of a similar nature—but I would say not nearly as serious as the one we have before us tonight. It was then reviewed by the Speaker and he made these observations:

> The question is an extremely important one because it relates to the financial initiative of the Crown and to one of Parliament's most basic processes—Ways and Means.

Later he went on to state:

> I wish to repeat and emphasize however that the terms of the Ways and Means motion are a carefully prepared expression of the financial initiative of the Crown and frequent departures from them can only invite deterioration of that most important power.
>
> Furthermore, I have considerable sympathy for the argument that once the Ways and Means motions have been adopted by the House, changes of a nature any more substantial than the one before us now, ought to be made by the House.
>
> Obviously, the most desirable practice is for the bill to adhere strictly to the provisions of the motion, and departures, if any, ought to be the subject of the strictest interpretation.

My argument is a very simple one. If you read the wording in the income tax motion which refers solely to a grant received under the Canadian home insulation program as being something to be included for the purposes of calculating taxation on a person's income, and then, if we read the wording in subclause 5 proposed by the Minister of Finance, I would say we have no alternative but to find that there is indeed a much wider interpretation being given in the bill than in the income tax motion.

[Mr. Stevens.]

• (2152)

Mr. Chrétien: Mr. Chairman, I think we can save some time of the committee. It is not necessary to continue arguing this point. I agree with the hon. member. I again checked this and I feel that he has a good point. Rather than having a complicated procedural problem referred to Your Honour, I want to state that I agree with the hon. member. The ways and means motion is more narrow than the bill and this should not be.

If the hon. member will co-operate with us, I will propose some amendments right now that will define that this power will only apply to the Canadian Home Insulation Program. The power will not be broad enough to be brought into all other grants. The hon. member made a good point, and I recognize it.

Mr. Stevens: Mr. Chairman, I would point out to the Minister of Finance that he has changed his attitude very quickly tonight.

Some hon. Members: Oh, oh!

Mr. Lumley: He said that the other day.

Mr. Stevens: The fact is we do have a provision before us and I feel, if the minister is sincere in stating that he is willing to alter it—

Mr. Douglas (Bruce-Grey): He just said it.

Mr. Stevens: Mr. Chairman, could I get some order? If the minister is willing to narrow his proposed amendment down to precisely what was in the income tax motion, I suggest that we give him some time, stand the subclause, and that will mean we cannot vote on the whole clause tonight.

The Chairman: I cannot make a judgment until I hear the proposal of the minister. If the hon. member has no objection, I will call on the minister at this time to let the committee know of his intention. When I have that proposal in front of me, I can make a judgment. I am ready to accept the suggestion of the hon. member to stand the clause if the hon. member wants to consider the proposal of the minister, either procedurally or otherwise. I am open to any suggestion, especially in view of the time we have now arrived at tonight.

[*Translation*]

Mr. Chrétien: Mr. Chairman, I have here three amendments I should like to table and which will enable us to answer the objection of the hon. member. Obviously, the description in the motion introducing the bill is different from that contained in the bill and so these three proposed amendments will straighten out the situation so that the power will apply only to the program for housing insulation in Canada.

[*English*]

The Chairman: The proposal of the minister is made in the form of an amendment. Possibly I should read the amendment proposed by the minister applicable to this clause and, for the

information of hon. members, read the other amendments in reference to the other clauses, without trying to make a decision at this time. The hon. member will then have until the next sitting of the House to consider the amendments. That will give the hon. member an opportunity to raise another point of order if he wishes. It is moved by Mr. Chrétien:

That subclause 6(5) of Bill C-11 be amended by striking out line 38 on page 7 thereof and substituting the following:

"Government of Canada relating to home insulation for the purposes"

The next consequential amendment reads:

That subclause 23(2) of Bill C-11 be amended by striking out line 6 on page 35 thereof and substituting the following:

"of the Government of Canada relating to home insulation by"

The other amendment intends to make the following change:

That subclause 115(1) of Bill C-11 be amended be striking out line 8 on page 210 thereof and substituting the following:

"the Government of Canada relating to home insulation for the pur-"

Mr. Stevens: Mr. Chairman, I have just received these amendments for the first time. Could we stand subclause (5) of clause 6? We could have further discussion on clause 6, other aspects of which we could now debate.

The Chairman: Does the committee agree that clause 6 be allowed to stand?

Some hon. Members: Agreed.

Mr. Stevens: Mr. Chairman, it was my intention—

The Chairman: If the hon. member is suggesting that we stand a subclause, that is impossible. The entire clause has to be in front of the committee. This does not prevent any member from raising any other relative question. However, the only way we can suspend consideration of the subclause is by suspending consideration of the whole clause and by going on to clause 7.

Mr. Peters: There is another way. Call it ten o'clock.

Some hon. Members: Ten o'clock.

The Chairman: I hear another suggestion. We could at this time call it ten o'clock. Is this agreed?

Some hon. Members: Agreed.

[*Translation*]

The Chairman: It being ten o'clock, it is my duty to rise, report progress, and request leave to consider the bill again tomorrow at the next sitting of the House. Is that agreed?

Some hon. Members: Agreed.

Progress reported.

Adjournment Debate

PROCEEDINGS ON ADJOURNMENT MOTION

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

UNEMPLOYMENT INSURANCE—REASON FOR ELIMINATING FRAUD SQUAD—POSSIBILITY OF REINSTATEMENT

Mr. Dan McKenzie (Winnipeg South Centre): Mr. Speaker, I am calling for the reinstatement of the Unemployment Insurance Commission Special Investigation Division, otherwise known as the fraud squad.

The fraud squad was disbanded in 1975 after two hours notice, by Mr. Guy Cousineau, the then chairman of the Unemployment Insurance Commission and now president of Loto Canada. Mr. Cousineau's reason for disbandonment was that the squad was submitting too much overtime and travel expenses. Mr. Cousineau also ordered that all fraud squad documentation be destroyed.

I am requesting that Mr. Cousineau and the former minister of manpower, the President of the Treasury Board (Mr. Andras), appear before the Standing Committee on Labour, Manpower and Immigration to explain the destruction of documents and reasons for the squad's disbandonment. At present, each district office investigates its own fraud situation, which is completely unsatisfactory. The findings of the fraud squad were becoming too embarrassing for the minister and the government and were the main reason for dropping the fraud squad so suddenly. I am also informed criminal embezzlement was reaching $100 million yearly.

At a special investigation division conference held in Ottawa in December, 1974, a UIC official, Mr. D. Coates, stated, and I quote from the conference minutes:

. . . the SID was established almost overnight at the insistence of senior management and under the direction of senior management to meet an urgent need. . . . To talk, however, of abolishing such a division cannot be a responsible position in light of the evidence of internal and external fraud.

Statements this past week that private investigators in Toronto can gain access to UIC computers and receive unemployment insurance records is further evidence that the fraud squad should be put together again.

● (2202)

There are other areas of concern. My informants state that internal fraud has infiltrated the pay system in the Unemployment Insurance Commission. UIC employees are receiving cheques from UIC computers. Embezzlement in the UIC is out of control.

Investigation should also be launched to confirm how easy it is to obtain extra social insurance numbers needed to defraud the UIC. One UIC embezzler working out of Edmonton and Calgary had 100 social insurance cards in his possession when arrested for UIC fraud by the former special investigation division. He was fraudulently receiving $10,000 weekly in payments when arrested. A similar racket was discovered in

Montreal; an individual in possession of a collection of social insurance numbers was embezzling funds with the aid of a UIC employee who was destroying all inside files, leaving no evidence of illegal payments in the office. I am informed that this practice still continues today.

If an unemployed person holds one of these cards and has an inside contact, details are fed into a form headed "Initial Claim Data". One part of this form is fed into a computer which results in a cheque being sent out. As long as the other portion of the document is destroyed there is no evidence of anything improper having been done; they can keep feeding the computer, and cheques can be sent out by the computer indefinitely.

There was evidence just last week, in a story out of Toronto, of the possession of additional social insurance numbers by a Mr. Charles Templeton. Mr. Templeton has admitted that he has two insurance numbers—that is something else which should be investigated. Hon. members will understand that, faced with this type of misuse of UIC facilities and the easy access possible to computers, there should be no delay in reinstituting the fraud squad which was disbanded in very mysterious circumstances. I trust the parliamentary secretary will inform us tonight that this fraud squad is to be reinstated without delay.

[*Translation*]

Mr. Raymond Dupont (Parliamentary Secretary to Minister of Employment and Immigration): Mr. Speaker, on November 28 the hon. member for Winnipeg South Centre (Mr. McKenzie) released a communiqué to the press in which he accused the government of doing too little to eliminate internal and external frauds under the unemployment insurance program. He claimed that a special investigation squad under the old UIC had been disbanded for political reasons. In support of his claims, the hon. member published duplicates of secret UIC documents on the special investigation squad.

In the House of Commons, the Minister of Employment and Immigration (Mr. Cullen) called those allegations nonsense because they have no foundation. It is quite regrettable that a member of this House should distort the facts to that point and produce information obtained from a source which is, obviously, neither qualified nor reliable. The special investigation division of the old UIC was put together in late 1973 and early 1974 at a time when the control of UIC benefits was coming under a reorganization following considerable amendments made to the administration of the UIC program in 1972 and 1973. By the end of 1974, the situation was obviously beginning to stabilize. The operations of the special investigation division, up until then distinct from benefit control, were integrated with the latter. So they were decentralized on a regional basis under the old UIC.

Mr. Speaker, the statistical data prove that the efficiency of unemployment insurance control increased substantially since that decentralization took place. With the help of their support staff the investigators made 450,000 investigations in 1974. This number is estimated at over 675,000 in 1977. In 1974 the investigations resulted in 1,081 prosecutions. That number has

increased progressively since and should exceed 6,000 in 1977. In addition to those results the number of fines imposed as a result of the decentralized benefit control process increased from 23,000 in 1974 to an estimated figure of 60,000 in 1977.

Mr. Speaker, if the hon. member had bothered to check the facts before making his allegations he would have realized that the decentralized control of UIC benefits represents a substantial improvement over the situation that existed before. The minister stated that he was firmly committed to continuing to improve benefit control while at the same time maintaining the quality of the services provided to jobless Canadians whose incomes must be supported while they are looking for a job.

Mr. Deputy Speaker: Order. I regret to interrupt the hon. member but the time alloted to him is now expired.

● (2207)

[*English*]

NORTHERN AFFAIRS—EXCEEDING OF DEPARTMENTAL APPROPRIATION—POSSIBILITY OF DISCIPLINARY ACTION

Mr. Ron Huntington (Capilano): Mr. Speaker, on December 2, as reported at page 1493 of *Hansard*, when the Minister of Indian Affairs was replying to my colleague, the hon. member for Yukon (Mr. Nielsen), he said:

—I have only one responsibility as a minister and as a member of this House and that is to uphold the law—

I took this opportunity to ask the minister what action he had taken when an appropriation within his responsibility of $1 million had been exceeded deliberately by some $400,000. The minister replied as follows:

—the hon. member knows that we have taken disciplinary action. He was told that in the committee.

If I had been told that in committee, Mr. Speaker, I would not be here tonight. When the deputy minister was before the committee, he admitted that the law had been broken, and stated that under the Financial Administration Act the controls in service at the time were inadequate. He also advised that disciplinary action had been instituted—not taken; that action was put in motion this November past and that this infraction took place early in the year, or became known to the department early in the year. We were advised that the individual was up for incompetence, that as of December 2 this year the personnel officer did not have all the answers and still had the following important questions unanswered. Here I quote from the proceedings. This is the personnel officer speaking:

Did he do it on his own or was he pushed into it or asked to do it or directed to do it? Is he the only one implicated in this? That I do not know.

The disciplinary action which the minister speaks of—and this is what has happened to date—is as follows:

All signing authorities, all supervisory responsibilities, have been removed from the individual and he has been relegated to a specific task which removes him from this area of responsibility.

He is, however, Mr. Speaker, temporarily on the same pay status, and this action was only put in place approximately one month ago. The excuse given was this:

In view of the provisions of the Public Service Employment Act and some of the procedures in existence, it is not a quick process.

A $1 million appropriation was deliberately exceeded by $400,000. The official responsible for this is at the same pay level, but he has had his signing authorities removed and he has been given a special task. And the minister tells this House that disciplinary action has been taken! I say this is not good enough and that we will not stop this all too common practice of exceeding budgets and appropriations until proper corrective measures are taken.

This department of government is out of control. If you doubt what I say, Mr. Speaker, all you have to do is to read the 1976 and 1977 Auditor General's report at paragraph 18.7. There is little point in having laws if they mean nothing and are not enforced. This only lessens respect for the rule of law not only outside but within government.

I suggest that there is foot dragging on this matter and the minister was not correct when he said in the House that disciplinary action had been taken. The action taken has been surprisingly slow. The knowledge of the case is shallow. Important questions are still to be answered. When one considers that $400,000 is the amount of the infraction, and that the actual value of the inventory against the book value is in question, coupled with the serious charges contained by the Auditor General in his 1974 report, I suggest that the minister take a personal interest in this runaway aspect of his department.

● (2212)

Mr. Ross Milne (Parliamentary Secretary to Minister of Indian Affairs and Northern Development): Mr. Speaker, in reply to the hon. member, I want to say that all hon. members should not lose their sense of perspective about this unfortunate circumstance.

Let me make it clear that no one has stolen money, no one has got away with public funds. The $400,000 by which the revolving fund's authorization was exceeded represented services rendered, and arts and crafts inventory on the shelves. Nevertheless, it is perfectly true the authority granted by parliament was exceeded, which is the important point. That is unmistakable and, as the Standing Committee on Public Accounts was told, this should not have happened. Steps have been taken to guard against a similar problem arising. In view of these facts, I think members deserve an explanation of how such a thing could occur. Therefore, let me trace the sequence of events.

When parliament authorized the revolving fund in 1972 to assist in the marketing of Indian arts and crafts, it attached certain conditions to the operations of the fund. Parliament said that all revenues and expenditures must be charged to the fund. That was a sound decision. If it had been properly followed, we would not be discussing this unfortunate error today.

Some time after the fund was established, the Treasury Board approved a submission permitting certain charges to be made, not against the revolving fund, but against the department's operating appropriation vote 5. It is at that point the authority of parliament was exceeded, because basing themselves on Treasury Board operation, the department charged certain management fees and certain advances made to the fund's managers to vote 5. This should not have happened.

When this situation was discovered earlier this year, the present management of the department immediately recognized that it was a violation of the limitations placed upon the authority granted by parliament. Steps were taken to prevent a recurrence. The charge against vote 5 was reversed, and the $400,000 was shown as an expenditure under the revolving fund beyond the fund's authority.

The hon. member essentially centred his question around what has been done in terms of the individual's responsibility. I should like to refer to page 2:29 of the Minutes of Proceedings and Evidence of the Standing Committee on Public Accounts of Thursday, November 10, 1977, when the Assistant Deputy Minister is reported as saying the following:

All signing authorities, all supervisory responsibilities have been removed from this financial officer and he has been relegated to a specific task which removes him from this area of responsibility.

Also I should like to refer to page 2:26 which reads as follows:

It is a serious matter, I agree. I have said that the individual is up for incompetence. I have requested personnel to document the case, to face the individual and to go through the machinery.

That is in keeping with the minister's answer where he indicated that the hon. member knows disciplinary action has been taken, and he was told that in committee.

I emphasize that funds were not spent to the benefit of any individual. They were not pocketed by anyone. The services were appropriate services, and they were rendered to the fund. The arts and crafts were purchased, and they remain as saleable inventory of the marketing service.

FEDERAL-PROVINCIAL RELATIONS—MEETING OF RESOURCE MINISTERS—DISCUSSION OF OWNERSHIP AND TAXATION OF RESOURCES

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, I rise this evening to address a question to the parliamentary secretary in the absence of the Deputy Prime Minister (Mr. MacEachen) of whom I made an inquiry on November 24 with respect to the position of the federal government relating to a very important decision the Supreme Court of Canada handed down regarding the CIGOL case. At that time I attempted to obtain some information from the government as to its intentions relating to a clarification of the rights of provinces with respect to the ownership of mineral resources.

● (2217)

What we have, so far as the CIGOL case is concerned, is a very momentous decision which is the result of a case which has been carried on both within the province of Saskatchewan and between the province of Saskatchewan and the federal government. The decision has left the people of Saskatchewan in a state of concern. They do not know at this time whether or

not they will have to bear this heavy responsibility, the potential repayment of about $600 million as a result of this one decision.

We have the spectacle in the province of Saskatchewan of a provincial government which has demonstrated a very substantial capacity for mismanagement of the affairs of our province by getting us into a form of taxation which has now been struck down by the Supreme Court of Canada, notwithstanding the fact that the government had been warned well in advance of putting on this tax that there might be problems so far as its constitutionality was concerned.

On the part of the federal government there has been a history of confrontation over mineral taxation between the federal government and the provinces. It was bad enough when the federal government took a position with respect to the deduction of provincial royalties and taxes in its computation of federal taxes on resources, but we have also the situation of the federal government actively intervening in the CIGOL case, siding with the oil company against the interests of the province with respect to the ownership of mineral resources.

I say to the parliamentary secretary that the situation was brought about by the provincial NDP government and the federal government, and it is leaving the people of Saskatchewan out in the cold. I am afraid that this decision may have far reaching implications, and it is most important that we get a clarification as to what the rights of the provinces are with respect to mineral taxation. So far as Saskatchewan is concerned, the province's natural resources were handed over to provincial jurisdiction in 1930, and we have always assumed in that province that we are the owners of the mineral resources in that province. Now we find, as a result of this decision, that we have less than full ownership. It appears that we have ownership so long as the resources remain in the ground, but as soon as we try to extract them and sell them, all of a sudden the federal government appears to have the upper hand if there is a conflict between the jurisdictions of the provincial and federal governments.

It is incumbent upon the federal government, in the interests of national unity if nothing else, that it clarify immediately the extent of ownership of mineral resources, because if we do not have that, a situation will develop, particularly in western Canada, of increased alienation toward the federal government in particular if the rights of the provinces with respect to their resources are being limited. This clarification could be made at a meeting between the Prime Minister (Mr. Trudeau) who is going to Regina on Wednesday, and the premier, or with the appropriate ministers involved.

The basis of the decision has been twofold. One is that there was indirect taxation and therefore it was unconstitutional. The second basis of the majority decision was that as soon as a resource passes into interprovincial or international export trade, if there is a conflict between federal and provincial jurisdiction, the federal government has the priority.

[Mr. Hnatyshyn.]

• (2222)

I suggest that the implications of this decision, are very wide-reaching, and I think what has happened as far as other provinces are concerned is that they have come to the point where no one is really attacking the arrangements as far as the amount of the tax payable, for example, to the province of Alberta or to other provinces with respect to oil, is concerned. The federal government receives a certain portion. The oil companies receive a certain portion of the increase in value by way of increased profits, but I suggest that the principle involved here is that a federal government which is inclined to exercise its authority in that area could very well shut out a province, effectively taxing the mineral resources contained within the boundaries of the province.

This is a very serious problem. Are we going to have the concept of mineral resources being owned by the provinces, as we have understood over the years? We now have this decision staring us in the face, and if the federal government insists on exercising or flexing its muscles with respect to the provinces, one can only expect a sense of alienation on the part of the provinces. That is why I called upon the minister at the time I raised this matter to consider, on an immediate basis, a proposition that there should be some consensus as to what is involved in mineral resource ownership. In this way we could avoid a very serious confrontation between the provinces and the federal government. At a time when we have many things in dispute between the federal government and the provinces, this is one very important area which, I think, demands immediate attention.

The final point I want to make is that, judging by the way the government of Saskatchewan is talking, it may well be that it will take the option nationalizing the oil industry and the resource industry generally. Then the federal government will have to consider its position with respect to taxing Crown corporations within the provinces or taxing the provinces themselves with respect to mineral resources. However, that will be another question in another debate.

Mr. Roger Young (Parliamentary Secretary to Minister of Justice): Mr. Speaker, just briefly to recapitulate, in his remarks in this House on November 24, and again this evening, the hon. member for Saskatoon-Biggar (Mr. Hnatyshyn) suggested that the Supreme Court decision in the CIGOL case had far-reaching implications for the ownership of mineral resources within the provinces. With respect, I do not see such import in the decision of the court. The question of ownership of these natural resources was not in issue.

By an agreement made in 1930 between the governments of Saskatchewan and Canada, Saskatchewan was given the ownership of all public lands, mines and minerals, and the power to administer and control natural resources within the province. The agreement was in the following terms:

> ... in order that the province may be in the same position as the original provinces of Confederation are in virtue of section one hundred and nine of the British North America Act, 1867, the interest of the Crown in all Crown lands, mines, minerals (precious and base) and royalties derived therefrom within the

province . . . shall . . . belong to the province . . . and the said lands shall be administered by the province for the purposes thereof . . .

The agreement was subsequently ratified by an act of the British parliament. As Mr. Justice Dickson said in the recent decision, "Subject to the limits imposed by the Canadian Constitution, the power of the province to tax, control and manage its natural resources is plenary and absolute."

What the court decided in the CIGOL case was precisely this: the impositions placed by the province upon the production of oil in the province were found to constitute taxes of an indirect nature and an attempt to regulate interprovincial and international trade in the commodity. Both of these powers are ones that lie beyond the jurisdiction of a provincial legislature. The court did not say, however, that the province was powerless to levy direct taxes and other levies on the oil resources or producers in Saskatchewan, and indeed I understand from press reports that the Saskatchewan government has now introduced new legislation to this effect.

Therefore, Mr. Speaker, I do not see how it can be said that the province is without power to exercise the rights conferred upon it in 1930 in relation to its natural resources. It might also be noted that, in the judgment, the Supreme Court expressly upheld the provisions of the Saskatchewan legislation providing for expropriation of property rights and the imposition of property taxes.

I also understand that the premier of Saskatchewan will be proposing to the Prime Minister (Mr. Trudeau) an amendment to the constitution that will confer upon the provinces a power to impose indirect taxes upon natural resources produced in the provinces. I am sure that the federal government will be prepared to give close examination to any such proposal. As the Prime Minister has repeatedly indicated with respect to constitutional amendment, he is prepared to review any or all aspects of the constitution, including the distribution of legislative powers, with the provinces. This would obviously include those powers relating to the raising of public revenues. However, constitutional review and revision are not something to be undertaken on the basis of an isolated situation, but rather in the context of a range of subject matters where there is agreement that a review of the existing powers is desirable.

● (2227)

Mr. Deputy Speaker: The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at 2 p.m.

Motion agreed to and the House adjourned at 10.28 p.m.

HOUSE OF COMMONS

Tuesday, December 6, 1977

The House met at 2 p.m.

● (1407)

ROUTINE PROCEEDINGS

[*English*]

FINANCE

PROPOSED CUT IN FEDERAL SALES TAX—MOTION UNDER S.O. 43

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of great urgency. Today's unemployment rate of 8.4 per cent coupled with the inflation rate of 8.8 per cent yields an economic misery index of 17.2 per cent. In view of the consistent deterioration of our economic performance, I move, seconded by the hon. member for Meadow Lake (Mr. Cadieu):

That this House instruct the government to consider the advisability of an immediate substantial cut in federal sales taxes on Canadian made consumer durable goods, which would have the effect of both lowering prices and increasing employment in Canada.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

THE CANADIAN ECONOMY

UNEMPLOYMENT—REQUEST FOR MEASURES TO CREATE JOBS—MOTION UNDER S.O. 43

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I, too, rise, under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In view of the reported statements by the Minister of Employment and Immigration (Mr. Cullen) that Canadians "have been spoiled rotten and have been living too high on the hog" and further, according to the minister, what Canadians need is a "kick in the gut", and considering that over 1.3 million unemployed Canadians want jobs not handouts or unemployment insurance, I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That this House agrees that the Minister of Employment and Immigration in particular and the federal government in general need the strongest possible kick, not in the gut but in the lower part of their anatomy, from the Canadian people in order to get them to take the leadership required to produce jobs for Canadians.

Some hon. Members: Hear, hear!

UNEMPLOYMENT—SUGGESTION EMPLOYMENT MINISTER PROVIDE TAPES AND TRANSCRIPTS OF REMARKS AT OTTAWA UNIVERSITY—MOTION UNDER S.O. 43

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, I rise under the provisions of Standing Order 43 on a motion similar to that of the hon. member for Oshawa-Whitby (Mr. Broadbent) with regard to Canada's drastic unemployment. The Minister of Employment and Immigration (Mr. Cullen) made a number of comments to a group of "New" Liberals at the University of Ottawa in which he was reported as saying Canadians need a "kick in the gut" and have been "living too high off the hog". Since most Canadians would like to read the full context of the minister's remarks in order to be aware of the heartlessness of this government and its dismissal of our present economic state as being not its fault but the fault of somebody else, I move, seconded by the hon. member for St. John's West (Mr. Crosbie):

That this House requests the Minister of Employment to make both a tape of his conversation last weekend at the University of Ottawa and a transcript of those remarks available to all individuals who request such.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

MANPOWER

SUGGESTION ADDITIONAL FUNDS BE DEVOTED TO TRAINING STUDENTS IN LA SARRE—MOTION UNDER S.O. 43

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

In view of the fact that the Canada Manpower Centre in the La Sarre region has run out of the money it had earmarked for its adult vocational training program, and that some sixty people would consequently be deprived of their training from February 1978 to September 1978, I move, seconded by the hon. member for Villeneuve (Mr. Caouette):

Manpower

That the Department of Employment and Immigration allocate forthwith additional funds to permit these students to complete their vocational training without running the risk of waiting too long between budgets.

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

Some hon. Members: Agreed.

Some hon. Members: No.

SUGGESTION MINISTER MEET PROVINCIAL MINISTERS TO DEVELOP EMPLOYMENT PROGRAM FOR YOUNG PEOPLE—MOTION UNDER S.O. 43

Mr. Roch La Salle (Joliette): Mr. Speaker, pursuant to the provisions of Standing Order 43, I request the unanimous consent of the House to present a motion on a matter of urgent and pressing necessity.

Since young Canadians, though representing only 26 per cent of the labour force, still constitute 48 per cent of all the unemployed in Canada; since in the last year some 83,000 new young workers have joined the labour market while only 22,000 new jobs have been created for them; since that situation threatens to poison further the social climate which is perturbed enough at this time, and bearing in mind the urgent need of a very specific policy for that category of workers, I move, seconded by the hon. member for Selkirk (Mr. Whiteway):

That this House recommend unanimously to the responsible minister that he convene his provincial counterparts to study together a special employment program for young people under 25.

Mr. Speaker: Under the terms of Standing Order 43, this motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

● (1412)

[*English*]

UNEMPLOYMENT—SUGGESTED MEASURES TO CREATE JOBS IN EASTERN PROVINCES—MOTION UNDER S.O. 43

Mr. David MacDonald (Egmont): Mr. Speaker, I rise under the provisions of Standing Order 43. Inasmuch as a very large percentage of those unemployed, over 400,000 people or 42 per cent, are in the five eastern provinces, I move, seconded by the hon. member for Central Nova (Mr. MacKay):

That this House demands as a matter of urgency a program of economic reconstruction for the have-not regions of Canada which shall include the following: a system of tax contracts to encourage the industrialization of the region; the adoption of a job credit scheme in time for this winter's unemployment hardship; a special tax rebate on inventory valuations in areas of slow growth; assistance in developing the more than 30 hydro-electric sites in the Atlantic region; special assistance to small businesses investing in have-not areas; preferred freight rates for key sectors in Atlantic Canada, such as steel, wood and food products; and the use of the government's purchasing power as a tool of economic development.

[Mr. Laprise.]

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

Some hon. Members: Agreed.

Some hon. Members: No.

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RESOURCES

PROPOSAL TO CALL INCO EXECUTIVES BEFORE COMMITTEE TO EXPLAIN POLICIES—MOTION UNDER S.O. 43

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity.

In view of the fact that the International Nickel Company of Canada Limited, after following a corporate policy for 30 months aimed at the production of a substantial surplus, then turned around and used this surplus as an excuse to lay off 3,000 of its employees; and in view of the fact that today a confidential report from Environment Canada was made public, and that it said in part INCO was following a policy of high grading in the Sudbury basin area, a practice which will substantially reduce the amount of recoverable nickel in that area, I move, seconded by the hon. member for Cape Breton-East Richmond (Mr. Hogan):

That this House call the executive and directors of INCO before the committee on national resources to account to the people of Canada for the way they have mishandled this valuable national resource of this country.

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

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*Translation*]

THE MINISTRY

REASON FOR ABSENCE OF MINISTER OF EMPLOYMENT AND IMMIGRATION

Mr. Roch La Salle (Joliette): Mr. Speaker, in light of statistics published this morning concerning unemployment, I have to express my regrets that the Minister of Employment and Immigration is not in the House. Given the fact that those figures demonstrate that Canada is still in a pitiful situation, I would like the Acting Prime Minister to tell me very precisely—and I think Canadians would like to know too—why the Minister of Employment and Immigration is absent from the House when we have to discuss such an important issue and

statistics prove that Canada is still in very bad shape. Therefore, I ask the Acting Prime Minister the true reasons for the absence of the Minister of Employment and Immigration.

[*English*]

Hon. Allan J. MacEachen (Deputy Prime Minister): Mr. Speaker, the Minister of Employment and Immigration has been in the House regularly to answer questions in connection with the economy and the unemployment situation. His absence today is in no way related to the release of the unemployment figures, but is as a result of commitments which he has undertaken in the province of Ontario.

* * *

[*Translation*]

THE CANADIAN ECONOMY

REQUEST FOR MEASURES TO AID IN GIVING EMPLOYMENT TO YOUNG PEOPLE

Mr. Roch La Salle (Joliette): Mr. Speaker, I have a supplementary question. I am sorry that the Acting Prime Minister seems to consider as normal the absence of the Minister of Employment and Immigration when we discuss these statistics. Since he is undoubtedly aware that young people account for 26 per cent of manpower and for 48 per cent of unemployed people in Canada, the Acting Prime Minister, just like the Prime Minister who told young Canadians a few months ago that if they wanted to work and did not find jobs in the country, they just had to leave—

Some hon. Members: Question!

Mr. La Salle: It's coming. Just like the minister responsible, last week—

Mr. Speaker: Order, please. If the hon. member wishes to ask a question, would he put it forthwith?

Mr. La Salle: Following those two statements, here is my question to the Acting Prime Minister, Mr. Speaker: Has the Prime Minister any new development to announce to the House in order to correct this pitiful situation for this group of young people?

[*English*]

Hon. Allan J. MacEachen (Deputy Prime Minister): Mr. Speaker, we would be grateful if it were possible for the opposition to pass the tax bill which, when enacted, will provide a very positive stimulus to the economy of Canada. That would be a very helpful way of easing the economic situation in Canada.

● (1417)

[*Translation*]

Mr. La Salle: Mr. Speaker, I have another supplementary. It is unfortunate that the answers are not more positive. Since the labour force increased by 83,000 new young workers in the last year and during the same period the number of jobs for young people only increased by 22,000, has the Acting Prime Minister a concrete proposal to make today in order to correct this imbalance and the threat of a climate which may deteriorate further for this group of young people?

[*English*]

Mr. MacEachen: Mr. Speaker, the hon. member might have noticed that there has been a slight improvement in the employment totals in his province of Quebec, which is worthy of some comment. The proposals of the government for the stimulus of the economy were put forward by the Minister of Finance in his economic statement during the throne speech debate, and it is not the intention of the government to make new policy on a daily basis in response to questions of this kind. When policy is formulated, it will be announced and made known to the House in the normal way.

An hon. Member: A lot of baloney.

UNEMPLOYMENT—SUGGESTION EMPLOYMENT MINISTER RESIGN IN VIEW OF REMARKS AT OTTAWA UNIVERSITY

Mr. John C. Crosbie (St. John's West): I would like to point out to the President of the Privy Council first that the Minister of Finance was reported in the *Financial Times* last week as saying—

Some hon. Members: Question.

Mr. Crosbie: —that budget proposals are effective on the date the budget is brought in. So it has nothing to do with the budget proposals.

Some hon. Members: Hear, hear!

Mr. Crosbie: There are 117,000 people out of work in the Atlantic provinces compared with 39,000 in 1968, three times as many. Are the comments made by the Minister of Employment and Immigration last Saturday night in connection with unemployment that we have been spoiled rotten, that Canadians have been living too high on the hog and that we need a kick in the guts, a reflection of the government's attitude towards this tragic situation in Canada, and if he is not representing the government's attitude—

Mr. Speaker: Order, please.

Mr. Crosbie: —will he be prepared to resign?

Some hon. Members: Oh, oh!

An hon. Member: Get up and answer that, Allan.

An hon. Member: And do something.

Hon. Allan J. MacEachen (Deputy Prime Minister): I want to assure the hon. member that the statements alleged to be those of the Minister of Employment and Immigration do not represent any considered policy on the part of the government, although I find much in his statements and comments with which I agree such as, for example, his statement that it is not

the total obligation of the government—and I presume the hon. member would agree with that—to provide jobs. We look to the private sector to make a very important contribution.

Some hon. Members: Oh, oh!

An hon. Member: Create the climate.

An hon. Member: Get off their backs.

Mr. MacEachen: Furthermore, I should draw to the hon. member's attention the fact that the quotations to which he referred as allegedly having been made by the minister did not refer to the unemployed of Canada. They were general comments relating to what the minister conceives to have been the lifestyle of Canadians, and that is not and has never been a question of government policy.

Some hon. Members: Oh, oh!

An hon. Member: You won't get away with that.

REQUEST FOR ACTION ON PROJECT TO CUT TIMBER ON LOWER CHURCHILL TO RELIEVE UNEMPLOYMENT

Mr. John C. Crosbie (St. John's West): The minister is reflecting the views of the Prime Minister who said in 1972 that we can be obsessed with unemployment. There are 117,000 people in the Atlantic provinces who are obsessed with that.

● (1422)

There are certain things the government can do. There are two Newfoundland projects upon which the minister can act. What has happened to the project suggested in June of 1977? It was suggested that a project be commenced to cut timber at the Lower Churchill water reservoir to create 400 jobs for loggers who are now unemployed as a result of the shutdown of the Labrador Linerboard Mill. That project would bring about a permanent benefit. It has been six months now, and there are 400 who could be employed on that project. Will the Deputy Prime Minister move on that and show some concern?

Hon. Allan J. MacEachen (Deputy Prime Minister): Mr. Speaker, I will take note of the hon. member's representations and ensure that whatever proposals have been made will be considered at the earliest possible date.

* * *

INDUSTRY

FLUORSPAR MINE AT ST. LAWRENCE, NEWFOUNDLAND—PROPOSED PRESSURE ON ALCAN TO OPERATE

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I have a supplementary question for the Minster of Industry, Trade and Commerce. The consultants B. L. Hodge and Partners of London, England just made a report to the Newfoundland government and this government in connection with the fluorspar mine at St. Lawrence. They report that it is feasible to operate it, and that it could be profitable if Alcan would operate it properly and make the necessary investments. Alcan has refused to do this, as the minister knows as a result of a meeting with the Newfoundland government. Will the government take steps to put pressure on Alcan, and will the government tell Alcan that there will be no tax concessions, tax relief or assistance to Alcan in any way, shape or form if Alcan does not operate the only remaining fluorspar mine in Canada, which experts report can be operated profitably?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, I have had discussions with the management of Alcan. They informed me that the fluorspar from the mine at St. Lawrence, Newfoundland, was used mainly as a chemical in spray cans, and because of the drastic reduction in the use of spray cans in Canada it is no longer feasible to operate that mine, bearing in mind the conditions under which it is operating.

They also informed me that without any assistance from the federal government they are investing something like $400 million in the aluminum industry in the province of Quebec, so they are not really withdrawing from the Canadian scene at all. They are fully prepared to participate in the aluminum industry, but they have lost $10 million in recent years operating that mine in Newfoundland, and they feel they can not conceivably carry on. However, they will gradually create a number of jobs easily through their expansion in the province of Quebec.

Mr. Crosbie: What is the good of this report then?

* * *

THE CANADIAN ECONOMY

UNEMPLOYMENT—REASON FOR DELAY OF MINISTER'S MEETING TO DEAL WITH PROBLEM

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I have a question for the Minister of Finance. Can the minister confirm the cynical attitude taken by the Minister of Employment and Immigration at the weekend when he said that Canadians are spoiled rotten and that they need a kick in the gut, which really amounts to blaming the victims of unemployment for their own plight? Can the minister tell the House whether this attitude, which amounts to saying that the government should not be doing anything, accounts for the fact that the government does not plan to do anything to deal with unemployment until a meeting of the first ministers which may or may not take place in February or March?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I do not think we are waiting until the meeting of the premiers and the Prime Minister on the economy. We have before the House at this time a bill containing many incentives. Many people are waiting for this bill to be passed so that they can make investment decisions. In the bill there is a tax cut which will stimulate consumer demand and which will take effect in

January and February. We hope to be ready very soon with a tax credit for the private sector in order to create more jobs. I hope I will be able to make a statement on this program before the end of the year. Unfortunately, it has been difficult for me to work on that program because I have had to be in the House for the last four weeks on a daily basis.

Mr. Crosbie: Why don't you do away with parliament?

UNEMPLOYMENT—EFFECT OF TAX INCENTIVES FOR INDUSTRY

Mr. Edward Broadbent (Oshawa-Whitby): Has the minister read the report which was published in the business section of the *Globe and Mail* three days ago? The minister should be familiar with this report. It points out that the utilization rate of Canadian industry is at the lowest level it has been in five years, which means that the kinds of incentives the minister is proposing are the wrong incentives at the wrong time because we are operating at only 83 per cent capacity. If he has read the report by a business group, does he agree with it, that the problem right now is under-utilization? If it is the problem why does he not scrap the silly bill that is now before the House and put that money into the economy directly to create jobs?

● (1427)

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, the budget proposition is twofold. One portion is related to giving a reduction in personal income tax for the lower and medium income people who will be spending the money, and the other is the tax incentive given to corporations to invest. Of course, if they are not investing they will not receive the incentive and if there is no incentive, they will invest less. I think it is quite important to leave the incentive there so that they can plan for the expansion that will come as soon as the economy starts to pick up again.

UNEMPLOYMENT—PROPOSED WINTER CAPITAL WORKS ASSISTANCE PROGRAM TO ALLEVIATE PROBLEM

Mr. Edward Broadbent (Oshawa-Whitby): I would be glad to send a textbook on first year economics to the minister. It makes no sense at all for a businessman to expand if he already has excess capacity. That means the whole government's program is bankrupt.

Will the minister now accept the proposal made by virtually every premier representing all political parties when they met a short time ago at St. Andrews? They suggested the federal government bring in a special winter capital works assistance program for the municipalities which will be at least up to the level of 1971-72 when unemployment was lower in Canada. Will he bring in that kind of a program now that will provide some spending money and create jobs instead of handouts?

Hon. Jean Chrétien (Minister of Finance): We have an important proposal as an alternative plan called Canada Works and Young Canada Works which will put a lot of people to work. It was decided these programs worth $600 million would enable people to get back to work faster than the route the hon. member is proposing.

* * *

[*Translation*]

MANPOWER

MEASURES TO SETTLE LAY-OFFS IN QUEBEC AND FALCONBRIDGE MINE

Mr. Gilles Caouette (Témiscamingue): Mr. Speaker, in the absence of the unemployment minister, because it is becoming more and more difficult to call him Minister of Employment and Immigration, my question will be for the Acting Prime Minister. Contrary to what he said a moment ago in his answer to the hon. member for Joliette, that employment had risen in the province of Quebec, statistics revealed this morning that 50 per cent of the working force was at work, the same as in November, but that on the other hand the unemployment rate was now 10.5 per cent in the province of Quebec compared to 10 per cent last month. In view of the steps which have been taken last month by the government and which are not giving positive results but only negative results as we can see from this morning's reports, in view of all this, I will address my question to the Acting Prime Minister.

In view of the fact that, following the excellent arrangements made by the government, the Falconbridge Company has announced 600 more lay-offs, is the minister prepared to maintain the same negative and passive attitude the government has shown in the case of the 2,800 lay-offs by INCO? If not, what is the government prepared to do immediately to solve this problem of lay-offs in Canada?

[*English*]

Hon. Allan J. MacEachen (Deputy Prime Minister): In connection with the hon. member's comments on the province of Quebec, it ought to be pointed out that while the situation is serious in that province, the seasonally adjusted unemployment rate for November is precisely the same as it was last month while there has been an increase of 9,000 in total employment. Although the situation is serious, there is no advantage in trying to make it more difficult than it is.

In reply to the hon. member's question, I do not accept the premise that the government has taken an inactive role in the problem that arose in Sudbury.

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[*Translation*]

INCOME TAX

REQUEST THAT FALCONBRIDGE MINE BE FORCED TO PAY DEFERRED TAX

Mr. Gilles Caouette (Témiscamingue): Mr. Speaker, I would like to ask a supplementary question. Considering that the Acting Prime Minister does not accept the fact that the government did not do anything positive, that it remained passive, I would say to him, if we could obtain intelligent

answers, our questions might be more straightforward. I will ask the Acting Prime Minister a more intelligent question.

Considering that Falconbridge Nickel Mines Limited owes to the Department of National Revenue $40 million in deferred taxes and that the Minister of National Revenue is not here to answer, is the Acting Prime Minister prepared to take a position and compel companies such as Falconbridge Nickel Mines Limited which owe millions of dollars to the Canadian government to reimburse that money and would he take it to create new jobs?

● (1432)

[*English*]

Hon. Allan J. MacEachen (Deputy Prime Minister): Mr. Speaker, I will draw the hon. member's representations to the attention of the Minister of National Revenue.

* * *

FINANCE

PROPOSED REDUCTION OF SALES TAX

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, my question is for the Minister of Finance. With today's high unemployment levels and high inflation levels giving us the highest misery index ever in this country, will the minister reconsider his decision not to reduce the sales tax in this country from the present 12 per cent which is 50 per cent higher than even during World War II? Such a reduction would not only help consumer demand but would also help employment.

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, the last time we met the provincial governments, a possible reduction of provincial sales tax and assistance to province to achieve that purpose was discussed but except for one, all of them rejected that alternative. As to the federal sales tax, we thought that a reduction of tax for low and middle income people would spur demand more actively, particularly in the months of January and February.

* * *

[*English*]

THE CANADIAN ECONOMY

DATE OF INTRODUCTION OF EMPLOYMENT CREDIT BILL

Mr. Sinclair Stevens (York-Simcoe): A supplementary question, Mr. Speaker. The minister forgot to remind us that the sales tax is the most regressive tax he has on his books. When may we see the employment credit bill that the Prime Minister has undertaken to have tabled in this House before the end of December? When exactly will we get it? How does the minister plan to ensure that the employment credits will have the effect of relieving some of the unemployment we are heading for later next year?

[Mr. Caouette (Témiscamingue).]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I can promise this House that I will be able to produce this when I can work with my officials on a daily basis. If the bill before the House is passed at the beginning of next week I hope to be able to make—

An hon. Member: What nonsense.

Some hon. Members: Oh, oh!

Mr. Chrétien: I am very pleased with the reaction of the opposition, Mr. Speaker. I can see their sense of guilt showing up. I hope I will be able to make an announcement in the House before the Christmas adjournment, but if I am tied to my seat in the House unfortunately I cannot be two ministers of finance at the same time.

USE OF TAX CONTRACTS TO INDUCE INDUSTRY TO LOCATE IN AREAS OF HIGH UNEMPLOYMENT

Mr. Sinclair Stevens (York-Simcoe): A supplementary question, Mr. Speaker. The minister might be reminded of the statement "if you cannot stand the heat get out of the kitchen." Bearing in mind the 30 per cent unemployment levels in some areas of the country, would the minister give consideration to entering into tax contracts with those in the private sector who might be willing to go into some of those areas and create jobs if they could get confirmation from the government of what their long-term tax position would be?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, the best thing would be to pass the bill now before the House. I think the business community is pretty discouraged at this time to see that we are in the fifth week of debate on the budget bill and are on Clause 5. If we proceed at this rate the bill will not be passed for two years.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

Mr. Speaker: Order, please. The hon. member for Egmont.

Mr. Chrétien: I think if there was a little bit more intelligence—

An hon. Member: Oh sit down.

* * *

REGIONAL ECONOMIC EXPANSION

POSSIBLE ELIMINATION OF DEPARTMENT—PLANS TO ALLEVIATE UNEMPLOYMENT IN EASTERN PROVINCES

Mr. David MacDonald (Egmont): Mr. Speaker, it is obvious that the Minister of Finance is upset because he is speaking out of both sides of his mouth. The other day in the *Financial Times* he indicated very clearly that the tax measures became effective the night of the budget.

I hope I can make more progress with the Deputy Prime Minister with respect to a very serious matter raised by some of his colleagues in terms of the possible abolition of the Department of Regional Economic Expansion. Apparently some of his colleagues have been arguing for this in recent weeks. Can the Deputy Prime Minister indicate whether that problem has been resolved within cabinet and more importantly, what initiatives are being contemplated by the government with respect to a more flexible and effective program under the Department of Regional Economic Expansion to get at the serious unemployment problem in the five eastern provinces?

Hon. Allan J. MacEachen (Deputy Prime Minister): Mr. Speaker, I can certainly assure the hon. member that there is no problem whatsoever about the continued existence of the Department of Regional Economic Expansion and no such problem has ever existed. I can assure my hon. friend that there is absolutely no foundation to the speculation that has been current about the possible abolition of the Department of Regional Economic Expansion. It has been a rather useful speculation, however, in the sense that so many people have come forward to praise and support the work of the department.

Mr. MacDonald (Egmont): Mr. Speaker, I hope the Acting Prime Minister has communicated this vital information to some of his colleagues sitting near him as well as to the Prime Minister. In light of this new found interest and support can the Deputy Prime Minister indicate whether some of the excellent suggestions made by the five eastern provinces as well as a number of interested groups, such as the Atlantic Provinces Economic Council and the Atlantic Provinces Chamber of Commerce, with respect to major changes in the effectiveness of DREE programs, will be implemented rather than the patchwork programs of the last few months?

Mr. MacEachen: Mr. Speaker, I agree that it may be possible to improve the effectiveness of DREE. It may be possible and to that extent I support the representations made by the hon. member. Ideas have been put forward by provincial premiers and, as the hon. member knows, in the current series of meetings and in subsequent meetings between the Prime Minister and the provincial premiers there will be opportunity to advance this particular discussion. I can reassure the hon. member on two points: First, there is no possibility that DREE will be terminated and, second, the government is diligently seeking new ways to improve the effectiveness of DREE.

REASON FOR ABSENCE OF DEPARTMENT'S PLANS FROM SPEECH FROM THRONE

Mr. David MacDonald (Egmont): A final supplementary question. Mr. Speaker, some of this equals Saul's experience on the road to Damascus. Can the Deputy Prime Minister tell the House why there was no indication in the Speech from the Throne a few weeks ago of any initiatives within this department and, secondly, why the Minister of Regional Economic Expansion for the last two years has been prevented from making major amendments to the most important legislation emanating from that department, the Regional Development Incentives Act?

Hon. Allan J. MacEachen (Deputy Prime Minister): Mr. Speaker, the Speech from the Throne has never been regarded as a total statement of government policy under any government whether one supported by the hon. member or this government, so he ought not to draw any conclusions from the fact that a particular reference was not made to DREE in the Speech from the Throne.

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[*Translation*]

HOUSING

INQUIRY AS TO MEASURES TO MAKE MORE RENTAL ACCOMMODATION AVAILABLE IN HULL REGION

Mr. Gaston Isabelle (Hull): Mr. Speaker, my question is directed to the Minister of State for Urban Affairs. In view of the minister's answers to my valiant colleague from Gatineau at the Standing Committee on Health, Welfare and Social Affairs as well as weekend reports published in some newspapers to the effect that the agreement concluded between the federal government and the Quebec government to subsidize housing would not apply to the Hull area, could the minister say what the Canadian government can do or intends to do to help solve the problem due to the scarcity of public housing in the Hull area and thus reduce the long waiting list of 1,600 individuals among the poorer in our community?

Hon. André Ouellet (Minister of State for Urban Affairs): Mr. Speaker, it is obviously a very acute problem to which the Canadian government can provide two kinds of solutions. On one hand, we have just signed an agreement under the National Housing Act and the Quebec government would only have to designate some vacant dwellings in Hull for the purposes of public housing. On the other hand, if the Quebec government rejects that alternative, we could always sell it some property, some apartment buildings and I am referring to the Jardins Mont-Bleu which could be sold by the Canadian government to the Quebec government. Indeed, we could finance 90 per cent of such a sale, so that those dwellings could be used by low income families or students who could live in that area near the Quebec University in Hull.

● (1442)

[*English*]

ROYAL CANADIAN MOUNTED POLICE

ONTARIO COMMISSION INVESTIGATING USE OF MEDICAL FILES—POSSIBLE FEDERAL OBJECTION TO TERMS OF REFERENCE

Mr. Bill Jarvis (Perth-Wilmot): Mr. Speaker, my question is directed to the Solicitor General and it relates to the inquiry in Ontario set up to investigate the use of medical data obtained from files of the Ontario Health Insurance Plan. Has the Solicitor General or his officials been in touch with officials of the Ontario government with respect to the terms of reference of that inquiry and has the hon. gentleman made known to the Ontario officials any objection he or his department might have to the commission's terms of reference?

Hon. Francis Fox (Solicitor General): No, Mr. Speaker, I have not been in touch with the officials in question nor have I made any representations regarding the terms of reference of the inquiry.

Mr. Jarvis: Has the Solicitor General or his officials given any indication to the Ontario government with respect to co-operation with that inquiry and, specifically, is the Solicitor General of the opinion that he will make available to that inquiry procedural manuals outlining the procedures under which this confidential data was obtained?

Mr. Fox: Following the discovery of the use made of the OHIP files there was a meeting between my department and officials of the Department of the Attorney General of Ontario to acquaint them with all the information in our possession with respect to that practice. We offered our complete co-operation to the Ontario government in connection with any inquiry they might wish to set up to look into the matter.

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NORTHERN AFFAIRS

MEASURES TO ALLEVIATE UNEMPLOYMENT IN NORTHWEST TERRITORIES

Mr. Wally Firth (Northwest Territories): Mr. Speaker, I have a question for the Minister of Indian Affairs and Northern Development. According to the federal officials responsible for employment training in the Northwest Territories, the unemployment rate in the Mackenzie Valley averages 26 per cent and the rates in some communities are higher than 70 per cent; in my own home village of Fort McPherson the unemployment rate is now 72.5 per cent. Can the minister tell us what specific plans his department is preparing to create new job opportunities in the Northwest Territories?

Hon. James Hugh Faulkner (Minister of Indian Affairs and Northern Development): Yes, Mr. Speaker. As I have indicated to the hon. member in private conversation we are now working in the department on a strategy for increased economic activity in the Mackenzie Valley. There have been meetings in the Northwest Territories attended by representatives of the territorial government to encourage a community consultation process. As soon as I have worked this through I shall get in touch with the hon. member to obtain his views. I hope to be making a statement in Yellowknife on the subject some time in January.

GOVERNMENT POSITION ON CONTRACTING OUT WORK TO PRIVATE OPERATORS

Mr. Wally Firth (Northwest Territories): I should like also to ask the minister to explain the government's policy with respect to contracting out government operations to the private sector. The two most recent examples concern workers on the Merv-Hardie Ferry in Fort Providence and also, I believe, maintenance workers at the Frobisher Bay airport. While the government puts out tenders to the private sector, workers involved in these operations have received lay-off notices. It appears that this policy is reducing the number of jobs rather than creating employment and I should like to know what the government intends to do about the situation. Is this government policy? Will this policy be continued in the future?

Hon. James Hugh Faulkner (Minister of Indian Affairs and Northern Development): The hon. member was kind enough to let my office know an hour ago, I guess, that he would be asking this question. I have not had a chance to look into the matter but I will do so and get back to him tomorrow.

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ROYAL CANADIAN MOUNTED POLICE

KEABLE COMMISSION—STATUS OF JURISDICTIONAL DISPUTE

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, I have a question for the Solicitor General. Can the hon. gentleman enlighten us as to the current situation resulting from the serious constitutional conflict between federal and provincial jurisdictions which is being manifested in the order by Commissioner Keable, directed toward the Solicitor General and the production of security files of his department directing the Solicitor General to produce documents from his departmental files concerning the security service or to appear in person to explain his refusal to do so?

Hon. Francis Fox (Solicitor General): The whole question of the Writ of Evocation is presently before the courts in Montreal where we are arguing the constitutional question, what exactly are the limits of the mandate given to the Keable Commission by the Lieutenant-Governor of the Province of Quebec and the extent to which a provincial authority can inquire into the day to day operations of a Crown agency under the guise of the administration of justice in a province.

MINISTER'S USE OF TERM "NATIONAL SECURITY"

Mr. Elmer M. MacKay (Central Nova): On that point, Mr. Speaker, can the Solicitor General tell us this—his answer would be useful in the context of parliamentary discussion: when he uses the term "national security", as he does from time to time in our debates, is he using the term in a jurisdictional or legal sense or merely as a descriptive phrase? Is he relating it to any part of the British North America Act?

Hon. Francis Fox (Solicitor General): When we are talking about national security in this House I take a great deal of guidance from what was decided upon by parliament itself as described in Section 16 of the Official Secrets Act, 1974. This set out what the term "subversive activities" is meant to convey in Canada. The mandate of the RCMP Security Service has been derived almost totally from the definition given by parliament of that term in 1974.

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NORTHERN AFFAIRS

REQUEST FOR STATEMENT ON SOCIAL AND ECONOMIC GOALS FOR NORTHERN AREA

Mr. Doug Neil (Moose Jaw): My question is directed to the Minister of Indian Affairs and Northern Development. It arises from the statement made by the hon. gentleman's parliamentary secretary on Friday when he told the first Alberta NWT mining industry forum, in effect, that the days of open handed government assistance to the private sector of the northern economy are over and that Ottawa will consider supporting business ventures which meet the government's social and economic goals, apparently on a joint venture basis. My question is this: is the minister prepared to make a statement on motions setting out in detail the government's social and economic goals and, further, can he tell us whether it is government policy to scrap traditional incentives in favour of state interference?

Hon. James Hugh Faulkner (Minister of Indian Affairs and Northern Development): On the last point, Mr. Speaker, the answer is, no. As to the more general question about our social and economic goals, these have been outlined by myself in meetings with the Chamber of Mines in Yellowknife and in Whitehorse. They have been outlined, as well, by predecessors of mine. It will not come as any great surprise to the hon. member that when we are considering economic development in the north we take into account not only the jobs which can be created but the number which can be made available to the native people, the degree to which a mining venture, for example, can introduce as part of its expansion plans a training program so that there might be full involvement on the part of the native people wherever mines are located near their communities. Those are some of the social and economic objectives but if the hon. member needs a more elaborate statement I would be pleased to provide it. I shall be saying something more about this subject when I speak in Yellowknife in January.

An hon. Member: We will all go up there!

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EXTERNAL AFFAIRS

IMPRISONMENT IN SOVIET UNION OF ANATOLY SHARANSKY—EFFORTS TO OBTAIN RELEASE

Mr. Bob Kaplan (York Centre): Mr. Speaker, in the absence of the Prime Minister and the Secretary of State for External Affairs my question is directed to the Deputy Prime Minister. What position is the federal government prepared to take toward the plight of the Soviet dissident Anatoly Shcharansky who attempted within the Soviet Union to monitor compliance with the Helsinki Agreement and who has been seized and held for months in prison in Moscow without trial, without charges even being laid and without any contact with his family?

Hon. Allan J. MacEachen (Deputy Prime Minister): Mr. Speaker, the Canadian government at the Conference in Belgrade has been pressing other countries for the acceptance of the principles of human rights which are involved in this particular case, namely, freedom to emigrate and the freedom of an individual to monitor the implementation of the Helsinki final act which I understand was the activity engaged in by Mr. Shcharansky. We have not yet made direct representations to the Soviet Union about this particular case, although the apparent denial of human rights concerns us a great deal.

● (1452)

However, I understand a meeting has been arranged between the government and Mr. Shcharansky's relatives in Canada. From that meeting it may be possible to establish a basis to make direct representations to the Soviet Union. In the meantime, however, we are pressing forward at Belgrade the principles of human rights that are involved in this particular case.

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LABOUR CONDITIONS

DISPUTE INVOLVING B.C. TELEPHONE EMPLOYEES—GOVERNMENT ACTION TO SETTLE

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, my question relates to the disruption of telephone service in British Columbia as a result of a labour dispute involving B.C. Telephone and its employees. It is therefore addressed to the Minister of Labour. In view of the fact that the unions concerned are asking for government intervention, the lead editorial in this morning's Vancouver *Province* asks for the same thing and the spokesman for our party is today speaking with both sides in this dispute, can the minister say what role he sees for himself and the government at this juncture to

bring the disputants together and get B.C. Telephone service back into operating shape?

Hon. John C. Munro (Minister of Labour): Yes, Mr. Speaker. The hon. member will be interested to know that one of our most able officers, the chief conciliation officer on the west coast, has been appointed today by myself to endeavour to see what he can do to bring the parties together to resolve this dispute. We will have to count on the parties to resolve their dispute. I urge them to accept the assistance of the mediator because we have gone through the entire dispute settlement process. We have supplied the service conciliation before. That failing, we appointed a commissioner in lieu of a conciliation board. The report of the commissioner was not acceptable to the company although it was to the union. I am hopeful that because of the ability of the mediator I have appointed, we might find a resolution to this dispute.

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AIR TRANSPORT

REMOVAL FROM AIRCRAFT OF ELECTRONIC LOCATER TRANSMITTERS—POSSIBILITY OF COMPENSATION FOR AIRCRAFT OWNERS

Mr. J. R. Ellis (Hastings): Mr. Speaker, I want to ask the Minister of Transport a question regarding electronic locater transmitters. The department's policy some years ago was that private pilots had to install these in their aircraft. A few months ago the department asked that they be taken out. First, has the department any program to compensate pilots who have put in these ELT's which have not acted satisfactorily. Second, has the department any program to devise new ELT's which will work more effectively?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, there is no program for compensation. However, the department is very actively engaged in the work with the makers of the device to develop new appropriate batteries with which to recharge it. It was discovered, after it was operating, that the Lithium batteries were a danger. For that reason, they were removed. It is our hope that by the end of January something will have been developed in the way of a new facility.

Mr. Ellis: I thank the minister for his answer. Given the fact there is a possibility of a breakthrough in the lithium batteries, will the minister consider recompensing the pilots at least for the battery portion of ELT's that have gone bad?

Mr. Lang: Mr. Speaker, that is a matter to which we will have to give some consideration. It was, of course, a part of an aircraft which seemed to us to be an advantage. The discovery which was made that the lithium itself caused some danger was through no one's fault and probably would not, in precedent terms, justify compensation.

[Mr. Munro (Esquimalt-Saanich).]

NATIONAL CAPITAL COMMISSION

ALLEGATION COMMISSION LIED ABOUT LAND PURCHASES IN HULL—GOVERNMENT ACTION

Mrs. Jean E. Pigott (Ottawa-Carleton): Mr. Speaker, my question is to the Minister of State for Urban Affairs. Can the minister inform the House what measures have been taken to investigate allegations by the Quebec minister of public works that the National Capital Commission is a public liar with regard to details of the purchase of land in the city of Hull?

[*Translation*]

Hon. André Ouellet (Minister of State for Urban Affairs): Mr. Speaker, those who live on the other side of the river and who are well aware of the kind of statements this elected Quebec representative makes regularly are not as concerned as the hon. member by these unfounded allegations. People living on the other side of the river are used to this kind of statements and simply ignore them.

[*English*]

Mrs. Pigott: While that may be true, Mr. Speaker, there are people on both sides of the river who would very much like to know what lands have been purchased and for what reason. Can we have a statement on this?

[*Translation*]

Mr. Ouellet: Mr. Speaker, I should be pleased to provide the hon. member with statistical data which categorically refute the statements made by the Quebec public works minister.

* * *

PUBLIC WORKS

[*English*]

PROPOSED PENITENTIARY AT LONDON, ONTARIO—SITE LOCATION AND DATE OF CONSTRUCTION

Mr. R. E. McKinley (Huron-Middlesex): Mr. Speaker, my question is for the Minister of Public Works. As his department is responsible for the construction of federal penitentiaries, can he advise whether it is still the intention of the government to establish a penitentiary in London? If so, has a site been selected and when will construction begin?

Hon. Judd Buchanan (Minister of Public Works): Mr. Speaker, negotiations are proceeding very satisfactorily with the city of London concerning location. The areas we are looking at are south of highway 401 in the industrial park. We hope to conclude arrangements very quickly.

ENVIRONMENTAL AFFAIRS

VIOLATIONS OF FISHERIES ACT ON KOOTENAY RIVER—GOVERNMENT ACTION

Mr. Bob Brisco (Kootenay West): Mr. Speaker, I have a question for the Minister of the Environment. As there have been violations of the federal Fisheries Act on the Kootenay River below Mica and there will follow similar violations if the Kootenay River diversion goes through, is the minister prepared to act other than through his provincial official with regard to federal legislation?

Hon. Len Marchand (Minister of State (Environment)): Mr. Speaker, I will have to take the question as notice and study it very carefully.

* * *

TRANSPORT

SUGGESTION FUNDS BE ADVANCED TO RAILWAYS TO BUY EQUIPMENT AND ALLEVIATE UNEMPLOYMENT

Mr. Les Benjamin (Regina-Lake Centre): Mr. Speaker, my question concerns a proposal I made to the Minister of Transport last July and which my leader made to the Minister of Finance during this parliament. I direct it to the Acting Prime Minister. There are a few thousand miles of railway lines in Canada that require upgrading. This will involve hundreds of steel rails, millions of ties, tie plates, anchors and so forth. In order to alleviate unemployment in the Atlantic provinces, particularly Cape Breton Island and Pictou county, will the government ensure that sufficient capital is advanced so that orders can be placed now by both the national railroads and Via Rail for the steel rails, equipment and other infrastructure that will be required over the next several years? That could be produced now and stockpiled in western Canada where it will be needed.

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, I thank the hon. member for his suggestion. It is one upon which we have effectively acted already to the extent that it is reasonable. We have obtained $100 million for the construction of branch lines in 1977 and 1978. That includes $47 million for equipment which was ordered to be built at various plants across the country, including Hamilton and Trenton, Nova Scotia. In addition, Canadian National has taken some steps to advance orders and obtain rails ahead of their actual needs. The rail for the branch line program will largely be obtained in the prairies from those lines which the Hall commission recommended be abandoned. CN have been pursuing the matter of additional rail for their own on-going program, including double tracking where that is necessary, in line with the railway's very vigorous program of ensuring that all of the additional capacity for moving freight is available when it is needed. The railways have been doing a very good job on that. They should be applauded for ordering steel and rails in advance of their actual need.

[*Translation*]

ROYAL CANADIAN MOUNTED POLICE

ALLEGED SURVEILLANCE OF CERTAIN MEMBERS OF PARLIAMENT

Mr. Pierre De Bané (Matane): Mr. Speaker, my question is directed to the Solicitor General.

I should like him to tell me whether there is any truth in the allegation made yesterday during the CBC French network news broadcast to the effect that for a number of years I have been under police surveillance. Have other hon. members been subjected to police surveillance over the past ten years?

Hon. Francis Fox (Solicitor General): Mr. Speaker, I am not aware of the precise allegation made yesterday over the CBC French network. I am advised, however, that the hon. member was allegedly under the surveillance of the Quebec Police Force and not of the Royal Canadian Mounted Police.

As to the second part of his question, which is more general in scope, I feel that the Prime Minister has already provided the reply in a letter which he sent to the leaders of the opposition concerning the surveillance of House members.

* * *

● (1502)

[*English*]

FISHERIES

DEVELOPMENT PLAN FOR ATLANTIC AREA—DATE OF MEETING WITH PROVINCIAL MINISTERS TO DISCUSS IMPLEMENTATION

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, my question is directed to the hon. Minister of Fisheries and the Environment. According to the press of December 1, finishing touches have now been applied to the long awaited $900 million fisheries development plan for Atlantic Canada. The plan is now in the hands of the Minister of Fisheries and the Environment. Since this plan is purported to have the approval of all fisheries ministers in Atlantic Canada, again I would ask the minister if he has studied the plan, and if so, when does he plan to meet with provincial fisheries ministers to discuss the plan and hopefully implement some of it in order to put some of the unemployed citizens to work in Atlantic Canada?

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): Mr. Speaker, I have been informed that this plan was being sent to me. Over the weekend I was at a meeting for a day and a half with the minister of fisheries for Newfoundland. I suppose he did not have a copy of the plan with him, or he would have handed it to me then. At the moment I am depending upon my colleague, the hon. Postmaster General.

Some hon. Members: Oh, oh!

Mr. Crouse: Mr. Speaker, my supplementary question is directed to the Minister of Fisheries and the Environment. According to the press, the plan purports to be concerned with broad economic terms which tie the industry to the economic

well-being of Atlantic Canada. Since the minister stated in his speech in Yarmouth on November 30 his desire to develop an independently owned fisheries fleet, separate and apart from the processor owned fleet, is it the minister's intention to announce a program for the replacement of some of our aging fleet, and the development of an inshore and offshore fishery? If so, when can we expect a statement from him which will put this broad spectrum of fleet development in process?

Mr. LeBlanc (Westmorland-Kent): Mr. Speaker, the hon. member does exactly what the press has been doing for the last 2½ months. He is speculating on a plan which does not exist yet, to my knowledge, since I have not seen it. Obviously, I owe the ministers of fisheries on the east coast the courtesy of reading what is suggested before coming out with my own plan. I intend to separate the catching operation from the processing operation in order for fisheries to be in the hands of fishermen.

Some hon. Members: Hear, hear!

* * *

INCOME TAX ACT

AMENDMENTS TO BILL C-11

Mr. Speaker: As reported at page 1571 of *Hansard* dated December 5, 1977, the Minister of Finance presented amendments to clause 14 and following clauses in Bill C-11 which is now before the House. At that time it was ordered that the amendments be printed in *Hansard* as if the minister had read them.

I regret to advise the House that, through an administrative error on the part of the House, the wrong group of amendments was printed in *Hansard*. Perhaps that will be misleading and will make it difficult for members attempting to follow the debate today and on subsequent days in committee of the whole. In order to reduce the impact of the error, I have ordered copies to be made of the amendments presented by the Minister of Finance at that time, and the correct list will be distributed to all members who wish to use it during today's debate.

ROUTINE PROCEEDINGS

[*English*]

TEXTILE AND CLOTHING BOARD

TABLING OF BOARD REPORTS

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, pursuant to Standing Order 41(2), I have the honour of tabling three reports of the Textile and Clothing Board concerning woven cotton terry towels, hats, caps and work gloves.

[Mr. Crouse.]

[*Translation*]

NATIONAL REVENUE

TABLING OF LETTER TO MEMBER OF HOUSE OF COMMONS FROM THE DEPARTMENT

Mr. Yves Demers (Parliamentary Secretary to Minister of National Revenue): Mr. Speaker, according to Standing Order 41(2), I have the honour to table copy of a letter dated December 5, 1977, from the Minister of National Revenue to the hon. member for Wellington-Grey-Dufferin-Waterloo.

* * *

[*English*]

CANADA ELECTIONS ACT

AMENDMENT TO PROVIDE RELIEF TO CERTAIN CLASSES OF ELECTORS

Mr. Bill Clarke (Vancouver Quadra) moved for leave to introduce Bill C-408, to amend the Canada Elections Act.

He said: Mr. Speaker, this bill is simply a repeat of one I had on the list last year. On reviewing the proposed amendments to the Canada Elections Act under Bill C-5, I noted these still have not been taken care of. My bill intends to provide some relief to certain classes of electors.

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

* * *

FAIR FOREIGN EXCHANGE BILL

MEASURE RESPECTING EXCHANGE RATE FOR UNITED STATES TOURISTS

Mr. Bob Kaplan (York Centre) moved for leave to introduce Bill C-409, respecting fair foreign exchange.

He said: Mr. Speaker, tourism surveys indicate that American tourists are finding Canada a less and less welcome place to visit. One of the reasons for this is the fact that an unfair exchange rate is often offered to them and paid to them. The purpose of this bill is to make it illegal to offer or to pay an exchange rate on American currency which is outside 2 per cent of the over-the-counter rate current at a bank in Canada.

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

* * *

[*Translation*]

JUSTICE AND LEGAL AFFAIRS

MOTION RESPECTING COMMITTEE SITTINGS

Hon. Francis Fox (Solicitor General) moved:

That the Standing Committee on Justice and Legal Affairs be authorized to hold, during the month of December, 1977, in camera meetings to examine the Solicitor General's interim report following the recommendations of the parlia-

mentary sub-committee on the penitentiary system in Canada, and to report thereon.

[*English*]

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, we will give consent for the motion to be presented; but when it is moved, the hon. member for New Westminster would like to say a word.

Mr. Speaker: A motion can only be presented at this time with unanimous consent. Is there unanimous consent for its presentation?

Mr. Jones: Mr. Speaker, on the copy of the motion which was handed to me, the words "and to report thereon" appear. I did not hear those words read by the hon. Solicitor General. I am wondering whether that was intended.

Mr. Fox: Mr. Speaker, on the copy of the document I will table, the words "and to report thereon" and "et de faire rapport" appear.

Mr. Leggatt: Mr. Speaker, before adopting the motion I should like to point out that the committee did not have very much opportunity to discuss the terms of the motion. Would the Solicitor General take the opportunity now to explain why the motion proposes that meetings be held in camera, rather than leaving it to the committee, at its discretion, to determine what is appropriate to be heard in camera or otherwise. The uniqueness surrounding this motion is that it is fairly limiting on the committee. I thought the Solicitor General would want to give the committee its head in terms of determining what should or should not be heard in-camera. Would the Solicitor General care to respond to that question?

Mr. Fox: Mr. Speaker, this matter was discussed in committee and it was agreed to by all members present at that time. The best way to ensure that a parliamentary committee has access to relevant officials, and the best way to ensure that the committee report is implemented, would be to hold in camera hearings. Also, it was indicated that the main estimates of the Department of the Solicitor General would be before the committee some time in February and that there would be ample opportunity to discuss all matters which would be of interest.

● (1512)

It was thought by all members of the committee who were present at the time it was discussed that it was more important to have input into progress being made in the implementation of the report than into the possibility of making a few partisan political points.

Mr. Jarvis: I think the Solicitor General has outlined to the House quite accurately what occurred in the committee. However, I take some objection to his reference to partisan political points, because it has been my information that that particular subcommittee of the Standing Committee on Justice and Legal Affairs has worked very well and very productively. I think I would have preferred, on balance, that the motion today had not included the words "in camera" and had let the committee be the master of its own fortunes. But the countervailing force that exists here is the very sincere and deep concern of the committee to get back to work as quickly as possible.

I would take more comfort—and I think my colleagues share my view—if the Solicitor General would take the occasion now to indicate to the House his receptiveness, should the situation arise—as I anticipate if might—that the committee might ask for an amendment to this motion so that all its meetings need not be held in camera where no good reason exists.

The Solicitor General's reference to partisan political points does not have much application to that particular standing committee on penitentiaries. When it comes to some other matters the Solicitor General might bring before the committee, we agree the meetings should not be held in camera and there will be many partisan points scored.

Mr. Baldwin: Mr. Speaker, I will not detain the House long. I take strong objection to the House agreeing to a motion of this kind. I do not want to precipitate a crisis or a vote, and I understand my friends' views on this, but I think for this House to give consent of this kind, in advance, without someone saying something about it, could launch us into a precedent which we might have reason to regret. I simply say, as my friend, the hon. member for Perth-Wilmot said, that when a committee comes to a decision which suggests that in its opinion it should make a decision on its own and come to the House for confirmation, that is one thing; but to give blanket approval in advance is quite wrong, and I want to register my objection to it.

Mr. Peters: Mr. Speaker, I want to join in that objection. I am not a member of that committee, but I have been one many times—more often than my hon. friend, I presume—and I am interested in the deliberations of the committee and in the decisions and recommendations which the committee made previously. We are interested in knowing what progress has been made on those recommendations and why some meetings cannot be held in public.

I am quite aware that there might be reasons for having some meetings in camera to discuss, for example, why a certain person has or has not been fired, or why changes have been made in personnel. Those meetings are normally held in camera. They have been held in camera because the committee agrees to that.

I agree entirely with the hon. member for Peace River that if the minister thinks there is any political mileage to be made on the committee, he is wrong. Most of the penitentiary officials do not vote, and the staff members probably have already made up their minds on how they will handle this matter, so I do not think that is a good explanation. It is necessary that we protect the individuals involved in the changes that have taken place; but I for one, as a member of parliament, am very interested in knowing what the minister has done.

Occasionally we read in the newspapers about changes which appear to have taken place, and that problems are developing in various penitentiaries for reasons which seem to be exactly the same as those given years ago, which makes it apparent that certan recommendations of the committee have not been implemented.

Although I do not feel too strongly about this, I think it is certainly a very bad precedent. I have never known of a committee being set up with terms of reference requiring it to meet in camera from its inception. It is quite normal, on occasions when personnel changes are being discussed, when a report is discussed or when concessions are made in the development of a report, to have meetings in camera. This is advantageous from the political point of view and from the view of developing the best possible report. But I cannot recollect a committee ever having been established requiring it to hold meetings in camera, and I am certainly not in favour of such a precedent in this case.

I am opposed to the establishment of any such committee—which, after all, is an extension of the House; and you, Mr. Speaker, would have great difficulty, I am sure, in recalling any time when the House has met in camera—yet we are being asked to agree to a committee starting its hearings in camera by order of the House. I am violently opposed to such a recommendation.

Mr. Nielsen: Mr. Speaker, it is seldom that I come to the rescue of any minister opposite, but I rise to do so on this occasion. It is good for members of the House to appreciate the reason for the motion of the Solicitor General in the form that it was presented today.

The subcommittee on penitentiaries—on which I served throughout its lengthy travels and deliberations in order to produce its report—produced that report on an absolutely non-partisan basis. It was a unanimous report, cutting across all party lines. We want to continue that way. The report was presented, the Solicitor General's response was given, and now we are asked to consider the progress that has been made with respect to the report and the minister's response. Normally, that kind of deliberation is held in camera. That matter was discussed at the meeting of the Standing Committee on Justice and Legal Affairs and it was agreed by all members present that we would ask the Solicitor General to present the motion in the terms in which he has presented it.

We in the official opposition intend to abide by that agreement which we reached in committee, and I would urge the House, notwithstanding the fact that some hon. members believe that this creates an exception to the general rule—a point with which I have some sympathy—to accept the motion which was agreed to unanimously by all members present at the meeting of the standing committee. I urge all members to pass the motion without debate. Incidentally, another matter that was agreed to by the committee was that the motion would be accepted without debate.

[*Translation*]

Mr. Beaudoin: Mr. Speaker, I think it is most unfortunate that several hon. members do not understand the effect of this motion. As the former speaker the hon. member for Yukon (Mr. Nielsen) has just said, we agreed to the presentation of the motion as drawn up. Above all, I want the House to know that this sub-committee, which is an extension of the House, sat in an extraordinary atmosphere absolutely devoid of partisanship. Political considerations never entered the picture at this sub-committee's sittings. We all proved a great sense of responsibility, which is all to the credit of the members of the committee and the House of Commons. I think that, before presenting such a motion, we should be able, as members of that type of committee, to meet our caucuses and explain to hon. members of every party why an in camera meeting is held at the report stage.

[*English*]

Mr. MacGuigan: Mr. Speaker, I would like to say a word on this motion. I certainly agree with the comments of the hon. member for Yukon. I would also like to echo the comments of the hon. member for Perth-Wilmot. It seems to me that while there are strong reasons for having in camera meetings, it may be that the committee will find at some point that it wishes to hold some meetings in public. I anticipate that the Solicitor General would agree to granting that power to the committee if it makes a report to that effect. I repeat the suggestion made by the hon. member opposite, that that would be the secret to unravelling this small problem.

● (1522)

Mr. Jones: Mr. Speaker, it seems to me that there is a big hullabaloo about nothing. The motion seems to be quite adequate for the purposes for which it is intended. It says the committee "be authorized". It does not say it shall, or has to, or that it is mandatory. It is a permissive motion which leaves it up to the committee to decide whether the meetings are to be held in camera. Actually, I see no real problem. I do not usually support any particular party or group here, but I think there is really nothing wrong with the motion. It is a permissive motion, and there is no necessity for meetings to be held in camera unless the committee decides that it wants them held in camera.

Mr. Baker (Grenville-Carleton): Mr. Speaker, the last point made by the hon. member for Moncton is an interesting one. After the words "Justice and Legal Affairs" the motion says, "be authorized to hold in camera hearings during the month of December, 1977". I think the motion could possibly be interpreted as being permissive, but I think it is equally possible that it could not. In other words, the motion in its form is equivocal.

I understand what the minister and the members of the committee have talked about, and I listened very carefully to what the chairman of the committee, the hon. member for Windsor-Walkerville, said about the attitude in the committee. I do not think we should be bound one way or the other to deal

with an equivocal motion. I think it is possible that that is the case. What the committee may have agreed to does not necessarily bind the House, but ought to be considered very carefully by the House.

I wonder if it would be possible, in the circumstances, for the minister to withdraw the motion today, with the idea of presenting it—if he feels he must present it with the words "in camera" in it—tomorrow. I hope that overnight the minister might consider removing the words "in camera" which offend some members—who want to see this report go ahead, by the way—thus recognizing the good faith which the committee has demonstrated. I think that might bring an end to this argument and allow the committee to proceed, because I am satisfied from what the hon. member for Yukon and others have said that the hearings, where necessary to accommodate the government, would be held in camera if that was the appropriate way to do it.

Mr. Speaker: The Solicitor General has already moved the motion and spoken once. In order for the Solicitor General to speak again, there would have to be unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Mr. Fox: Mr. Speaker, I would like to make it quite clear why the motion was put in the first place. It was felt by members of the committee that, with the early reporting date on estimates, they did not have sufficient time to consider the implementation process of that very important subcommittee report. I thought at that point it was of sufficient importance that I would like to give the committee an opportunity to examine the question during the remainder of the month of December. That was the reason the motion was put.

It was also thought that it would be a good way of handling things if the committee members had access to the senior officials of various working groups, and that perhaps the best way for the committee to bring to bear its own thoughts on the implementation as it progressed was for it to have almost informal sessions with these senior officials. However, I would be more than willing to withdraw the motion and to consult with hon. members opposite, of all parties, to see what type of motion we could set up which would be acceptable.

My impression, when I presented the motion today, was that it was acceptable to all parties and that it would be passed without debate. However, that process has obviously broken down, and I would be more than willing to follow the suggestion of the House leader of the official opposition and see what type of motion would be acceptable to all parties.

Mr. Speaker: The Solicitor General has moved the motion and it is in the possession of the House. If it were to be withdrawn at this time, it would have to be withdrawn by the minister with the unanimous consent of the House. Does the Solicitor General have the unanimous consent of the House to withdraw his motion at this time?

Some hon. Members: Agreed.

An hon. Member: No.

Mr. Speaker: There is not unanimous consent. Is the House ready for the question?

Some hon. Members: Question.

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

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Baldwin: On division.

Mr. Speaker: Shall I record the motion as having been agreed to on division?

Some hon. Members: Agreed.

Motion agreed to.

* * *

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, questions Nos. 206, 284, 304, 401 and 794 will be answered today.

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

[*Text*]

BILINGUAL AIR TRAFFIC SERVICES IN QUEBEC—NUMBER OF PERSONNEL UNDER CONTRACT

Question No. 206—**Mr. McKenzie:**

1. What is the total number of persons under contract to the Commission of Inquiry into Bilingual Air Traffic Services in Quebec and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): 1. Currently three (no retired public servants).

2. (a) 1975-76, Not applicable; (b) 1976-77, $304,394,55. No retired public servants

CANADIAN INTERGOVERNMENTAL CONFERENCE SECRETARIAT—PERSONNEL OBTAINED FROM PRIVATE EMPLOYMENT AGENCIES

Question No. 284—**Mr. McKenzie:**

1. Has the Canadian Intergovernmental Conference Secretariat obtained (a) part-time (b) full-time employees from private employment agencies in (i) British Columbia (ii) Alberta (iii) Saskatchewan (iv) Manitoba (v) Ontario (vi) Quebec (vii) New Brunswick (viii) Nova Scotia (ix) Prince Edward Island (x) Newfoundland and, if so, in each case, how many?

2. Are such employees paid from supplementary estimates and, if not, from what estimates are they paid?

3. By province, what was the (a) average hourly rate paid to employment agencies (b) average hourly rate paid to employees (c) total amount paid by the Canadian Intergovernmental Conference Secretariat in (i) 1975 (ii) 1976?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): 1. (a) Ontario—three to 10; (b) No.

2. Regular Estimates.

3. (a) Ontario, $8-$9. (b) Not applicable; (c) (i) 1975-76, $58,361; (ii) 1976-77, $58,335.

ECONOMIC COUNCIL OF CANADA—PERSONNEL OBTAINED FROM PRIVATE EMPLOYMENT AGENCIES

Question No. 304—**Mr. McKenzie:**

1. Has the Economic Council of Canada obtained (a) part-time (b) full-time employees from private employment agencies in (i) British Columbia (ii) Alberta (iii) Saskatchewan (iv) Manitoba (v) Ontario (vi) Quebec (vii) New Brunswick (viii) Nova Scotia (ix) Prince Edward Island (x) Newfoundland and, if so, in each case, how many?

2. Are such employees paid from supplementary estimates and, if not, from what estimates are they paid?

3. By province, what was the (a) average hourly rate paid to employment agencies (b) average hourly rate paid to employees (c) total amount paid by the Economic Council of Canada in (i) 1975 (ii) 1976?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): 1. (a) Ontario, 37; (b) Ontario, three.

2. Paid from main estimates.

3. (a) Ontario—$6.18; (b) Not applicable; (c) (i) $30,894; (ii) $8,078.

NUMBER OF PERSONS UNDER CONTRACT TO COMMISSION OF INQUIRY INTO MARKETING OF BEEF

Question No. 401—**Mr. McKenzie:**

1. What is the total number of persons under contract to the Commission of Inquiry into the Marketing of Beef and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): 1. Nil.

2. (a) 1974-75, Nil; (b) 1975-76, $37,659.04. Retired public servants, $4,759.55.

ACTING MINISTERS AND SECOND ACTING MINISTERS

Question No. 794—**Mr. Knowles (Winnipeg North Centre):**

What is the name of the (a) acting minister (b) second acting minister of each department of the government?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): See Sessional Paper 303-1/205; tabled October 19, 1977.

[*English*]

Mr. Jones: Mr. Speaker, I rise on a point of order. I want to remind the parliamentary secretary about question No. 145.

[Mr. McKenzie.]

Every time I speak to him about it, he says "soon". How soon is soon, or is it a monsoon?

[*Translation*]

Mr. Pinard: In the near future, Mr. Speaker.

[*English*]

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

Some hon. Members: Agreed.

* * *

LABOUR CONDITIONS

PROPOSED MOTION TO ADJOURN UNDER S.O. 26

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I ask leave, seconded by the hon. member for Winnipeg North Centre, to move the adjournment of the House under Standing Order 26 for the purpose of discussing a specific and important matter requiring urgent consideration, namely, the revelation this morning that the continuing chronic level of unemployment has now reached crisis proportions with 900,000 unemployed, the highest level since the great depression and the highest level in Statistics Canada's history; it being noted that as bad as these figures are, they do not include additional thousands of unemployed who have withdrawn completely from the labour force in recent months; and it being also noted that related to this, the government has indicated that it plans no new initiatives to alleviate unemployment at least until after a first ministers' meeting which may or may not take place in February or March. This, I submit, constitutes a crisis and an emergency situation.

Mr. Speaker: In accordance with the provisions of Standing Order 26, the hon. member for Oshawa-Whitby gave the Chair the appropriate notice, which has given me the opportunity to review the contents of his proposed motion and the considerations which must be taken into account by the Chair in any situation of this sort when an application is made by any hon. member pursuant to Standing Order 26 to set up a special debate on any subject.

The hon. member and other hon. members will know that several applications of this sort have been made by him and, on occasion, by other hon. members at times in the past when economic figures of one kind or another have been released. On several occasions in the past, I have—and I will now—referred to *Hansard* for March 13, 1974, and November 9, 1976, two recent occasions on which I have had occasion to analyse the rule with respect to its application to chronic, as opposed to acute, problems.

The hon. member now endeavours to establish as a crisis, as I think he must, an aspect of our economic situation, namely, the unemployment situation. That problem is, of course, part of our continuing economy. It is, therefore, a chronic problem. The hon. member makes what I think is a valiant effort to put the problem into crisis proportions, as opposed to one of

chronic dimensions. However, I think I must continue, with faithful respect for precedents in the past, to regard economic problems as matters of a chronic nature and, therefore, unsuitable, in their very basic nature, to an application pursuant to Standing Order 26. Without some other special item or aspect—which does not occur to the Chair at the present time—I feel obliged to set aside the application for a special debate pursuant to Standing Order 26.

I do now leave the chair for the House to resolve itself into committee of the whole.

GOVERNMENT ORDERS

[*English*]

INCOME TAX ACT

MEASURE TO AMEND

The House resumed, from Monday, December 5, consideration in committee of Bill C-11, to amend the statute law relating to income tax and to provide other authority for the raising of funds—Mr. Chrétien—Mr. Laniel in the chair.

The Chairman: When the committee rose at its last sitting, clause 6 was under consideration and an amendment of the minister had been presented to the committee.

On clause 6—*Exchanges of Property*

● (1532)

Mr. Stevens: Mr. Chairman, as we consider the three interrelated amendments which the minister tabled yesterday, I feel I should put one or two questions on them. As I read what the minister is now proposing, clause 6 will be amended as follows:

(b)(i) an amount received under a program that is a prescribed program of the government of Canada for the purposes of paragraph 56(1)(s)—

From that, it would appear that any prescribed program with respect to insulation could be taxed. Am I correct in that? Does it mean that the Prince Edward Island and Nova Scotia insulation programs are likely to be taxed, in that they will be prescribed programs under this new section?

Mr. Chrétien: Mr. Chairman, on the first part of the amendment, the hon. member's interpretation is right. On the second part, the Prince Edward Island and Nova Scotia programs will not be taxed because they are not prescribed.

Mr. Stevens: Mr. Chairman, if the Prince Edward Island and Nova Scotia programs will not be taxable as they are not prescribed, can the minister indicate if he has any other programs in mind that might be prescribed, other than the Canadian Home Insulation Program referred to in the income tax motion?

Mr. Chrétien: Not to my knowledge at this moment, Mr. Chairman.

Mr. Stevens: May I ask the minister why he did not bring some simplification to the act, in referring specifically to the Canadian Home Insulation Program, by using the wording in the income tax motion, rather than bringing in this piece of ambiguity speaking about prescribed programs which could presumably be greatly extended over the initial program that we understood from the income tax motion would be dealt with in this section?

Mr. Chrétien: Mr. Chairman, I understand there is a technical problem because the appropriate act has not been passed yet and we cannot describe it that way. That is why there is the difference.

Mr. Stevens: I take it that we have the assurance of the minister that, while the wording is a little ambiguous, the department has no taxation in mind at this time other than the taxation of the Canadian Home Insulation Program itself.

Mr. Chrétien: That is right, Mr. Chairman.

Mr. Stevens: That would be the only prescribed program?

Mr. Chrétien: The hon. member is right.

The Chairman: Shall the amendment carry?

Some hon. Members: Agreed.

Mr. Chrétien: A point of order, Mr. Chairman. There are consequential amendments to clauses 23 and 115(1). I do not know if the hon. member for York-Simcoe would be agreeable to make sure that the whole aspect of the bill is covered by what the House has voted on at this moment; and, of course, the New Democratic Party and the Social Credit party—

Mr. Stevens: Mr. Chairman, we have no reason to object to the minister's suggestion that we deal with the three amendments touching on the insulation question at the same time. Perhaps it would help save confusion when we come back to those amendments later.

The Chairman: Order, please. I have to object. Hon. members can only go from one clause to another and come back if there is unanimous consent. There is no way we can adopt an amendment unless the clause concerned is before the committee.

Mr. Chrétien: Mr. Chairman, I should like to move an amendment to clause 23(2). I would make a consequential amendment, and by unanimous consent go to subclause 115(1).

The Chairman: There is nothing to prevent the committee from doing that, and if hon. members agree, it will have to be done one by one. The hon. minister makes the proposal, and if it is accepted by the committee I shall call the amendment to subclause 6(5) and then by consent we will go to the two

appropriate clauses and put the amendments to those clauses. Then we can revert to clause 6(5). Is that agreed?

Mr. Stevens: That would be agreeable to us, Mr. Chairman on the understanding, which I take it I do not even have to express, that the clauses themselves will still be subject to debate later in committee of the whole session, as amended.

Mr. Chrétien: Agreed.

The Chairman: That is understood. The question is on the amendment to clause 6(5), by the Minister of Finance, as put to the committee yesterday. Shall the amendment carry?

Some hon. Members: Agreed.

Amendment (Mr. Chrétien) agreed to.

The Chairman: By unanimous consent, the committee will go to consideration of clause 23(2). It is moved by Mr. Chrétien:

That clause 23(2) of Bill C-11 be amended by striking out line 6 on page 35 thereof and substituting the following:

"of the government of Canada relating to home insulation by"

The Chairman: Shall the amendment carry?

Amendment (Mr. Chrétien) agreed to.

The Chairman: By consent, the committee will move to clause 115(1). I will put to the committee the amendment moved by the minister. It is moved by Mr. Chrétien:

That clause 115(1) of Bill C-11 be amended by striking out line 8 on page 210 thereof and substituting the following:

"the government of Canada relating to home insulation for the pur-"

The Chairman: Shall the amendment carry?

Some hon. Members: Agreed.

Amendment (Mr. Chrétien) agreed to.

The Chairman: The committee will revert to consideration of clause 6 as amended.

Mr. Stevens: Mr. Chairman, clause 6 states that the taxation year shall be referred to as a fiscal period. I wonder if the minister could explain why we need this complicated terminology in the Income Tax Act. We use the term "taxation year" in various provisions, and then for some reason it is defined as the "fiscal year" or "fiscal period". Would it not be simpler to use one term, rather than have a definition clause to explain a term that the drafters in the first place presumably wanted to read as "fiscal period"?

● (1542)

[*Translation*]

Mr. Chrétien: Mr. Chairman, I can give no special reason. Naturally, we are dealing here with the terminology used by those who drafted the bills. I too, like the hon. member, would prefer more simple terminology. It seems, however, that the people who draft the bills are constantly up against special problems which are difficult to explain.

[The Chairman.]

[*English*]

Mr. Stevens: Mr. Chairman, perhaps while the minister is taking counsel on my first question he could consider the second question which is dealing with subclause (2) of clause 6. The committee should have an explanation as to why this amendment is being requested. It deals with the acquiring of property, its disposal and replacement thereof, including such things as stolen property and various options open to a taxpayer. If the minister could describe to the committee the purported thrust of this suggested amendment, it would be helpful.

Mr. Chrétien: Mr. Chairman, perhaps I could read the explanation into the record for the committee. When a depreciable asset is disposed of for proceeds which exceed its undepreciated capital cost, a recapture of the depreciation allowed in previous years may occur. The special roll-over rule eliminates this recapture to the extent that the proceeds are reinvested in a replacement property. Under a roll-over, the profit is not exempted; the tax is simply deferred until the replacement property is disposed of. Under the present rule, amounts received on expropriation of property receive the roll-over treatment if replacement assets are acquired within two years.

There are two important amendments to the present rules. The roll-over is extended to voluntary replacements of certain business and farm properties. To qualify, the property must be real property and the replacement must be acquired before the end of the year following the year of sale. In addition, the existing rules are extended to property that has been stolen.

We spent some time the other day discussing that matter in the committee. If the hon. member has a specific question, perhaps he would like to ask it.

Mr. Stevens: Some of my colleagues are quite concerned about the roll-over provisions, especially in relation to farm properties and smaller businesses and, in particular, why there is not more latitude with respect to corporate farms and corporate small businesses. Perhaps the easiest way would be for the minister to answer a few questions from my colleagues. Hopefully, he could suggest further amendments, or satisfy my colleagues.

Mr. Hargrave: Mr. Chairman, I would like to remind the minister of the comments I made during second reading debate on this very important bill. I spoke on November 17 on two aspects. One was the roll-over provision for incorporated small businesses, but especially including family farms; that is, from one generation to another. In the latter part of my speech I mentioned the possibility of an income tax deferral for the drought areas of southern Alberta and southwestern Saskatchewan. On the latter point I have written several letters to the former minister of finance and, of course, to the present minister.

My point regarding the roll-over provisions regarding capital gains tax on incorporated family farms was that because of the tremendously high capitalization now, seven years after the capital gains tax came into being—that is, after January 1,

1972—in many cases land values have increased dramatically. I cited case histories: for example, a cattle ranch in British Columbia. The land value there went up well up well over four times. There was another case in southern Alberta where the land value increased between three and four times. The impact on an incorporated family farm operation is that the ranch operation has to be sold in order for the appropriate tax to be financed by the next generation.

The tax office permits this, of course, in the case of an individual operator. They make the assumption, I am sure, that prior to the capital gains tax era of 1972 there was no need for the incorporated family farm because of the nature of passing on shares from one generation to another. Because of the ravages of inflation and what it has done to land values and non-agricultural financing money, that has come into agriculture as a hedge against inflation, surely the time is proper to take another look at this question. I would appreciate the minister's comments.

Mr. Chrétien: We have received letters from the hon. member, which we have looked into. In handling the taxation of corporations, it would be difficult to do it for one type of incorporation—whether it is an incorporated farm or not—and not for the others. This would open a whole new ball game. I am told that 98 per cent of farms are not incorporated in Canada. The fact that a farm is incorporated means the roll-over is not needed, because there is a little more flexibility when you have shares in a corporation to transfer your assets to the other generation or dispose of the assets.

Accordingly, we are still looking at this matter to find a way to meet the requirements requested by the hon. member. But my tax advisers tell me that just to extend the roll-over on incorporated farms would create all sorts of problems. That is the reason, therefore, we have not proceeded with it in this bill.

Mr. Hargrave: Further to the minister's comments, I might add that the minister has responded almost exactly the same as one of his predecessors, Mr. Turner, did on February 18, 1975. He suggested that if they allowed this provision for an incorporated family farm, they would have to do it for other incorporated family businesses. I said at that time, and I say now: Why not? Surely, the basis of our private enterprise system in Canada is the family-type business. For the minister to shake his head and say there are administrative problems is a negative approach. There has been no change in the department's view for almost three years. The impact of inflation on the capitalized value of small business corporations is such that we have to take a new look at this problem.

Mr. Chrétien: I take note of the representations of the hon. member.

Mr. Hargrave: Mr. Chairman, I would like to make another representation to the minister and his officials with respect to the second point I raised. I made representations on November 17 respecting the very serious drought, and implications arising out of the drought that was with us all last winter and has been up to the present time. Although it is close to 40 degrees below in southern Alberta and the southwest corner of Saskatchewan, the drought is still there. I know that from personal experience.

The general public, because of the generous rains we received during the harvest and in the fall of the year in most of the grain areas, made the assumption that the drought was over. That is not the case in southern Alberta. We received very scanty rains, and the lack of moisture is every bit as serious as it was in the 1930s. To recap very briefly, the suggestion I made was that the lesson of the thirties on how to live with a drought situation, especially in the cattle industry, was to make the number of your cattle fit growth and production on the drought lands; that is, essentially with respect to grass and feed supplies. During the 1930s there was no problem; we had no alternative but to reduce our cattle numbers drastically. In many cases we reduced them to one-half to two-thirds of what they normally would be.

● (1552)

The situation now is different, though the drought is quite as serious. The surface stock watering situation is worse than it was at any time in the thirties. The difficulty is that when we cut down the number of our cattle to the number we can feed on our ranges, we find ourselves in a very disadvantageous tax situation.

A presentation was made to the former minister of finance, not only by myself but by every cattle organization in western Canada. It was fully supported by the governments of Alberta and Saskatchewan. Obviously, Mr. Chairman, it would be foolish to spend three times a cow's value on feed to enable it to get through the winter. The prudent thing to do is to reduce the number of cattle to be fed. This we are doing, but we need some understanding in relation to the tax position in which we find ourselves. The drought took several years to develop, and it will take two or three years to overcome—contingent, of course, on there being plentiful rain and a good snow run-off.

I ask the minister to give serious consideration to the suggestion that income tax might be deferred until the drought is over. In my opinion, this is a sensible proposal—much better than spending massive amounts of money on feed, particularly if some of it were to come from the taxpayer.

Mr. Chrétien: I have received representations on this subject and I am aware there is difficulty particularly for some taxpayers in southern Alberta and southern Saskatchewan. A task force within the government has looked into the proposition the hon. member is making, and it came to the conclusion that the situation did not call for the use of the tax system as a remedy. I understand the task force concluded that some provision could be made through PFRA channels.

I have a good deal of sympathy for the argument put forward by the hon. member, but the solution he offers was rejected by a committee of officials, including representatives of the departments of agriculture and finance, because of the complexity of the problems it raised. However, I will take note

of the representations and consider the matter again, though I do not think I can do anything at the moment.

Mr. Hargrave: A further comment with respect to the activities, first, of the cabinet committee of eight, the contingency committee which was set up under the chairmanship of the Minister of Agriculture: the Minister of Agriculture was among its members. This committee worked through the arm of a task force under the agency of the PFRA authorities whose headquarters are in Regina. As a result of representations made by myself and others about the suggestion of a tax deferral, a two-man survey team consisting of Mr. Herringer and Mr. Wiens, both of the Department of Regional Economic Expansion, was sent to assess the situation and, I suppose, to ascertain whether my representations were well-founded or not. Evidently, that survey team reported to headquarters in Regina that the reduction in cattle numbers, and especially the reduction in the number of cows, was no larger than the amount of reduction which takes place normally every fall.

I am amazed that Mr. Herringer, who was born and raised in Maple Creek, Saskatchewan—not far from my own ranch in the heart of the drought area—should make such a report. I do not believe he did. Anyway, the suggestion was made that the reduction in cattle numbers was a normal one. Believe me, Mr. Chairman, it was not. The cattle population in western Canada has been reduced dramatically, and it needs to be reduced still further. This is an exceptional situation which I think should be recognized in the taxation procedure which is to be followed.

Mr. Chrétien: I should like to make myself clear, Mr. Chairman. I did not say that the gentleman to whom the hon. member referred was the one who recommended that this proposal should not be accepted. I believe his report was referred back to the task force under the departments of agriculture and finance. The task force reported to my colleague, the Minister of Agriculture, and to my predecessor, that the situation did not call for a special amendment to the Income Tax Act. However, as I say, I take note of the hon. member's very eloquent representation and perhaps I will ask the Minister of Agriculture to take a look at the whole question, especially if the drought situation is likely to continue for some time.

Mr. Hargrave: One further short question, Mr. Chairman. I appreciate the indulgence of the Chair. I should like to ask the minister whether he would consider meeting with representatives of the cattlemen's organizations on the two points I addressed in my remarks during the second reading debate—the roll-over provision for family incorporated farms, and this matter of a tax deferral, because of circumstances connected with the drought, to apply within a specific drought area. I know representatives of the cattle industry are anxious to come here and will be prepared to present a more detailed explanation of their proposal.

Mr. Chrétien: The hon. member for Assiniboia has asked me the same thing, and I should like to agree. However, as the committee knows, I have been Minister of Finance for the last two months and I have spent every day of the last five weeks here in the House of Commons. My possibilities of meeting people have thereby become somewhat limited. Moreover, I do not want to go back to the debate we had earlier on this point. I should, however, like to find a date which might be suitable, and I will ask my staff to get in touch with the hon. member. If this cannot be arranged, I shall certainly make sure there is a meeting with my officials on this subject.

Mr. Hargrave: Thank you.

Mr. Ritchie: Mr. Chairman, as one who has studied the white paper and subsequent legislation, I should like to point out how bad this capital gains tax is, particularly as it is applied to individuals who are by no means wealthy—and, unfortunately, the tax often hits small family farms. The minister told us a few minutes ago that shares were relatively easy to turn over, meaning that large businesses have few problems in the area of the capital gains tax. The original idea of the capital gains tax was to catch the individual who bought a farm one year and sold it the next: the person who was making a business of it.

• (1602)

The suggestion we put forward was this: if a person who owned a piece of property for ten years sold it the first year, he would pay 90 per cent, but if he held it ten years there would be no tax. It would have been a much better approach to the problem than this. It has turned out to be confiscation of capital rather than tax on income.

Canada needs small entrepreneurs because of our large geographic area. Small businessmen and farmers I have talked with look upon capital gains as very important. What would be the effect of expanding a business? Would a person have to pay a higher capital gains tax if he disposed of it? We have the example of herds of cattle being liquidated because of weather conditions. After ten years of work and effort, this will probably be lost to the tax department. This is very discouraging to small businesses.

There are many small businesses with three or four employees. Rather than expanding as the government would like them to do, they stay with four, five or six employees. In this way, a small businessman can have a good living, take holidays or go fishing more often—something he could not do if he expanded his business to ten or twelve employees.

I was not quite sure what the minister said in his definition. I would like to ask him whether this applies to individuals. The minister mentioned something other than farming. Does the legislation apply to an unincorporated hardware merchant, blacksmith shop or machine shop?

Mr. Chrétien: The answer is yes.

Mr. Ritchie: If an individual goes from farming to keeping a store, will he be able to take advantage of this roll-over position?

Mr. Chrétien: He has to remain in the same field. If he has a farm which he turns over and buys another farm, this provision can apply. If he is in a particular type of business and can roll-over in the same business, it applies. But he cannot move to another type of business; he must stay in the same field of operation.

Mr. Ritchie: Would moving from farming to a farm implement agency, which happens quite often, qualify?

Mr. Chrétien: In that specific case, the answer is no.

Mr. Ritchie: If a merchant sells his hardware store and goes into groceries, would this apply?

Mr. Chrétien: It is difficult to swallow hardware. It is not exactly the same type of business. I just wanted to bring a little humour to the very difficult task we are dealing with at this time.

Mr. Ritchie: Who will make the definition of what is a "like" business? Will an individual be able to get an advance ruling or some sort of indication on this? Obviously, there will be a great many cases that will be indefinite. I used the example of hardware and groceries, but there are many businesses that are much closer related. What about a person who sells his hardware store and purchases a general store which carries some hardware?

Mr. Chrétien: On the question of advance rulings, Mr. Chairman, the rulings are made by Revenue Canada. If a ruling is not acceptable to a taxpayer, he can appeal. That is the normal process. I doubt whether Revenue Canada would want to give an advance ruling in such a situation. I will try to find this out and get the information to the hon. member. It is an administrative decision, not a legislative one.

Mr. Ritchie: Mr. Chairman, we went through this with the white paper. It is a bone of contention. Often, if a person does not have the advantage of an advance ruling or some indication from the tax people, he will not go through with his plans. In many instances there is no assurance. A grain farmer may buy a feed lot. Obviously, there is as much difference there as between a hardware store and a general store. Unless Revenue Canada defines the rules and lays down guidelines, this legislation will lose a lot of value.

Mr. Chrétien: I do not think so, Mr. Chairman. If everyone were entitled to an advance ruling, it would complicate the life of Revenue Canada tremendously. Even before an individual seeks advice from his lawyer or accountant on a transaction, the officials of Revenue Canada would have to make a decision on the matter. The usual procedure is that we pass the law, Revenue Canada issues some circulars informing the public and gives as much explanation as possible. From then on it is up to the individual and his advisers to decide if it is a proper course. If we were to burden Revenue Canada even more by having to make a series of advance rulings, it would increase fantastically the amount of bureaucracy in that department.

Mr. Stevens: The present minister could never handle it.

Mr. Chrétien: No minister can handle every aspect of his department, including the minister of national revenue of the day.

Mr. Stevens: Especially this one.

Mr. Ritchie: I have been involved in one or two farm assessments of capital gains on farm sales. I think the department is usually wrong in the principle it applies to the rule. The departmental officials I have dealt with do not know much about farming.

An hon. Member: Especially in Saskatchewan.

Mr. Chrétien: I would like to inform the hon. member that the adviser here with me is the son of a farmer from Saskatchewan. He decided to quit the farm and work with the Department of Finance.

Mr. Ritchie: He is a smart fellow; he has come to where the gravy is, the federal civil service. No more milking cows for him. Unless the capital gains tax is applied fairly, it will be a serious problem when changing businesses. The tax accountants can advise you. In Winnipeg, where I have my dealings, there is no rhyme or reason in relation to fact. What is done at one time will be contradicted at another time.

In the white paper on taxation we were told how the problem of capital gains went on and on in the United Kingdom. A way was usually found to get around the government. It is a real problem. The minister must simplify the definition and the guidelines so that an individual will know what to expect. I agree that the department cannot be absolutely sure about any given situation. However, there must be some way in which the department can indicate whether a certain situation qualify under the rules. If not, it is a difficult problem for the taxpayer.

The definition of "like" business is also a real problem. If it is too narrow, all cases will be turned down. If it is too wide, almost every business will escape the net. How the word "like" is defined is very crucial to this piece of legislation when dealing with farms. As this is only a postponement of the tax, I presume there is no reason why the individual taxpayer cannot pay his tax when he makes the change, or if he sells his business, even though he may buy a like business.

● (1612)

Mr. Chrétien: Would you repeat the question, please?

Mr. Ritchie: If the individual decides to pay his tax at the time he makes the roll-over—which is what a smart person would do—will he have the privilege to do so?

Mr. Chrétien: Mr. Chairman, we are always very happy when someone is eager to pay taxes, yes.

Mr. Ritchie: Is recovered depreciation charged as a full tax liability, as opposed to capital gains which are only half?

Mr. Chrétien: Mr. Chairman, depreciation is fully included in income; it is not related to capital gains.

Mr. Ritchie: If an individual had an item worth $20,000 which was depreciated to $10,000, and then he sold it for $30,000, what is his tax liability?

Mr. Chrétien: He would have $5,000 of taxable capital gains and $10,000 depreciation.

Mr. Ritchie: The minister's intentions are good, but to be effective the effect of capital gains taxes on small business must be mitigated. The change would not do much good unless the Department of National Revenue lays down guidelines. If it is narrowly interpreted, hardly anything will get into it. If it is widely interpreted, almost everything goes.

Mr. Towers: Mr. Chairman, I would like to take the minister back a few years to some of the comments which were made. Perhaps I might induce him to lend his ear to the farmers in western Canada, instead of his advisers in the Department of Finance. He will receive sounder advice from the producers of this country than he will from those who live off the fruits of the land.

The former minister of agriculture, Senator Harry Hays, made a comment indicating that the time will probably come when agricultural producers will not own their land. This would be the most dangerous thing which could happen to Canadian agriculture today. The minute that takes place, the cost of food will escalate 50 per cent, 75 per cent or 100 per cent. Pride of ownership makes the individual producer work harder and produce more. I am talking about the consumers of Canada and not just the Department of National Revenue. I am not just speaking for the individual producer; I am speaking for the benefit of all of us.

Mr. Chrétien: Mr. Chairman, the roll-over provision is in the act in order to facilitate the ownership of land by individuals. I do not dispute the statement of the hon. member. In fact, something is being done about it.

Mr. Towers: When Mr. John Turner was minister of finance he agreed to do something about the corporate part of our agricultural industry. At that time it was debated adamantly that there should be a roll-over from one generation to the next. That was good and it was a step in the right direction. Mr. Turner indicated that if we would wait in order to give him an opportunity, he would bring in the corporate part.

We are not asking for a holus-bolus opening up of the corporate share of the industry. The hon. member for Wetaskiwin has a bill before this House to limit the roll-over to $5 million and, as was suggested by the hon. member for Dauphin, it should incorporate small business. It would be in the best interests of everyone if a policy of that nature came into play.

The agricultural debt will escalate to the point the industry will not be able to carry it. The hon. member for Vegreville pointed out that during the last six years the agricultural debt has risen from $4.3 billion to $8.5 billion. If the debt continues to escalate, the producers will not be able to afford to own land and thereby will lose control of it. I am not asking the minister to delete that tax entirely. He should delay it when it passes from one generation to the next, as long as the persons involved stay in the agricultural business or small business. It is difficult to separate agricultural business and small business when dealing with the corporate structure. As long as it remains within the family, it would be in the best interests of everyone if consideration could be given to delaying the tax. I would have no quarrel with that. Even if the minister would index it, that would provide some relief.

When the capital gains tax was brought in, it was argued that the tax was unfair. Also, it was argued that the department was gathering data which would not be available to those involved in sales and would be caught up in the tax. This has happened. At that time we warned the minister it would happen. It is causing problems. Now we are speaking about something which will cause greater difficulties.

The minister has indicated that he will look into this problem, but that is not good enough. We need a firmer promise from this minister than we had from the former minister, Mr. John Turner. Mr. Turner indicated at that time that he would look into it, and we are in the same position today as we were then. We need a minister of finance who is committed to this policy. Until the minister listens to those in the agricultural industry, we will be in trouble. Also, he must listen to those in small business. I am not referring to large corporations; I am referring to up to $5 million, which is the suggested figure.

Unless the minister does these things there will be a continuing problem and members on this side will delay this bill. The minister has criticized our members for the debate we have had on this bill, but I should like to indicate that we are right and he is wrong. Can the minister promise that in his next budget he will bring in something like this, if he will not bring in an amendment to the present bill?

Mr. Chrétien: Mr. Chairman, I am willing to look into that matter. I have talked with my officials about the point raised by the hon. member. We have looked into incorporated farms which do not qualify for the roll-over provision. As yet, we have not found a mechanism to cope with the hon. member's point. An individual who is not incorporated can use the roll-over technique to transfer to his son. That cannot be done by an individual who is incorporated. The tax advisers of the Crown have been aware of this problem for some time and they have been unable to arrive at a proper solution.

The elimination of the powers of corporations can be amended by additional letters patent, and so on. Apparently it is extremely difficult to find a way to confine the operation to farming. The hon. member referred to a proposition which should be attached to it. He referred to $5 million. Of course, when a corporation is in the $5 million bracket, in my opinion it is no longer a small business but is a rather important business.

● (1622)

We are looking into the problem. I cannot commit myself to dealing with it in the next budget, but I can assure the hon. member that I will ask my officials to try to find a way to satisfy the representations of the three hon. members opposite who have spoken on it this afternoon, and of some other members such as the hon. member for Assiniboia who has mentioned it to me privately. We do not have the solution as yet, but we are trying to find one.

Mr. Towers: Mr. Chairman, I wonder if the minister would accept a formula from some of the farm organizations if they could come up with a reasonable solution to this problem, because apparently the administrators in the department will not do it and, as I said earlier, the minister is listening to the wrong people. He is listening to the people who introduced the tax in the first place. He should be listening, to the people who want the tax lifted and retain ownership of the lands in the hands of the producers. This is what is important.

I would hope that the minister could at least promise to work with farm organizations and small business, groups of people who are interested in the roll-over aspect of the provision. I would hope he would meet with them and work with them to arrive at a solution to this serious problem.

Mr. Chrétien: Of course I will be looking at any positive suggestion with regard to that problem. I welcome the proposition of the hon. member that farm organizations should meet with me or my officials. We will try to find a positive solution, and if someone has an idea, will he please let us know. We are already coping with 98 per cent of the farming people with regard to the roll-over provisions, and if we can find an acceptable mechanism to deal with the rest, that would be very good. I am told this is a very difficult problem and that no one can define it in such a fashion as to satisfy all the requirements.

Mr. Kempling: I want to say to the minister that it is very important for the corporate farm and also for the small business sector, as, I am sure, he is well aware. In my experience with business, I have seen literally hundreds of family-owned businesses destroyed since the capital gains tax was brought in. Certainly, it is a matter that must be dealt with. I would like to add my voice to those of my colleagues and urge the minister to deal with this matter.

We talk in the House about unemployment, and we hear many members quote statistics and say that 60 per cent of our labour force is employed by small business which does 50 per cent of the manufacturing in the country; but a large percentage of our small businesses are in a precarious position. Part of the difficulty lies in the fact that in order to obtain adequate financing, their bankers and auditors are advising them to incorporate. It would appear that under the provisions of this bill, they would be better off, from the point of view of taxation, not to incorporate. So they are caught in a difficult position.

I know, and I am sure the minister knows from his experience as a lawyer in his constituency, people who have a family business and who have gone to him for legal advice on this matter. They want to hand over the business to their children, but now they are facing this problem. The other factor is that, as the minister knows, it happens often in a family business that the sons and daughters work in the business and often are paid only nominal wages. They are prepared to work in the business because they know that some time in the future the business may be theirs. But now the matter of taking it over is another question. As I recall, the minister said in his remarks that because of the share structure of an incorporated company it is easier to transfer the assets. I would like him to tell us how easy this is. This is what we are told, and this is what I experienced myself. How different is it from the situation of the non-incorporated company?

Mr. Chrétien: I want to repeat what I said. It is not easy to do that with the limitation we are seeking in the roll-over provision. We have decided that it would not apply to the corporations. It applies only to businesses supplying the farms.

Mr. Hargrave: Mr. Chairman, I have one brief point which I omitted to raise in my earlier remarks. I wanted to say that in view of the dramatic increase in farm land values since the advent of the Carter commission and the days of the white paper, which is now about seven years ago, in many cases non-agricultural money has been invested in agricultural land as a hedge against inflation.

Is the minister giving any consideration to the suggestion, which I know has been made, of a new valuation date which might be introduced which would be closer to the circumstances in which we find ourselves now? I point this out in view of the fact that we are in a situation now which was never envisaged at the time the new concept in taxation was brought in; that is, approximately seven years ago. At that time, nobody would have dreamed that such a situation would arise, brought on by inflation. Perhaps this does, indeed, warrant the introduction of a new valuation day closer to present day circumstances. Would the minister comment on that point?

Mr. Chrétien: I would like to say to the hon. member that in my judgment it is not possible to change the valuation date which was established in 1972. If we were to do that for the farming community because the price of land in some parts of Canada has gone up by 400 per cent in some cases, we would probably have to do it for everyone. It was a date chosen at the time of the tax reform, and we have to live with it.

Mr. Stevens: Why?

Mr. Chrétien: One cannot change the valuation date.

Mr. Stevens: You can change the whole tax.

Mr. Chrétien: We are not planning to do so.

Mr. Bawden: Mr. Chairman, I was very interested in the comments of the hon. member for Halton-Wentworth. I thought he made a good point, and I do not believe we have

had a sufficient response from the minister to questions regarding small businesses and what he is prepared to do to provide stimulus and incentive to people to carry on. In many small family businesses that I know, members of the family are working to make ends meet. In many cases this is much less rewarding than working in a large company, working as a civil servant or, for that matter, working as a member of parliament, because the work is carried out by family members. Also, the few employees in a small business are not paid overtime, they do not get programmed holidays nor do they get indexed pensions.

● (1632)

I am interested in the fact that small businesses are usually the beginnings of pools of capital which could ultimately be available to Canadians to invest in our country. In his remarks at second reading of this bill, the minister said he wanted to stimulate private investment. But we are all aware that small companies generally die with their owners; they generally die with the family or with the individual who had the initiative to get a business going. In this world where capital is so vital to jobs and to building a business, the fact of the matter is that when a small company goes out of business, instead of going on to employees, members of a family or others who might continue the business, the assets or shares usually go to a larger company. The minister knows very well that larger companies generally do not die. Companies like Imperial Oil and the big companies of this country go on and on; they have nothing to do with the life of any particular individual.

The point about farms was well made by the hon. member for Medicine Hat and the hon. member for Red Deer. Farms are vital to this country. They are the best examples of small business in Canada. They are the best examples of small family businesses, but in small businesses other than farming there are equally as many concerns and there is equally as great a need.

The minister took issue with the comment made by the hon. member for Red Deer that $5 million was no longer small business. That $5 million might be the investment only. The minister is concerned about jobs. These days an investment of $5 million would probably mean jobs for no more than 100 people. I do not know whether a business employing 100 people is a small business or a big business, but I think there is far too much concern on the part of this government that somebody in Canada is going to make money for a change. "Profit" is still a dirty word.

I think the minister owes it to the House to tell us what he intends to do to encourage Canadians. He has all kinds of answers about dividend credits and things of that nature. That is important. But small businesses with investments of $2 million, $4 million or $6 million are not concerned about dividends. Dividends have nothing to do with their motivation. They are trying to build their assets. They are concerned about building profits and creating jobs. I think the minister is interested in creating jobs, too, but I have not seen any initiatives on his part which are meaningful in creating jobs.

[Mr. Bawden.]

The development of small business is not a short-term proposition. It cannot be dealt with on a "turning the tap on" "turning the tap off" basis. We must have long-range programs which will enable the ownership of companies to be Canadian, because often when a small business is sold, it goes to foreign owners. If it has been successful and it does not go to foreign owners, it is bought up by big business. This government has a well advanced program for eliminating small businesses as well as eliminating Canadians as owners, principal shareholders or controlling shareholders of their own companies.

The minister owes it to the House to tell us what his long-range plans are and whether he has anything meaningful to offer in this area. I think he will have to hurry, because I do not know if this minister will have a chance to present another budget. Perhaps he will be replaced, or perhaps he will soon be sitting on the other side of the House.

Mr. Ritchie: Mr. Chairman, can the minister give us a rough idea of how much the capital gains tax brings in each year? If he cannot give us that information now, I would be grateful if he would give it to us at some later time. Second, how much does the minister's department estimate is involved in these tax changes? How much is involved in this roll-over? How many cases might be involved in a year, or were perhaps last year, and how much money is the government going to forgo based on last year or previous years?

Mr. Chrétien: Mr. Chairman, we have not made studies to assess what will be the loss of revenue as a result of introducing this roll-over. We do not make that type of study, and it is not extremely important.

Mr. Ritchie: Would the minister try to obtain the figures as to how much the capital gains tax brings in per year?

Mr. Chrétien: We have already answered that question, but I can provide the information later. I do not have it in front of me. This question was already answered in the debate, but I will try to find it out again and give the information to the hon. member.

Mr. Stevens: Mr. Chairman, the Minister of Finance must agree that there is considerable concern in this House about the welfare of farmers and small businessmen, especially in relation to the implications of many of the matters dealt with in this bill. In view of this concern, and bearing in mind that the minister has ruthlessly gagged this parliament and prevented any type of extensive debate by bringing in his closure motion, would the minister consider making a special reference to the Standing Committee on Finance, Trade and Economic Affairs so that the committee could deal with possible amendments to the Income Tax Act in order to resolve some of the problems which have been outlined here today which are faced by farmers and small business people in Canada?

Mr. Chrétien: Mr. Chairman, I said to the Canadian Tax Foundation meeting the other day that I was planning to introduce a new system which would perhaps be more appro-

priate. I would like to make some references to the committee, pre-budget, of some tax problems so that the committee could look into them before I introduce measures. The members of the committee would have an input before changes are made in some areas. I do not know if this area could be one of them. At this time I am contemplating referring possible tax changes to the committee. Of course, that would have to be done on a non-commitment basis. Because I refer a certain matter to the committee does not mean I will make changes, because that might be counter to the traditional ways of handling budgets.

Up to now there has been a lot of secrecy until the night of the budget when the minister announces changes. On an experimental basis, I would like to identify four or five areas and refer them to the committee for comments and recommendations, but I would not be bound by those recommendations because I would not want to reveal measures before announcing a budget. There might be some proposition which would make so much sense that I could not resist it. I am planning to introduce that mechanism, on an experimental basis, right after Christmas. If that leads to some positive results, I will try to persuade the government to change the system we have had for over 100 years. Perhaps the system is no longer conducive to the effective transaction of national business.

Mr. Stevens: I am familiar with the minister's idea of doing a little kite-flying in the future. Instead of just bringing in proposed changes harshly, the minister would like to test them to find out if they fly, by means of some kind of committee proceeding. I do not know if we have any objection to his trying that, but I am dealing with a much more general question. The question is not how we should react once the bureacracy decides it would like to change the Income Tax Act in a particular fashion; the idea, basically, is to familiarize this House and the public with the pros and cons of various tax measures with which we have to deal.

● (1642)

What I had in mind is the specific field we have been dealing with this afternoon, that is, the impact of federal tax upon farmers and business people who are deducting a relatively small portion. Could we have a reference to find out to what extent this is a hardship, to what extent provisions could be introduced to relieve some of the problems, to what extent other jurisdictions such as the United States and Great Britain are treating their small business people and farmers in a fair way?

The whole question of capital gains tax on small business people should be looked into. Rather than the narrow terms of reference the minister speaks of—which is essential when the bureaucrats have made up their minds on what kind of income tax change they would like to test—the minister is saying, in effect, "Let us try it at committee and see what happens." I say it would be more meaningful to get some input before that decision is made by the bureaucracy, to see to what extent we have a problem in a field such as that discussed this afternoon, and let a committee such as the Standing Committee on Finance, Trade and Economic Affairs deal with it.

Mr. Chrétien: Mr. Chairman, I have listened to the representations of the hon. member. The suggestion of referring problems to a committee ahead of a budget is a far reaching approach. I am disappointed that the hon. member takes a cheap shot at the bureaucrats, because I have persuaded a lot of people this is the way to go at the problem. I think the hon. member should be grateful we are moving. If the opposition were as willing as I am to make changes, we would not be stuck in the House on the same problem for five weeks as we are now.

Mr. Stevens: Mr. Chairman, the arrogance of this government is unbelievable. That there should be a suggestion that because they are absolutely the vassals of the bureaucracy, we should be grateful to have a preview of what the bureaucracy has in store for us in the next budget, is unforgivable. I think the minister should be asked to retract that suggestion.

Mr. Chrétien: Mr. Chairman, if the hon. member does not want to discuss these things, we can do that with the NDP or the Creditistes or independents.

Mr. Stevens: Mr. Chairman, the minister is obviously trying to distract the House from the very simple proposition I put to him of why there cannot be the general reference I suggest to the Standing Committee on Finance, Trade and Economic Affairs. The committee could look at the problems raised in this closure debate and consider the impact of taxation at the present time on small businessmen and farmers. Are there relieving provisions to be considered which would put parliament back in the position of instructing the bureaucracy, instead of reacting to what the bureaucracy wants?

Mr. Chrétien: Mr. Chairman, at the beginning of this debate on Bill C-11, for days and days I heard speeches on all sorts of things except the tax aspect of the bill. I heard about the RCMP, and so on, but we were not dealing with the specific problems we have to deal with in committee. Last week they were trying to ride to power on the back of the RCMP. Now they are trying to ride to power on the back of the bureaucracy.

Mr. Stevens: Mr. Chairman, the seals have moved back into the arena. Obviously, the minister is not disposed to allow the people of Canada a reference that would give them an opportunity to explain to the government some of the problems they face with the present tax policy. I should like to go on to four more subsections of the bill.

Mr. Chrétien: On a point of order, Mr. Chairman, earlier the hon. member asked me a question on clause 6(1).

Mr. Stevens: Mr. Chairman—

Mr. Chrétien: I should like to give the answer; but if he does not want it, I can keep silent.

Mr. Stevens: Mr. Chairman, I fully intend to ask the minister for his answer before we are through with clause 6. Now I want to refer to subclauses (3), (4), (7) and (9) of

clause 6. The minister will know that these deal mainly with clause 14(4) with which we will be dealing a little later. The explanatory note refers to the income tax motion which reads as follows:

(5) That for taxation years ending after March 31, 1977, in respect of depreciable property, a taxpayer be required to deduct a terminal loss in the year in which it arises whether or not the taxpayer has a source of income in that year.

Dealing first of all with subclause (3), could the minister indicate to the House what his officials had in mind with this change? Why must a terminal loss be taken in a certain year, irrespective of income in that year? Why is the taxpayer not given the privilege of matching losses with income in an easier approach?

Mr. Chrétien: Mr. Chairman, this is a technical deficiency in the existing terminal loss provision in the regulations which threw out the deductible loss whenever a leasehold interest is converted into a full ownership interest. This deficiency is corrected by this amendment. The amendment is related to the changes with respect to terminal losses in clause 14(4). It is applied where a taxpayer who has leasehold interest in a particular property acquires complete ownership of the same property. The amendment provides for transfer of the capital cost and undepreciated capital cost of the leasehold property to the converted property which will be included in a different class.

Mr. Stevens: Could the minister tell us why it is felt necessary to have the terminal losses fall in a year, to use the wording of the income tax motion, "whether or not the taxpayer has a source of income in that year". Why has the minister not given some facility to allow the loss to be applied against income in another year?

Mr. Chrétien: Technically, if the taxpayer does not have a source of income he is not entitled to the deduction.

Mr. Stevens: That is just what I read out, and that is true. That is what the income tax motion says, but I should like a better understanding of why this is the case.

Mr. Chrétien: It is because they found a technical deficiency in the act and wanted to correct it.

Mr. Stevens: The way the officials seem to approach this is that if somebody ends up not having to pay tax, that is a loophole and it must be plugged. I want to know why the departmental officials felt it necessary to stop the taking of a loss and applying it against income regardless of which year the income was earned. Why discriminate against the person who, perhaps for reasons beyond his control, has to take a transfer loss and has not sufficient income in that year? They say, that is too bad but they cannot apply it to income in future or past years. I think the committee deserves a better answer than just that it was a technical loophole the bureaucracy wanted to fill.

[Mr. Stevens.]

• (1652)

Mr. Chrétien: Mr. Chairman, this technical change simply transfers the terminal loss rules from the regulations to the act itself. A terminal loss arises when depreciable property is disposed of for proceeds less than its undepreciated capital cost. The remaining balance, or terminal loss, is deducted from other income in the year. The amendment also ensures that a terminal loss can be claimed by a taxpayer whether or not he still operates the business in which the assets were used. Technically, under the existing act, a terminal loss arising in a year after the business has ceased is not deductible. In fact, what we are doing is making it deductible.

Mr. Stevens: Mr. Chairman, I would like to direct another question to the minister. Are you making the terminal loss deductible in a year that the taxpayer has no income, or can he in fact make it deductible against another year—either before or after—in which he does have income?

Mr. Chrétien: It can be carried over.

Mr. Stevens: Did the minister say the loss can be carried over to a future year?

Mr. Chrétien: Yes.

Mr. Stevens: Can it be carried back?

Mr. Chrétien: One year.

Mr. Stevens: How many ahead?

Mr. Chrétien: Five.

Mr. Stevens: Five years ahead, and one year back?

Mr. Chrétien: Yes.

Mr. Bawden: On the question of terminal losses, there is a very related remark made by the minister. In his speech on second reading the minister stated, as reported at page 645 of *Hansard*:

For example, any unused commercial loss, any capital loss or investment tax credit of a corporation belonging to a group of corporations will be transferable to another corporation of that same group when there is a merger or a liquidation.

I would like to ask the minister why it is not much simpler. It is available to taxpayers in the United States. It seems that here it is a very complicated way of giving the benefit that is proposed. I have a specific instance in my constituency at the present time where the owner of several small companies is forced to merge these companies to take advantage of this particular opportunity, except that it will cost him $20,000 in legal and accounting fees to accomplish this fact. I would ask the minister if he is considering, or would consider, enabling companies that have common ownership to file a joint tax return, which would be the same thing.

Mr. Chrétien: That is a suggestion which has some merit. I am told we are looking into that already. However, it is extremely complicated to find a good formula for its applica-

tion. We will be looking into it further, and I appreciate the comments of the hon. member.

Mr. Bawden: That it is extremely complicated seems to be an answer the minister is giving to a lot of things. We do not agree with that answer or many of the answers the minister has given. I am of the view that it is simply not good enough. I would like something more specific from the minister. This is something which is done in the United States. There is a pattern there to look at. The fact that it is too complicated reminds me of this whole bill.

A few moments ago I was very disturbed when the minister made reference to members on this side holding up this bill for five weeks. I think that is very unfair of the minister. This complex bill has something like 225 pages in it, and I am wondering if five weeks is too long to consider all the clauses of the bill. The minister said we are not dealing with specific problems. Five weeks is not too long to deal with this legislation.

While the minister is on his feet, I would be interested to hear why we first received the proposals contained in this bill in the House on March 31. It is something like seven months since the minister brought before the House and the committee these proposals in the form of a bill. Rather than say it is too complicated, why don't we get some action? Why don't we create jobs and get people investing, which is what we want?

[*Translation*]

Mr. Chrétien: Mr. Speaker, if the hon. member went to the United States to check the regulations concerning this proposal, he would see that even if the proposal appears very simple at first sight, it becomes extremely complex once embodied in regulations. The officials of my department studied the technique used by the U.S. Department of Revenue and they did not find it very simple. They continue to examine the problem. Perhaps, the hon. member has some suggestions on the possibility for several companies to fill in only one tax report. At first sight it looks extremely simple but I am told that neither in Canada nor in the United States has the mechanism to do this been found. Moreover we must ensure that this does not become a mechanism enabling people to avoid regular taxes.

[*English*]

Mr. Stevens: We now jump to subclause (11) which is a new clause brought in with the October 20 statement of the minister. It appears for the first time in Bill C-11. The minister likes to dwell on the little talk he keeps giving about how we have had five weeks on this bill. I see I do not have enough time now, but after dinner I would like to take the minister through the time, exactly, that has been spent on this bill. In no way has five weeks been spent on the bill before us. It is a misrepresentation of the fact for the minister to continually tell the House and the Canadian public that five weeks have been spent on the bill.

If there is consent, we could do it before the break. Could the minister give us an explanation with respect to subclause (11) which leads us into the insurance question, the new approach that the government intends to take with regard to taxation of insurance companies?

Mr. Chrétien: It is five o'clock, and I have a long explanation which I can read to the committee. I have another reply to give to the hon. member, and we can come to that too.

The Deputy Chairman: It being five o'clock, it is my duty to rise, report progress and request leave to consider the bill again later this day.

Progress reported.

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

PROCEEDINGS ON ADJOURNMENT MOTION

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Turner): Order. It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Nickel Belt (Mr. Rodriguez)—Regional Economic Expansion—Reason for grant to Italian company to manufacture refrigerators in Quebec; the hon. member for Kootenay West (Mr. Brisco)—Canadian International Development Agency—Oxfam—Proposed study of funding; the hon. member for Surrey-White Rock (Mr. Friesen)—Environmental Affairs—Delay in responding to Steveston oil spill—Government action to rectify.

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, I ask the House to proceed this afternoon with Bill C-214, an Act to amend the Divorce Act, and that the other bills preceding Bill C-214 on the order paper be allowed to stand with the unanimous consent of the House.

[*English*]

The Acting Speaker (Mr. Turner): Is there unanimous consent that all orders preceding No. 14 be allowed to stand?

Some hon. Members: Agreed.

Divorce Act

PRIVATE MEMBERS' PUBLIC BILLS

[*English*]

Mr. W. Kenneth Robinson (Toronto-Lakeshore) moved that Bill C-214, an act to amend the Divorce Act (living separate and apart) be read the second time and referred to the Standing Committee on Justice and Legal Affairs.

● (1702)

He said: Mr. Speaker, ten years ago, on December 4, 1967, the 1968 Divorce Act was given first reading in this chamber. At that time, the government felt it was time to reform our archaic divorce laws and bring them into line with the social climate of the 1960s.

Prior to 1968, the only effective ground for divorce in every province, save Nova Scotia, was adultery. Most provinces entered confederation without divorce laws or procedures, and it was not until after 1930 that they were granted the authority to establish provincial divorce courts. Residents of Quebec and Newfoundland, however, were required to apply for a parliamentary divorce because these two provinces had no divorce courts until 1968. In 1966, the question of divorce reform was referred to a special joint committee of the Senate and the House of Commons. Its Report on Divorce was presented to parliament in June, 1967, and in 1968 the Divorce Act became law. The act retained many of the traditional marital offences as grounds for divorce, but it also included a modified concept of marriage breakdown as a new ground for divorce.

One of the grounds established was a separation period of three to five years—three years separation if the petitioner is the non-deserting spouse, five years separation if he or she is the deserting spouse. This separation ground conferred on each married person significant powers of individual control as to whether he or she desired to remain married. Today, about 40 per cent of all divorces are based on this ground.

It is important to remember, Mr. Speaker, that although the government was anxious to modernize our divorce laws, it was conscious of Canadians' interest in maintaining the sanctity of marriage and of the family unit. It is in this same light that I have put forward an amendment to the Divorce Act, an amendment which will reduce to 18 months the three to five-year waiting period required for a marriage which has broken down to be dissolved. It also eliminates the question of fault under this ground for divorce. Mr. Speaker, I hope hon. members will see fit not to talk this bill out, and that it will be referred to the standing committee.

Let me take a moment to examine the divorce legislation of other countries with regard to the concept of marriage breakdown and the period of separation. Several countries differentiate between unopposed and opposed actions. For example, in England the waiting period is two years if the divorce is unopposed, and five years if it is opposed. Norway requires one year separation if the action is unopposed, and two years if it is opposed. In Australia, the family law act of 1975 states that a ground for divorce is established if the parties separated and lived separately and apart for a continuous period of not less than 12 months immediately preceding the date of filing for the dissolution of marriage. The separation need not be agreed upon by both parties.

[The Acting Speaker (Mr. Turner).]

Sweden, in 1973, introduced divorce on demand, which includes both unilateral and consensual dissolution of marriage. Either spouse is at any time entitled to have the marriage terminated on formal request, without having to show separation for a period of time, marital offence or irretrievable marriage breakdown. The state's function is to approve the request. The only qualification provided for in Swedish law is a "reconsideration" period of six months if the divorce is opposed or if the family contains children under the age of 16.

In the United States, some states—namely, California, Michigan, Georgia and Nebraska—have adopted divorce by consent. Divorce by consent subjects marriage to the joint will of the parties involved and limits the involvement of the court or state. In fact, in Canada it is argued that because 90 per cent of our divorce cases are uncontested, divorce by consent already prevails. Hence, it is often recommended that the government may as well legalize its present existence.

Since 1968 there has been a myriad of studies, reports and recommendations concerned with the divorce issue. The concepts of marriage breakdown, divorce by consent, divorce on demand, and others, are constantly being rehashed by various legal groups, people involved with the status of women and by religious affiliations. One of the most foremost bodies engaged in this study on divorce is the Law Reform Commission of Canada. In the commission's attempt to formulate a coherent legal policy for the family, the commission put forward a number of proposals. Their commitment to the concept of a unified family court is one such proposal. This unified family court would have wide jurisdiction in family law. Its jurisdiction would include dissolution of marriage, interspousal property matters, areas involving children, and other social and economic issues of a family nature which would call for legal solutions.

At the present time there are experimental unified family courts in existence. There is one, for example, in the judicial district of Hamilton-Wentworth. Central to the concept of the unified family court is the importance of resolving the weaknesses of the laws affecting family relationships and marriage and the strengthening of the institution itself.

The Law Reform Commission also examined the subject clause of my proposed bill and has advanced several arguments against the imposition of a designated period of separation as a prerequisite to divorce. It referred to the dilemma faced by an economically dependent spouse who may be forced to leave the matrimonial home, and also to the hardship faced by responsible spouses who encounter marriage breakdown yet must go through the loneliness of an enforced period of separation, being neither married or unmarried, in a coupled society.

Professor Herman R. Hahlo, who presented a research paper entitled "Reform of the Divorce Act, 1968 (Canada)" to the Law Reform Commission, also examined the three-year separation period and recommended that it be reduced to one year. He reasoned thus:

To take a large slice out of a person's life by withholding a divorce long after the prospects of reconciliation have vanished can only be explained by a conscious or subconscious desire to punish a spouse for seeking a divorce. Many experienced marriage counsellors suggest that six months are normally sufficient to determine whether there is any hope of reconciliation—

Professor Hahlo also touched upon the five-year period imposed on the deserting spouse and recommended that in this case, too, the required period of separation be reduced to one year.

Mr. Speaker, in the last few minutes I have outlined the history of divorce law in Canada, touched on divorce legislation in other countries and discussed some of the recommendations made by the Law Reform Commission. However, the fundamental question faced by everyone who examines this amendment to the Divorce Act is: how will this affect the institution of marriage and the family unit? One glance at Canadian divorce statistics after 1968 would seem to indicate that the permanence of marriage is indeed threatened. Yet at the same time the figures relating to the number of marriages undertaken each year show that in no way has the popularity of marriage declined.

Here are some statistics. In 1967, the number of divorces in Canada was 11,165, and the number of marriages 165,879. It is true that in 1969, after the new act was passed, the number of divorces rose to 26,093. The number of marriages rose in that year to 182,183. Two years later, in 1971, the number of divorces was 29,685, and the number of marriages 191,324. In 1973, the latest year for which I have been able to obtain the figures, there were 36,704 divorces and, continuing a steady increase, the number of marriages had reached 199,064.

I think everyone should bear in mind, however, that official divorce statistics merely tell us about the number of divorces. They tell us nothing about marital conflict and disruption. Not every marriage breakdown ends in divorce; a couple may choose to continue to live together in disharmony rather than participate in a divorce process which is often painful.

● (1712)

Therefore, the correlation between divorce rates and the collapse of the institution of marriage in indeed difficult to prove. How is the reduction of the length of required separation going to affect the stability of marriage? The Joint Committee of the Senate and House of Commons on Divorce in its report made note that in establishing the period of separation, the prime consideration should be whether the period provides a fair test that the marriage in question has broken down. As I see it, the time required must be sufficiently long enough to give the couple a chance to reconcile their differences, but not so long as to force individuals to remain in unsatisfactory and unhealthy relationships.

It is extremely important, especially where children are involved—for an unhappy marriage is a detriment to children—that the parties be able to dissolve their marriage as painlessly as possible in order that they may build a new life and provide a more healthy, positive environment for themselves as well as their children. To quote Professor Wolfgang Friedman:

People should be able to live out their lives as joyfully as possible under conditions which enable them to develop their personal capacities and potentialities. This means the right to correct errors, the right to cast off a burden that has become intolerable and may lead to the sapping of vital energies and the moral fibre of the affected parties.

My amendment which calls for a 1½ year period of separation for either party, regardless of who deserted whom, is a fair test of the state of the marital relationship. It may not be the magic figure; however, it does serve to bring our divorce laws into the 1970s at a lower social and individual cost to the parties involved, and perhaps helps pave the way for additional divorce reform and for continued strengthening of the institution of marriage. Once again, I hope the bill will not be talked out but will be referred to the Standing Committee on Justice and Legal Affairs for further consideration.

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, I rise to make a brief intervention in connection with this debate, taking heed of the request of the proposer of the bill that he wants the matter dealt with by the Standing Committee on Justice and Legal Affairs. The proposal in the bill is simplicity itself. The bill is very brief. It purports to simply reduce the time a person must wait before being entitled to go before the courts to petition for a divorce. I understand the reasoning and the background given by the hon. member in support of his bill. He articulated many of the concerns expressed by social workers, lawyers and people involved in family law in support of his proposal in this bill.

Since I came to this chamber in 1974, the question of amendments to our divorce law has been a matter of considerable speculation and study, not only by the government but by people involved in that area. A number of suggestions have been made since 1974, if not since 1968, as pointed out by the hon. member, with regard to revisions to our existing divorce legislation. In or about the month of June, 1976, the cabinet considered, and apparently approved, the concept of no-fault divorce. The next step in that process was apparently consultation with the various provinces to determine whether this principle and concept was acceptable to all jurisdictions in Canada. After this period of time, no such agreement has been reached. There has been a series of representations against no-fault divorce and a series of representations in favour of it.

What I am leading up to is that passage of this bill in principle or otherwise will not go any distance toward solving some fundamental questions with regard to the attitude of Canadians to divorce; or, perhaps more important, toward the institution of marriage in our society. If we go over the gamut of areas of concern and the various points of view, I wonder whether we will accomplish anything by simply passing the bill, approving it in principle and sending it to the Standing Committee on Justice and Legal Affairs. There may be some agreement on the part of the proposer of the bill and the government to have the subject matter referred to the standing committee so that the widest possible consideration can be given to the status of divorce law in Canada today. The purport of this bill is to replace one arbitrary period of time before one can petition for divorce, with another. I am not sure that solves any fundamental questions with regard to the

institution of marriage and the support we give to that institution.

I hope the proposer of the bill and the government will be receptive to the suggestion that the subject matter be referred to a committee. I would support that move. Representations could be made by all interested parties on the current standing of divorce law in Canada and the attitude of Canadians toward it. Interested groups and parties could have some input as to the kind of legislation that should be brought forward, if any, in amendments to the existing divorce law.

There are a variety of groups, such as religious groups, women's groups and family groups, which have particular points of view that could be very helpful in the formulation of legislation relating to divorce in Canada. In presenting this bill to the House, the hon. member for Toronto-Lakeshore (Mr. Robinson) pointed out some of the statistics. The statistic that sticks in my mind is that approximately one family in nine ends up in a divorce situation. There are many more families that are unstable, unhappy, unhealty and non-productive.

In this and other countries there is an epidemic of marriage breakdown and the serious consequences that flow from it. Many of us are hard pressed to explain this phenomenon of destruction and deterioration of family life. A number of suggestions have been made with regard to structural changes in the forums in which divorces are heard. Those experienced in the courts, such as lawyers, social workers, the clergy and others involved with regard to family breakdown, appreciate that divorce is a very difficult situation to deal with. In addition, there are ancillary considerations which tend to exacerbate the differences between the parties involved, as opposed to providing a forum which could provide some assistance to them in their very unfortunate situation.

The matter of unified family courts is something the standing committee could consider in conjunction with its consideration of the subject matter of this bill. Support of this concept and the idea of the unified family court comes from diverse groups such as Catholic bishops and the Advisory Council on the Status of Women. I am giving the range of groups which support this particular concept as far as the family court is concerned. I hope there will be some agreement to the idea I propose in order what we may have a broad and fundamental look at the entire concept of divorce in our society. There has been no substantial legislation or attention given to this question in parliament since 1968. Marriage and divorce in Canada is an important topic: we must consider this social problem.

● (1722)

In conclusion, I commend the hon. member for bringing the matter before the House. I understand the motivation behind the introduction of this bill. If at all possible, the matter should be referred to committee in order that the widest possible consideration may be given to it. I hope this bill receives favourable consideration from the government side of the House.

[Mr. Hnatyshyn.]

Mr. Arnold Peters (Timiskaming): Mr. Speaker, I am pleased to rise and speak on this matter. Approximately ten years have passed since the problem of divorce was last handled by the House. Approximately 20 years have passed since I developed an interest in the parliamentary relationship to divorce. As the previous speaker indicated, it is time to have another look at it in a fairly broad manner.

I congratulate the hon. member for Toronto-Lakeshore (Mr. Robinson) for bringing the matter forward. But really this is just the tip of the iceberg. As yet, we have not had a chance to assess in committee whether marriage breakdown should be the only ground for divorce and whether we should get rid of the adversary system. Although we in the federal parliament have the right to pass substantive legislation on divorce, we have not given much consideration to the problem the family unit faces under provincial jurisdiction.

Over the years, I have encountered one problem when handling hundreds and hundreds of divorce cases and being required to go into the intimate details of those cases. The problem I am referring to is the argument that someone must be guilty and someone must be innocent. The parties to a marriage and the protégés thereof were not given very much consideration. The provinces handled the disposition of the children of the marriage in various ways. Quite often it was totally unsatisfactory.

When the legislation was put into effect, we were not in a position, because of constitutional problems, to make any recommendations in terms of who would receive custody of the children, why they should receive that custody, and whether suitable financial arrangements had been undertaken. On many occasions the former hon. member for Skeena indicated that consideration should be given to the maintenance of the family affected by divorce. Marriage is a contract entered into by two people. Marriage breakdown is an amiable way of getting out of a marriage. I am in favour of the situation in Sweden where a divorce can be obtained by either the innocent or the guilty party without any proof. That situation would differ, depending upon who made the request, but in all cases consideration would be given to members of the family and how the divorce affected them.

The new law has been in effect for approximately ten years. I was surprised when the joint parliamentary committee looking into this whole problem came to an almost unanimous conclusion that the logical reason for granting a divorce should be solely on the basis of marriage breakdown. Some people believe lthat a divorce should be almost automatic after a marriage has broken down and every effort at reconciliation has been attempted.

At one point this House handled the divorces of the provinces of Quebec and Newfoundland. The former hon. member for Skeena, Mr. Frank Howard, and I decided that this was not the place to discuss the breakdown of someone's marriage. We felt that marriage breakdown should be handled in the courts, as was the case in the other provinces. At that time there was absolutely no support for any change. Everyone hid

behind various religious reasons, but they never looked at the problem facing them.

When marriage breakdown occurs, in effect, there is no marriage. It does not really matter whether one has to wait 18 months, a year or three years; an immense social problem is faced by the family concerned. The decision as to finances is dealt with in the family courts which some provinces have. Those courts operate reasonably well in most provinces. The desire of both parties to finalize whatever decision they wish cannot be eliminated.

This is a good time to take another look at our divorce laws. Even members of parliament can change their minds and collectively improve on any suggestion by a member, even though that hon. member has acted to the best of his ability and in good faith. Divorce reform commenced in this House almost 20 years ago. At that time there were 265 members, and 263 of them were opposed to the method we were using to have the matter brought to a head. In 1967, when the changes were brought before the House, as far as I can remember there were no members in opposition to the report of the committee.

For these reasons, I should like to move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles), the following:

That the motion be amended by deleting all the words after the word "That" and substituting the following therefor:

"Bill C-214, an act to amend the Divorce Act (living separate and apart), be not now read a second time but that the order be discharged, the bill withdrawn and the subject matter referred to the Standing Committee on Justice and Legal Affairs."

● (1732)

Mr. Gilbert Parent (Parliamentary Secretary to Minister of Veterans Affairs): Mr. Speaker, I congratulate the hon. member for Lakeshore (Mr. Robinson) for bringing in this particular bill. I would like to say at the outset that I am in favour of reducing the period of time which a person would have to wait before being granted a divorce from three years to a year and a half. I must comment on what the hon. member for Timiskaming (Mr. Peters) has said. I understand that some years ago he engaged in a filibuster which brought about some changes in the old divorce laws. He has changed his stance now. Very rarely do I see him filibustering in the House.

Mr. Knowles (Winnipeg North Centre): Don't put ideas in his head.

Mr. Parent: The hon. member says they should eliminate the whole process of divorce. I am happy they did not eliminate the hon. member along with it.

I think the bill is good. I would suggest that there are some other changes which could be considered, and perhaps the hon. member will take these few thoughts to the committee with him along with the ones he has suggested. I believe that the change he suggests would improve our divorce laws, and I hope that the suggestion I will make will be considered at the same time.

Although Canadians have always considered it self-evident that a family has a special and central place in our society, there have in fact only been a few occasions when the legal basis of the family and the legal relationship of its members have received official attention over the past century. Changes we have experienced socially, as well as changes in the composition, structure, expectations and thwarted hopes of families and their members have at best led to halting accommodations by the law to social pressures. Accommodations such as making divorce generally available, but hardly to a re-examination of the image of the family the law reflects. This image may by now be so far removed from reality that the law and its institutions may weaken rather than strengthen family life, expecially in crisis situations.

In fact, in the ordinary course of family life nothing is more remote than the use of the law for dealing with personal, economic or other needs. Not so in crisis situations, when the network of relations and understandings breaks down and personal and community resources are no longer able to relieve pressures. It is at these points that the law is seriously considered as an instrument for ordering family relationships and it is also at these points that the law and its institutions show their strengths and weaknesses.

That there are weaknesses was brought forcefully to my attention when I inquired into areas of public dissatisfaction. A great deal of concern was expressed about the divorce process and its aftermath in terms of maintenance, property settlements, and the way it dealt with children. Dissatisfaction was expressed not only by those who were or had been involved in the process, but also by agencies and professions working with families in trouble—including the legal profession.

The Law Reform Commission put out a paper with regard to jurisdictions. The following are my thoughts on the subject. With respect to jurisdiction, it is one thing to put divorce into a tidy constitutional category of federal law, and something else again to keep it there. A law is what it does. Most of what the divorce law does, in concrete reality, is anchored in issues of child welfare, property and support which, in almost all contexts other than divorce, are provincial concerns. It would be rather sterile to limit the reform approach to a consideration of grounds for divorce as if they could somehow be isolated from their consequences. I have instead taken another approach, proposing that the process for dissolution of marriage should be structured on the basis of social and economic consequences. The more important the issue—such as cases where young children are involved—the more time and resources should be brought to bear to keep families together, or where this is not possible, to diminish the harm that is invariably involved. Legal concentration on grounds for divorce, such as fault, clearly reinforces the adversary and accusatory elements of a crisis situation. Anybody who lives in a family or any other close relationship knows that this is no basis for arriving at a mutual understanding.

There is a legitimate concern about fast and easy divorce, often expressed as "divorce on demand". I do not think it should be so easy that all we have to do is simply to walk up to

a judge today, and next week obtain the divorce, as is now possible in such states as Nevada in the United States, and in Mexico where you can get a "quickie" divorce in a matter of days or weeks.

It is easily overlooked, however, that what we have now is divorce on demand when, in one way or another, the legal grounds, which may have little or nothing to do with the actual problems facing the spouses, are fulfilled. Most divorces are uncontested but many are based on a bargaining process, often harmful and expensive, that not only shatters the family but also its individual members. The fact that divorce is a painful process does not foster family stability in Canada. It only fosters pain.

Traditionally, for example, the law has not considered the work of the homemaker as a contribution to or as having anything to do with the acquisition of property in marriage; equally it did not foresee that women could be independent and responsible for their own lives. Whether the changes in the position of men and women in society and their relation to each other are good or bad is a matter for partisan discussions. That the situation is different there can be no doubt, and this difference must find its expression in the law. There is an evolution in this area at this time, if not a revolution. The law therefore cannot be fixed but must have room to evolve creatively, allowing men and women to define their own roles within marriage, supporting rather than confining individual choices.

I would like to point out especially how children are affected and that they should have some say about their future. Yes, even young children should have that right, if not through their own voices then through those of others who will take the stand for them.

The position of children is even more difficult than that of parents. Although protected by a system of obligations, they have never had independent legal claims. They have no standing to make their voices heard in a system that allows one parent to deprive them of the other because of an instance of adultery. I do not suggest that they should have such a right, but neither do I suggest the retention of the system we have. What we should have is a process that tries to get to the reality of why one parent would seriously consider doing this in the first place, a process in which children are hurt, in which their interests are always important and at times dominant, one in which children do not serve as bargaining pawns or as objects to be kept and used.

Many parents involved in a marriage breakdown cannot see beyond their own needs. The process for dissolution of marriage must compensate for this. It is also important for children to understand as best they can—and this is often a great deal better than we assume—what the situation is and what their parents are facing. A new approach to the problems of children when marriage breaks down is essential.

● (1742)

The main thrust of this speech, therefore, is on the change of perceptions of family relationships and a change of the means for resolution of family problems. First, as was mentioned earlier by the hon. member for Toronto-Lakeshore, we need courts which are capable of assisting constructively in such resolutions.

Second, we need a legal framework which recognizes present day conditions in dealing with the responsibilities and expectations of members of families.

Third, we need a new legal process for dealing with a family in crisis which abandons concepts received from the past which have become artificial and destructive in the context of present family life in Canada. This process should also give us a better understanding of what divides families and what is needed to preserve their stability, something which should be, although it is not now, an effective function of the law.

Changes must be made, and that must be done in close co-operation with the provinces if it is not to lead to further fragmentation. Various provinces have already made advances in this area, and others are in the process of preparing for significant changes. The Government of Canada has also made some beginnings, but further steps are necessary if the present ferment of study, exploration and experimentation is to be fruitful. I have some specific suggestions which I would like to put on the record.

I suggest that the only basis for dissolution of marriage should be the failure of the personal relationship between husband and wife.

The doctrines of matrimonial offence, matrimonial fault, collusion or connivance should be inapplicable in all future marriage breakdown cases.

All adversarial pleadings should be removed from the law of dissolution of marriage. The dissolution process should be commenced by either or both spouses filing with the court a simple and non-accusatory notice of intent to seek dissolution.

Dissolution of marriage should be a ministerial act of the court, established in a formal but not adversarial hearing.

A husband and wife should not be required to separate or live apart as a condition of participating in the dissolution process. Nor should remaining together prejudice any right or otherwise adversely affect the legal position of either spouse. I raise this because of the financial hardship which is imposed on one or the other spouse if he or she has to move out of the house while the other spouse stays in the house. There is the upkeep of an extra home, and this need not necessarily be the case.

With regard to financial settlements I suggest that the settlement of property matters and financial provision on dissolution of marriage should be done in the context of economic readjustment and kept separate from matters relating to the breakdown of the personal relationship between the spouses.

Property acquired, for example, by either spouse during the marriage by gift, inheritance, bequest, trust or settlement should be exempt from sharing.

As far as financial provision is concerned, marriage per se should not create a right to receive or an obligation to make financial provision after dissolution. A formerly married person should be responsible for himself or herself.

However, the right to financial provision should be created by reasonable needs flowing from the division of function in the marriage, the express or tacit understanding of the spouses that one will make financial provision for the other, custodial arrangements made with respect to the children of the marriage at the time of dissolution, the physical or mental disability of either spouse which affects his or her ability to provide for himself or herself or, finally, the inability of a spouse to obtain gainful employment.

I believe that a maintained spouse should have an obligation to assume responsibility for himself or herself within a reasonable period of time following dissolution of marriage unless, considering the age of the spouses, the duration of the marriage, the nature of the needs of the maintained spouse and the origins of those needs, it would be unreasonable to expect the maintained spouse to do so, and it would not be unreasonable to require the other spouse to continue to bear this responsibility.

I have one final point to make. The amount of financial provision should be determined by the reasonable needs of the spouse with a right to financial provision and the reasonable needs of the spouse obliged to make financial provision.

Am I running a little bit over?

An hon. Member: No.

An hon. Member: Yes, you are.

Mr. Parent: The amount of financial provision should also be determined by the property of each spouse after dissolution of the marriage, the ability to pay of the spouse who is obliged to make financial provision, the ability of the maintained spouse to assume partial responsibility for himself or herself, and the obligations of each spouse toward the children of the marriage.

These are the specific points I hope the hon. member for Toronto-Lakeshore will bring to the committee along with his very worth-while suggestion, which I wholeheartedly support.

Mr. Robinson: You have talked the bill out.

Mr. Benno Friesen (Surrey-White Rock): Mr. Speaker, I do not want to speak for too long because I want to see the subject matter of this bill referred to the committee. I appreciate what the hon. member for Toronto-Lakeshore (Mr. Robinson) has done. I appreciate his honesty and his sincere concern for the worth of the family unit and the integrity of the family unit when he proposes this bill. I am not sure I agree with all the provisions in the bill, but I do know from my association with the hon. member, when I had my own private members' bill before the House last year, that he has a definite and genuine concern for the maintenance of the family unit. I certainly support him in that, but I want to point out a couple of things which I think are important.

We live in a very pluralistic society, and it is not right—and not even possible, let alone right—that we impose on all of society what some of our individual philosophies might be, as much as we might believe in them, so I tend to agree a little bit with the hon. member for Timiskaming (Mr. Peters) that there has been a history in our society of trying to impose certain philosophies and beliefs on all of society. That we can no longer do. Much to my regret, we cannot have a more pervasive morality about the institution of marriage.

However, I think this bill circumvents the problem, and we need to deal with the problem. I do not think this bill, or for that matter any divorce act, deals with the problem, that is, marriage breakdown. We must consider that.

I would like to point out that in our society there is an ominous trend—which I think is destructive—to relieve individuals of responsibility for their decisions more and more all the time. We tend to make it easier for individuals to escape responsibility for the decisions they make, and to make it easier for them to get out of marriage. I think that is part of the trend. While I support the concern of the hon. member, I am not too sure that this bill is the solution. Rather than making it easier to get a divorce, I think we ought to make it more difficult to get married. I do not know how we should go about doing that, but I think hon. members know me well enough to know that I am firmly committed to the institution of marriage. I do not know if all hon. members know it, but at the outset of this session I celebrated my twenty-fifth wedding anniversary.

Some hon. Members: Hear, hear!

Mr. Friesen: So did my wife, I hasten to add. As a matter of fact we celebrated it on the day the Queen opened parliament, and thought it very kind of Her Majesty to celebrate the occasion with us.

• (1752)

I am totally committed to this institution and I think members know I am also totally committed to the institution of the church. Because I am committed to that, however, I take the liberty of criticizing the church for its negligence. Many starry eyed young people go to a minister because they like the architecture of the church rather than the institution of marriage being sanctified by the church. I recall that my admiration for a local Anglican minister grew when he turned aside the opportunity to marry young people who came because they liked his church. He thought there ought to be a better reason for performing the marriage than simply the beautiful esthetic surroundings.

The irony is that the marriage vow says it ought not to be entered into lightly, but that part of the vow is often violated by the minister performing the ceremony.

I think that the churches and provincial governments ought to require ministers of the gospel who marry young people to

call the couples for a series of pre-marital lessons or instruction on the nature of marriage. Many marriage counsellors agree that marriage breakdown is not the result of a "falling out of love" but rather that couples encounter very heavy financial obligations. Some young couples want to acquire in one year what it took their parents 30 years to assemble, and within a few months of marriage are more worried about their financial obligations than about the marriage itself. It is not just because the emotional strain is so intense that they start bickering but that the financial strain is great.

My point is that love will never hold an ailing marriage together—love is an emotion and goes up and down. What will keep them together is a commitment to each other. I do not think ministers of the gospel are doing a good job in counselling young people who come to them wanting to be married.

I do not want to talk this bill out, Mr. Speaker, as I should like to see the matter referred to a committee. The health of our society rests upon an understanding of our obligations to each other in marriage, in the home, and to our children. Members deserve an opportunity to explore this subject in committee. I should therefore like to see the bill go to committee where it could be studied thoroughly and sent back to the House with recommendations.

Mr. Leonard C. Jones (Moncton): Mr. Speaker, I cannot support this bill. I have long experience with divorce and marital problems and it seems to me that a bill of this type is likely to propound the problems by making divorce easier. I know the mover of the motion would like the bill to go to committee, and if I sit down in time that may happen.

From my experience I know many cases are not reported where reconciliation has been possible through the efforts of lawyers. Sections 7 and 8 of the Divorce Act put a heavy responsibility on barristers and solicitors to try to resolve differences between persons who have been living separate and apart or where there is marriage breakdown. Many times people have come to my office—sometimes as many as three families are involved—and later I see them walk up the aisle on Sunday arm in arm. Surely 18 months is not long enough to live separate and apart to determine that there has been marriage breakdown.

The hon. member for Surrey-White Rock (Mr. Friesen) suggests that perhaps the problem is not marriage breakdown by the fact of a couple living separate and apart but is rather the cause for them living separate and apart. That is the problem we should try to resolve.

I believe this bill is tantamount to divorce on demand and will make marriage a mockery. It would make it too easy to obtain a decree nisi or a decree absolute. The last time the Divorce Act was amended divorce was made easier. I think we should be getting back to the position of trying to strengthen the family unit. There is responsibility on the church and on everyone in society to support the family unit.

It should be pointed out that this amendment has no public support, Mr. Speaker. There has been no hue and cry for this type of legislation. We have so many other problems such as unemployment and inflation that we should be trying to resolve.

A bill of this kind would not strengthen the family unit but rather would do the opposite. If people live separate and apart for some 500 days it will not necessarily cause the breakdown of marriage. During the war men lived apart from their wives for as much as five years without marriage breakdown.

Statistics have been quoted but none were given for cases where there has been reconciliation and the resolution of problems. Couples sometimes go to marriage counsellors, clergymen, and even to lawyers for help. Even though I am a lawyer I suggest this type of legislation would give lawyers a field day if divorce were so easy after one and a half years of separation.

Mr. Peters: On a point of order, Mr. Speaker, because of the interest shown by members and the fact that all hon. members have not been able to participate, I should like to move that you ask for consent that this bill retain its position on the order paper.

The Acting Speaker (Mr. Turner): Is it agreed?

Mr. Jones: Mr. Speaker, I still have the floor.

The Acting Speaker (Mr. Turner): Order, please. The hour appointed for the consideration of private bills has expired.

Would the House give the Chair permission to go into Committee of the Whole before we adjourn?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

INCOME TAX ACT

MEASURE TO AMEND

The House resumed consideration in committee of Bill C-11, to amend the statute law relating to income tax and to provide other authority for the raising of funds—Mr. Chrétien—Mr. Turner in the chair.

The Deputy Chairman: It being six o'clock I do now leave the chair until 8 p.m. this day.

At six o'clock the House took recess.

● (2002)

AFTER RECESS

The committee resumed at 8 p.m.

[*Translation*]

The Chairman: When the committee rose at six o'clock, clause 6 as amended was under consideration.

Mr. Chrétien: Mr. Chairman, the problem under consideration was this: By virtue of special provisions in the act, multinational insurance companies employed certain benefits which their Canadian counterparts did not, more specifically in the way their revenue income was computed, some investments located in foreign lands were deducted from income made in Canada; thus they were, or could be placed in a more favourable situation than Canadian companies without operations abroad. That is why clause 6(11) was suggested in committee: it placed Canadian insurers on the same footing as multinational insurance companies. We reached that decision as a result of the many representations made to us by Canadian life insurers. If hon. members want me to give them a highly technical explanation, I have here a four-page text I can read to them, unless they feel that the explanation I have just given them in laymen's terms is adequate.

Mr. Clermont: Mr. Chairman, I would like to get some information on that clause. The minister changed the recommendations contained in the budget of March 31, 1977, and in his intervention on October 20, 1977, he mentioned that with respect to capital gains, the difference between the premiums paid and the surrender value would no longer be considered as a gain of income but the matter of the interest on loans was not taken out. With the recommended amendments is the person borrowing on his insurance paying interest to create income? Can that person consider the interest paid on his loan from the insurance company as an expense and reduce his income by that amount when he prepared his tax return for, let us say, the year 1977?

Mr. Chrétien: Mr. Chairman, the question asked by the hon. member is valid but I intend to deal with it later under clause 14. It is indeed my intention to consider the interest paid by an insured to his insurer when he receives part of his capital—what used to be called a loan on the insurance policy—as deductible. That would not really be called interest but a premium for the privilege of having part of his capital available immediately. Those amendments will be dealt with later in the debate under clause 14. We are now considering clause 6(11) dealing with an entirely different problem—the problem of insurance.

Mr. Clermont: Mr. Chairman, I put the question to the minister because I wonder at times if we are really going to get to clause 14.

Mr. Chrétien: I hope, Mr. Chairman, that we will be able to get to clause 14, and I am quite pleased that the hon. member anticipated the debate. That is why if the explanation I gave earlier on clause 6(11) is satisfactory to the hon. member for York-Simcoe (Mr. Stevens) then we will be able to pass that clause and move to clause 14 as quickly as possible.

● (2012)

[*English*]

Mr. Stevens: The minister has given us a synopsis of what we understand to be the effect of paragraph 11 of subclause 6. He did refer to a more technical, four-page description of what is happening under this paragraph. I think that very often the explanation of the reason for putting in amendments is forgotten. I wonder, therefore, whether we might take those four pages of technical comment as read, with a view to having the benefit of the *Hansard* record tomorrow. We would then have the advantage of a more technical description of what is proposed, and then be able to move on.

Mr. Chrétien: I have no objection to this more complete explanation being on the record, but I should also like to dispose of the clause as soon as possible. If there is no objection, I will read the description to which the hon. member has referred. I can understand that it may be painful for some people to listen to me while I am reading a technical text, but it might be good practice. That might be the better way, because I want to make progress.

This important addition to the act is one of the measures to eliminate the unwarranted tax advantages gained by some multinational insurers who benefited from certain defects in the act before 1976. It applies to those companies which were on the branch election basis for the purpose of determining their investment revenue. By exploiting these deficiences some insurers obtained a major advantage over other insurers such as purely domestic companies, multinationals which were on the branch election basis but did not take advantage of the deficiencies and other multinationals which used the alternative method—the "proportional basis"—of determining investment revenue.

The branch election basis permitted the insurer to designate as having been held in the Canadian corporation's insurance business any of its property, subject only to the requirement that the value thereof had an aggregate value of not less than its Canadian insurance liabilities. For tax purposes, only the income from such designated property was included in the insurer's income. The deficiencies in the branch election basis, when exploited, presented the opportunity for significant tax avoidance. The deficiencies permitted the artificial reduction of investment revenues wherever the company

—selected cash and other assets—such as accounts receivable—that did not produce any revenue or that yielded a low return, or

—selected assets that were held for only a short period of time during the year and therefore produced very little investment revenue.

By using these deficiencies those insurers on the branch election basis could reduce gross income and thereby show a loss for tax purposes or, in the more typical situation, claim less than the maximum amount deductible as a reserve or as capital cost allowance. In either event the result was that the insurer in subsequent years had a backlog of unclaimed deduc-

tions and/or loss carryovers which could be used to reduce income for many years into the future.

These deficiencies were effectively eliminated in 1976. This bill attempts to deal with the carryover problem from years before 1976. The amendments require those insurers who used the branch election basis in 1975 to recalculate their gross investment revenue for that year using the proportional basis. If the recomputation produces additional revenue, the excess will be applied to reduce two specific unused reserves that would otherwise have been deductible in 1977 and subsequent years. Any balance is referred to in the bill as "the 1975 branch accounting election deficiency."

The amount of the 1975 branch accounting election deficiency will be applied in the following order:

(a) to reduce unclaimed investment reserve

(b) to reduce unclaimed capital cost allowances

(c) to reduce loss carry forwards from the year 1972 to 1976

(d) to reduce the unclaimed reserve for group term policies, and

(e) to reduce unclaimed policy reserves for other life insurance policies and annuities.

Any remaining balance of the deficiency will be deducted on a pro-rata basis from the undepreciated capital cost of any depreciable property of the insurer.

The amendment deems the insurer to have deducted, prior to its 1977 taxation year, additional capital cost allowance on the basis referred to above. The effect is to reduce capital cost allowances that would otherwise be deductible in computing the insurer's income for 1977 and subsequent taxation years.

The addition of subsection 13(23) is one of a series of amendments related to the introduction in 1978 of a new, more stringent method of determining the policy reserves that may be deducted by life insurance companies. A life insurer is allowed to deduct certain policy reserves in computing income. The reserve claimed in one year is added to income in the following year, and an appropriate reserve is then deducted for that year. Because the policy reserves under the new method to apply in 1978 will be less than those under the existing act, the foregoing rule would force the insurer to include the entire reserve difference in income in 1978. In order to ease the impact of the transition, a special provision has been introduced—see proposed subsection 138(4.2)—to permit a life insurer to include in income in 1978, not the amount actually claimed in 1977, but a lesser amount equal to the amount the 1977 reserves would have been if they had been computed under the new method. Thus the differences between the two reserving methods will not be taxed and will in effect provide a source of base capital that will facilitate the transition.

As a corollary to this relieving measure it is necessary to scale down certain amounts which the insurer would otherwise be permitted to deduct in computing income in subsequent years. One of these amounts is capital cost allowance that the insurer was entitled to claim in the taxation years 1969 to 1977 inclusive—the years in which the old method of computing policy reserves was operative. To the extent that capital cost allowance was underclaimed in that period because of the generosity of those reserves, the amount that was unclaimed should not be available after 1977. This is accomplished in part by the amendment to subsection 13(23) of the act.

The proposed subsection 13(23) deems any unclaimed capital cost allowance to have been claimed prior to 1978.

• (2022)

Regulations under section 138(3)(a)(i) will ensure that capital cost allowance and other deductions in excess of the transitional difference will not be eliminated. The net result of this approach is that life insurers will have a level of income and deductions calculated on the assumption that the reserving method for 1978 had been in existence in the 1969-1977 period.

Mr. Jones: Mr. Chairman, having heard the great epistle from the minister, his summary or synopsis, and then the technical part, will the minister now be good enough to explain what his summary means and what he just read means in ordinary laymen's terms? A tax law should be in ordinary laymen's terms.

Mr. Chrétien: If the hon. member had been in the House, he would know I did that before reading the technical explanation.

Mr. Jones: I was here and heard both.

Mr. Chrétien: The first time it was in French. Perhaps I have to repeat it in English.

Mr. Knowles (Winnipeg North Centre): No.

Mr. Chrétien: Stanley says no. I just explained the difficulty. There are some corporations and insurance companies which operate in Canada and elsewhere. Some were using a loophole in order to avoid taxes in Canada. It was unfair to the multinationals which are not using that loophole and the Canadians which could not use it. These technical amendments will put insurance companies on an equal basis for that purpose.

Mr. Stevens: Mr. Chairman, I thank the minister for putting his summary and technical explanation on the record concerning this clause. To the best of his knowledge is the amendment which he has described satisfactory to the Canadian life insurance companies? Has he any representation from them indicating that they feel this will plug the loophole about which they have been complaining?

Mr. Chrétien: Mr. Chairman, we have received many representations from all the insurance companies, both the Canadian companies and the multinationals. They could not develop a position on which they could all agree. This will meet the requirements of most of them. We are not sure that everyone will be happy with the technique we have adopted,

but it will go a long way to ensure the multinationals do not have an unfair advantage over Canadian insurance companies.

Mr. Stevens: I would like the minister to confirm or otherwise that some companies still feel there is a substantial loophole that foreign life insurance companies will be able to take advantage of, notwithstanding the amendment to which he is now referring.

Mr. Chrétien: I do not think that will be the case. We are quite satisfied that this will plug the loophole and everyone will be on the same footing. We will, of course, be monitoring the activities of the insurance companies in that field. If that is not sufficient, obviously we will have to implement further amendments. My advisers, the experts in the department, are quite sure this will cure the problem.

Mr. Stevens: The minister was going to give me an explanation with regard to subclause (6)(2). I believe he is ready to give that now. I trust it is not as long as his last explanation.

Mr. Chrétien: It is shorter, Mr. Chairman. With regard to subclause 6(1), the distinction between taxation year and fiscal period is crucial throughout the act. The taxation year refers to the taxpayer which, for an individual, is the calendar year. Fiscal period refers to the accounting period of business. That difference has long been in the Income Tax Act. The change in subclause 6(1) simply changes a reference.

In order to meet the requirement of the hon. member for Moncton, this is a very simple proposition. The fiscal year of any individual such as a member of parliament is the calendar year when reporting his profits or losses. When the hon. member for York-Simcoe was in the banking system, when he was reporting his profits or losses that was for what we call the taxation year.

Mr. Stevens: The fiscal period.

Mr. Chrétien: Yes, the fiscal period.

Mr. Ritchie: Mr. Chairman, I wish to speak on the problems regarding insurance companies. I would like to voice some of the criticisms that were made when the budget was brought down, dealing with the taxation of insurance companies. It was suggested by Mr. Patterson, president of Actuarial Consultants of Canada Limited, that the industry is mainly fighting brush fires in its attacks against the policy gains tax at death and on proposals to tax the policy gains part of policy loans and to disallow interest on policy loans as a deductible expense.

Mr. Chrétien: Mr. Chairman, the problem being raised at this time by the hon. member for Dauphin is with regard to clause 14. If we can go to that clause, I have some amendments that cope with the problem raised earlier in the evening by the hon. member for Gatineau. He referred to the same points now being raised by the hon. member for Dauphin. If we can move to clause 14, I will deal with the problem.

Mr. Whittaker: Mr. Chairman, I have some questions with regard to subclause (5), on insulation conservation, which is really energy conservation. The minister and his department are very conscious of energy conservation. They are doing all they can to remove the tax on energy conservation equipment and materials.

For over two years I prodded the former minister of finance to take the tax off wood stoves, which he finally did. It has now become a matter of an interpretation of what is a wood stove under the act. I just got a ruling for a Canadian company in my constituency which is fully owned by Canadians and which manufactures wood stoves. The Minister of National Revenue said that under the act these are not wood stoves, but fireplace heaters.

A company in the United States markets a similar product in Canada. The interpretation of what they are marketing is that it is a wood stove. That company manufactures a chalet model heater that can be used in any home, cottage or building. It is adaptable to a chimney in almost any type of dwelling. This unit can be used also as a cooking stove. It will fit into a fireplace and can be used in fireplaces for efficiency. Instead of there being a 93 per cent heat loss as with an open fireplace, this unit reduces the heat loss to 65 per cent. The Minister of National Revenue has made a ruling on this unit indicating that it is really a fireplace. Instead of applying the 12 per cent tax, he has indicated that it should go down to 5 per cent. I maintain this is gross discrimination against a Canadian manufacturer. It is a small business which is doing a service in energy conservation for our country by efficiently using wood.

• (2032)

Last week in *Time* magazine in the "Living" section there was an article entitled "Back to the Wood Flame". It indicated that Americans are experiencing new romance in the old flame. Also it referred to similar types of units which are being used extensively in the United States and which can be used in Canada. These heaters are highly efficient. They conserve energy such as oil, gas, and electricity. There is no tax on oil, gas or electric stoves. I brought up this topic before because there was a 12 per cent tax on wood stoves and nothing on oil, gas or electric stoves. We want to conserve this type of energy.

There has been a ruling by the Department of Finance to the effect that the tax should be taken off wood stoves, yet we have the Department of National Revenue making a ruling which indicates in fact that these heaters are not wood stoves but are fireplaces. Who has the final ruling on this type of situation? Does the minister not have an obligation to make sure that what is indicated in the act is carried out?

Mr. Chrétien: Mr. Chairman, I should like to reply to the hon. member's question. I have listened to history of the problem. The Department of National Revenue has the authority to rule under the Excise Tax Act. Of course its ruling does not remedy the situation. It is necessary to have an amendment to the act. If that is not satisfactory to the hon. member, the only thing I can do, when I come back to the

House with some other budget, is change it. In the present budget we are not dealing with a change to the Excise Tax Act. There is not even a possibility of an amendment at this stage.

Mr. Whittaker: Mr. Chairman, there is some urgency here. During this time of energy conservation these types of units have to be sold and should be sold. As far as I am concerned, the ruling of the Department of National Revenue is not correct. I should like to refer to the section of the act which deals with energy conservation equipment. That section deals with wood burning stoves, furnaces and space heaters, not including fireplaces, stoves, furnaces or space heaters which burn oil or gas. That section is something like an asparagus root, pretty badly tangled.

I listened to the remarks of the lawyers in this Chamber. As a layman, to me this section seems to indicate that the tax will be removed from woodburning stoves and heaters, unless it is necessary to use gas or oil along with the wood.

In this instance a Canadian company is manufacturing a heating unit which conserves energy. A ruling has been made with regard to an American company which indicates that it is all right for them, but it is not all right for a Canadian company in my riding. This really upsets me. Because this unit can be plugged into a fireplace, the ruling is that it is a fireplace. It has to be modified in order to be plugged into a fireplace.

For the last two months I have worked with the Minister of National Revenue in an attempt to get a ruling. I received a ruling yesterday indicating a reduction to 5 per cent. I believe heatilators should be dealt with in exactly the same manner as wood stoves or wood burning units. We have argued for over two years in an attempt to place wood stoves and wood burning units in exactly the same position as oil, gas and electricity. What kind of ruling is this?

I believe the Minister of Finance is fair and reasonable, but his department is not doing anything to remove the taxes from these types of units, machines, and materials which conserve energy. We have not got that much time. Time is running out for this company. As far as I am concerned, we must look after our Canadian companies. I realize this firm is in my riding, and I have an axe to grind because of that. Nevertheless, I believe the argument is valid. We do not have the time to look at it, and then come back with a different interpretation and a different ruling. I am asking for that now before it is too late.

The Chairman: I do not want the hon. member to think I am preventing him from speaking, but he is seeking an amendment which cannot be presented under the clause being dealt with in committee at this point.

● (2042)

Mr. Ellis: Mr. Chairman, I may find myself in a very difficult position and I support my friend, the hon. member for Okanagan Boundary, simply because I have encountered the same problem that heatilators conserve a good deal of energy. The majority are made in Hastings county. They should be down to zero per cent as well. The point I wanted to make to the minister is that in the United States the Senate is considering a tax credit for those people who use wood exclusively as a form of fuel. This is a step further than we have considered here. I want to make a representation to the minister that he look at the possibility of a tax credit for people who use the renewable resource, namely, wood, for heating, rather than coal, oil or gas.

Mr. Stevens: Mr. Chairman, before we vote on clause 6 may I point out that I indicated before dinner that I would like to set the record straight concerning the various comments the minister keeps making about the time that this bill has been before the House. He has repeatedly stated that it has been before the House for 32 days. As you know, Mr. Chairman, the first reading of this bill was on November 2, so clearly in no way could it have been before the House for 32 days. We have not even spent a month on it yet.

But the more important point is that the bill was not even introduced for second reading until November 7, and since that time, including the time we spent on second reading, the time we spent debating the first closure motion and the time we spent in committee of the whole, only 14 days have been spent on the bill. Of those 14 days, most were short days in the sense they were either Wednesdays or days when we had extensive questions of privilege or notices of motions with which Mr. Speaker had to deal. In short, it is totally misleading to convey the impression that the bill has been unduly delayed. It is particularly so when we bear in mind that this bill is really the son, if you like, of Bill C-56, which was brought out for first reading on June 15 and came out of the March 31 budget. That bill was not debated for one day in the House. In short, I hope the minister will refrain in future from misleading the House with any suggestion that there has been any undue delay in considering this bill, because it is not true.

Mr. Chrétien: I rise on a point of order, Mr. Chairman. I never said that the bill was before the House for 32 days. The hon. member mentioned 14 days. I think it was before the House more than 14 days, because the hon. member has not referred to the fact that there was an agreement in the House to permit longer sitting hours to make up, for example, for the day which was lost to permit the Conservative opposition party to have its national convention. On top of those longer days we spent six days debating the spring budget of the former minister of finance. I recognize that was not on the bill, but we spent six days debating those measures. Also, the opposition had warned the government that when the House resumed in the fall economic problems would be debated. In fact, in the eight day debate on the Speech from the Throne mostly economic matters were under discussion. When you add up all those days you find they come to more than 30 days.

The Chairman: In no way can the remarks of both hon. members who have spoken be related to clause 6.

Mr. Friesen: Mr. Chairman, I rise on the same point of order. I would like to ask the Minister of Finance if there is

any significance in the fact that this bill was introduced for second reading on the sixtieth anniversary of the Russian revolution.

Some hon. Members: Oh, oh!

Mr. Stevens: Dealing specifically with your reference to clause 6, and before we vote on the clause, may I point out to the minister that the time we have spent on clause 6 has been very fruitful because, if we check last Thursday's *Hansard,* we will find that in dealing with the insulation grant provision the minister stated that he could not understand my point about the legislative provision not being in accordance with the income tax motion. He went on to state that there is no fundamental difference between the two. He reiterated that several times, and now I am very pleased to see that, as of yesterday, with the bringing in of the new amendments with which we dealt today, the minister has come around 180 degrees and he now says that he agrees with me. He said he has checked this and he feels I have a good point. He said that rather than having a complicated procedural problem referred to Mr. Speaker, he agrees with me that the Ways and Means motion is more narrow than the bill and that this should not be so. In short, the time has been well spent if we have corrected that error alone in Bill C-11. Let me assure you, Mr. Chairman that I could go on and point out at least ten other errors which we have had a hand in correcting so far.

Mr. Chrétien: I am surprised that the hon. member is belabouring this point. He put that before me and I said he had a point. It is obvious to me that he is so entrenched in the opposition that, when he has a little victory, it takes him 24 hours to realize it.

The Chairman: Is clause 6 agreed to?

Some hon. Members: Agreed.

Clause 6 agreed to.

On clause 7.

Mr. Stevens: Again clause 7 is one of those rather complicated clauses and I wonder if the minister could give us a quick summary of what, in his understanding, clause 7 is attempting to do.

Mr. Chrétien: Mr. Chairman, it reminds me of the old song "Roll over, roll over again". This clause is another roll over. I think now the hon. member will understand.

Some hon. Members: Oh, oh!

Mr. Stevens: Mr. Chairman, I am not as familiar with the roll over song as is the minister apparently. Perhaps for the record he should give us a more serious explanation of what clause 7 is about, bearing in mind it has some ramifications for certain corporations in the country.

Mr. Chrétien: Everyone knows that I am an extremely serious person, Mr. Chairman, but sometimes it is important to relax for a while and to bring in a good atmosphere to the House.

The clause is, first, to permit proceeds on the sale of eligible capital property to be offset by any costs relating to their disposition. Second, the purpose of the clause is to permit rollover when eligible capital property is disposed of and the proceeds are reinvested in the business.

The Chairman: Shall clause 7 carry?

Some hon. Members: Agreed.

Clause 7 agreed to.

On clause 8.

Mr. Peters: Mr. Chairman, again this clause appears to provide more for one segment of the economy than it does for another. The old Section 15, according to my advisers at Osgoode Hall, was designed to prevent generally the distribution of corporate profits in a form other than taxable dividends. Specifically, Section 15(2) is designed to prevent the withdrawal of corporate profits in the form of loans to shareholders. If a loan, other than one made for the specific purposes enumerated below, is made by a corporation to a shareholder, it is considered income in the hands of an individual shareholder and a deemed dividend if the shareholder is a corporation.

Some hon. Members: Explain.

• (2052)

Mr. Peters: The obvious loophole in the present section is that loans not made directly to a shareholder but to a person not dealing at arm's length with the shareholder are not caught by that section. Under the proposed amendments a loan from a particular corporation, a related corporation, or a partnership including the particular corporation, to a shareholder of that particular corporation, a person with whom the shareholder does not deal at arm's length, or a related corporation, will now be loans for the purpose of the section. Those are the comments of students who have looked at this and, as I said the other day, Osgoode students are going to be the government officials of tomorrow. They will replace the ones we have today. It is very good that their professors tell them to use their heads.

The minister is very practical and down to earth. He must know that that gobbledygook is for the birds. These young students have looked at it and have made some suggestions. That gobbledygook is very complicated, but it does not really have to be. It refers to "arm's length" and all that stuff. They say that the changes are a substantial step toward closing the present abuses. Loans from a closely held corporation to the provincial shareholder's wife will now be taxed under the section. Related corporations will no longer be able to lend to a shareholder of a different but related corporation.

The act will still permit corporations to make substantial interest-free loans to officers and employees for the purchase of homes and cars. This is a common method of deriving a

benefit from the use of corporate surplus. Interest on similar loans is brought into the shareholder's income in the United States. It is doubtful that the tax-free status of such loans can be justified. In this regard an article appeared in the *Globe and Mail* on Thursday, November 24, under the headline "Company Loans to Executives Still Rated Good Perks Under Proposed Amendments", and it reads as follows:

> While interest-free or low interest loans will no longer be the perfect perk for executives if proposed changes to the Income Tax Act come into effect in 1979, they will still be a good perk, according to Lyman MacInnis of Touche Ross and Co. of Toronto.
>
> Under present law, no interest or low interest on a loan to an employee, for buying a house, for example, is not a taxable benefit.
>
> Under the proposed law an employee would have to pay tax on the difference in interest between a prescribed rate, now set 8 per cent, and the rate on housing loans over $50,000.
>
> Other interest-free and low-interest loans, with certain exceptions, would record the difference between the prescribed rate and the rate at which the loan was made as a taxable benefit.
>
> There is a deductible of $500, in total, from the benefit.
>
> He illustrated the proposed law by citing the case of two taxpayers, X and Y, both of whom have to borrow $50,000.
>
> If X borrows at the bank for 11 per cent, his annual interest cost on the loan is $5,500 and, if he is in a 50 per cent income tax bracket and cannot deduct the cost of the loan for tax purposes, the effective cost of his interest is $11,000.
>
> If Y receives a loan of $50,000 from his employer at no interest, before 1979, he would suffer no tax consequences and be between $5,500 and $11,000 better off than X.
>
> The argument against making Y's benefit taxable because it is not from employment is ridiculous, he said.
>
> 'Try to negotiate an interest-free loan from anyone other than an employer and find out just how ridiculous that argument really is.'
>
> There is further proof that Y's benefit came from employment, he said. If his employer gave Y $5,500 to pay the interest on the loan, Y would be fully taxable on the money. After paying the tax on the money he would not have enough to pay the interest unless the loan were fully deductible for tax purposes.
>
> 'All of this suggests that Y shouldn't really be too upset if Revenue Canada includes $3,500 in income as a result of the interest-free loan. At the 50 per cent tax bracket this cost is still only $1,750, compared to X's $5,500.'

I am not interested in arguing the difference between X and Y in this example, but even the newspapers indicate that it is unfair. Because of this stupid tax dodge—and certainly the AIB has pointed this out—we allow these extra perks where a person is not paid anything but is given a benefit instead. A man can get a benefit of $5,500. That is more than some of the people in my area get to live on, yet we give that kind of benefit. All the taxpayers pay for it.

The poor little guy who has to carry a lunch pail, who has to buy clothes for a particular job or who has to have transportation to get to his job, gets a maximum exemption of $250, but we give the rich people, the fat cats, civil servants, and those making $50,000, benefits of $5,500. Why do we do that? It is because they are the ones who draw up the act. They do not draw up the act for my workers or the people in the minister's riding who carry lunch pails. They do it for themselves, the civil servants of this country. Here is a case where the minister could save money if he so wanted. He should cut out those perks. Is the minister arguing that all this is wrong?

Mr. Chrétien: Yes.

Mr. Peters: Is the minister arguing that the amendment he is putting in is to cut down some of these advantages?

Mr. Chrétien: Sure.

Mr. Peters: Does the minister agree that there are still quite a number of perks in that section? If he does not, these students are wrong and the financial expert from the *Globe and Mail* is wrong. If the minister is right and all these perks have been cut out, he has a batch of civil servants different from the batch he had a year ago, because that batch put them all in, and I do not think the present batch has taken them all out.

Mr. Chrétien: Mr. Chairman, the purpose of this move is to close a loophole. Prior to this there was no limit on the loans which could be given to someone buying a house. He could borrow interest-free from his company. We are plugging that loophole completely. We had a long debate last week, and the only purpose for which money can be borrowed is for buying a house when moving, and the maximum is $50,000. Many hon. members opposite said that was really too harsh. I remember many interventions by the hon. member for Churchill, who said that very often people in his area move, and they need that kind of fringe benefit. The hon. member for Churchill was not talking about management. He was talking about blue collar workers who have to move into mining towns.

We are preventing many abuses. Clause 8 will not permit something to be done indirectly which was not permitted directly. Clause 8 will not permit making a loan to a wife. We are trying to make sure that we prevent what could have become a loophole. We are moving in the same direction the hon. member is arguing about, and we are diminishing very substantially the abuse which can take place when money is borrowed interest-free. I do not see why the hon. member argues against that. If he refers to the loans that are permissible when they borrow shares from their company, any loans that are made are deductible from income. My officials inform me there is no abuse in that case.

● (2102)

Mr. Peters: That is not really true, Mr. Chairman, and the minister's officials are not informing him correctly, unless I misread this. It appears to me they have closed the loophole about the relationship of the wife, or have made a substantial step toward that, but where a shareholder or employee borrows money at less than the going interest rate, he is to be taxed on the difference between the prime interest rate and the rate he is being charged. He may be paying no interest or the full prime interest rate, but he will pay tax on the difference between his rate and the prime rate.

Two persons borrowing under identical circumstances may find that on $50,000 one gets an advantage of $3,500 because of his taxable income, while the other one has an advantage of $1,750. To be in the perfect position, taking the same example, a taxpayer would get $5,500. The students point out that this is taxable in the United States and claim there is no justification for such loans to be tax-free in this country.

In order, to be fair, I suggest the tax structure should be related to the total family income. The deduction should not be a flat $250 but should be related to need. In that case the minister's statement would be correct, and indeed it may be correct in certain circumstances. It would mean that if an individual got an interest-free loan or a loan at a reduced rate of interest as part of his wages, he would be in a reasonable position vis-à-vis the person earning, for example, $50,000. If that kind of tax exemption is given to some people it seems to me the same advantage should be given the average person.

Mr. Chrétien: Mr. Chairman, I think I am faced with a disagreement with the hon. member that I cannot solve overnight. He takes a different view of the situation. At this time we are trying to cope with a situation that was abused whereby a company was lending money to, say, 20 employees—and not only managers. Very often in a mining town the blue collar workers had this advantage as well, as mentioned last week by the hon. member for Churchill. That is why we decided to limit it to $50,000 for a house, and $6,000 for extras that go into the house, and the provision when it is a loan for buying shares relating to the company.

The hon. member can claim that we should abolish it completely, but that would create problems for those people who use it in an honest way to cope with the problem of moving employees. I think the method is fair.

The hon. member referred to the situation in the United States. As I understand it with interest-free loans, the benefit of the interest is not considered as revenue in that country.

The Chairman: Shall clause 8 carry?

Some hon. Members: Agreed.

Clause 8 agreed to.

Clause 9 agreed to.

On clause 10.

Mr. Stevens: Mr. Chairman, I wonder if the minister could give an explanation of this clause. Specifically what prescribed rate do they have in mind to substitute for the 5 per cent now in the act?

Mr. Chrétien: Mr. Chairman, last week we had a very interesting discussion when we decided the end of summer was before the coming of fall. It is the same rate of interest. At this time it will be 8 per cent.

The Chairman: Shall clause 10 carry?

Some hon. Members: Agreed.

Clause 10 agreed to.

Clause 11 agreed to.

On clause 12.

Mr. Stevens: Mr. Chairman, this is a new clause in the bill and I think the committee should have some explanation of what the minister has in mind. This deals with advertising in non-Canadian periodicals, and this is quite a controversial question.

Mr. Chrétien: Mr. Chairman, this was a very controversial problem, but I think it is less so now. The amendment clarifies the meaning of the expression "substantially the same" by defining it to mean more that 20 per cent the same. Thus, an issue of a periodical more than 20 per cent of the content of which is the same as a foreign periodical, cannot qualify as Canadian. The amendment simply clarifies the expression of Revenue Canada. In fact it is just clarifying the decision of the Department of National Revenue.

Mr. Stevens: Could the minister give examples of magazines excluded as a result of this terminology, that more than 20 per cent of the content is the same? Where do *Reader's Digest* and *Time* come in?

Mr. Chrétien: Mr. Chairman, *Time* Canada, which has a continuing arrangement with the United States parent, could not meet the 20 per cent nor the Canadian ownership requirement and has ceased publication in Canada. *Reader's Digest* does not have a continuing arrangement with a foreign periodical and has met the 20 per cent test and complies with the ownership rules.

Mr. Stevens: Dealing with *Time*, what does the department feel is the aftermath of *Time* being deemed a non-Canadian periodical? I understand they are selling more advertising than ever in Canada although they cut the rate in half because of the non-deductible feature.

Mr. Chrétien: We do not know what they charge clients for advertising in *Time*. Companies that advertise in the magazine cannot deduct the cost on the same basis they would when advertising in the old *Time* magazine. The hon. member claims the price of advertising in *Time* has been cut in half in order to be competitive in the Canadian market. That could be the case, but we do not know.

Mr. Stevens: Could the minister tell us if his department or any other intends to follow up the approach taken by the government on *Time* and *Reader's Digest*? Has there been any follow-up of the aftermath on either of these magazines?

• (2112)

Mr. Chrétien: I think that the administration of this program is under the control of the Secretary of State and someone is monitoring those aspects there—I really don't know. I know since that time *Maclean's* magazine has decided to publish on a different basis. They are going to publish weekly, and some claim this is as a result of these amendments. The hon. member could ask that question of the Secretary of State, or if you want me to ask him to provide the information, I will be pleased to do so.

Mr. Stevens: I will be pleased if the minister is pleased to do so.

Mr. Chrétien: I am such a nice guy.

Clause 12 agreed to.

On clause 13.

Mr. Stevens: Mr. Chairman, this is dealing with the question of advertising involving television stations and broadcasting. Perhaps the minister could lead off by giving a fuller explanation of what they hope to achieve by this clause.

Mr. Chrétien: I would like to give the explanation in my own words first. The amendments to clause 14—

Mr. Stevens: No, clause 13.

The Chairman: The hon. member for Sault Ste. Marie—unless the Minister of Finance is not finished.

Mr. Chrétien: I will allow the hon. member for Sault Ste. Marie to go ahead.

Mr. Symes: Mr. Chairman, I support clause 13. It relates to Bill C-58 which we had before the House earlier. It deals with the problem of advertising placed on American border television stations which was draining about $20 million a year from Canadian television stations. This amendment is to prevent such advertising from being deductible for Canadian companies for income tax purposes. I feel there is a loophole under the legislation as it is designed because it seems to me the clause in section 19(1) does not have the anti-avoidance affect which was presumably intended by the budget resolution, because the clause only refers to the date on which the contract was paid, and not the date on which it was executed. With the present clause, there is still the potential for long term contracts to have been executed before January 23, 1975, and paid before September 21, 1977, to escape tax liability. I wonder if the minister might explain if my interpretation is correct.

Mr. Chrétien: The interpretation of the hon. member I feel is incorrect. The amendment is exactly to cope with the problem the hon. member is dealing with, and I can read this technical section or explanation here. Some taxpayers sought to take advantage of this traditional deduction by signing a series of successive one year contracts in the hope of avoiding this allowance for an extended period of years. We are just closing the loophole with this clause 13.

Mr. Symes: Mr. Chairman, for further clarity, specifically then, if a long term contract was executed before January 23, 1975, and paid for before September 21, 1977, that contract would therefore not escape tax liability, according to the minister. It is that specific time frame with which I am concerned.

Mr. Chrétien: I do not follow the hon. member very clearly, but perhaps I can read these three lines. This amendment will ensure that the expenses will not be deductible if they are incurred after September 21, 1977, one full year after the section of the act was proclaimed in force. Therefore they cannot have a long term contract because the clause will cover them after the expiry of the first year.

[Mr. Chrétien.]

Mr. Friesen: Mr. Chairman, as an example, a hotel chain that wishes to advertise in American journals, American magazines down the west coast and in Florida—is that considered a legitimate advertising expense, a deductible expense for the purpose of bringing business into Canada? We are interested in tourism, and I would like to know. Perhaps the minister could answer that.

Mr. Chrétien: It will be deductible because it is not directed to the Canadian market. It is advertising which is directed to the American market to induce them to Canada. However, if they were to advertise in an American magazine to ask Canadians to buy a certain car in Canada, that will not be permitted.

Mr. Friesen: Just outside of Vancouver in Bellingham, Washington, we have an American television station. There are a lot of Canadian businesses that like to advertise on that television station, both for the benefit of the Canadian market as well as for the American market. I would ask the minister what is the difference between advertising on that television station and advertising in periodicals down the west coast for the businessman in the Vancouver area?

Mr. Chrétien: The Department of National Revenue will have to assess whether the advertising is directed to the Canadian clientele. If it is not directed to the Canadian clientele but the American clientele, that could be deductible. The ruling will be made by the Department of National Revenue after looking into the nature of the advertising program. If it is buying time on American television by Canadian businessmen for Canadian clientele this is not deductible. If it is for an American market, that can be deductible.

Mr. Friesen: Is the minister then saying that for a Canadian businessman advertising on a television station in Bellingham, Washington, trying to attract American business into Canada, his advertising expense is going to be a legitimate deductible business expense?

Mr. Chrétien: According to the law there will have to be a ruling by the Department of National Revenue, as the terms of the act are directed primarily to the market in Canada. This is not deductible, and National Revenue will have to look at the nature of the advertisement. Of course, because it is a border case you are taking one of the most difficult points. To simplify it you would be better off with the first question. If the advertising in California invited the Americans to come to British Columbia, it is deductible because it is directed to the American market. If you advertise at the border to attract the attention of the Canadian consumer through an American television station, this will not be deductible.

Mr. Friesen: I asked a difficult question knowing the minister is equal to it. I simply want to establish the point that there are some deductions available for advertising on American television stations. Some are available as a legitimate tax deductible expense to a Canadian business? That is the principle I want to establish.

Mr. Chrétien: The principle is yes, it could be.

Mr. Friesen: The second question I have in relation to that is in connection with the point raised by the hon. member for Sault Ste. Marie relating to Bill C-58 and the effect it has had on Canada, especially the convention trade. I think there is well documented evidence to the effect that the Americans have taken issue with this particular piece of legislation which we passed two years ago, and they have undertaken seemingly retaliatory measures. At least there have been movements afoot in the American Congress to have their tax measures altered in order to combat what they think is a prejudicial tax arrangement which we have in Canada.

I know that some months ago there was talk about some kind of dialogue between External Affairs or the Department of Finance here and their American counterparts. I would like to know what is happening in that interchange and if there is any movement toward mitigating that circumstance.

Mr. Chrétien: I do not buy the argument of the hon. member that the Americans have retaliated. Their law with regard to the reduction of expenses abroad by U.S. companies was not directed only against Canada. It was directed against all the nations of the world, because there had been some abuses taking place. I do not think we can link the fact that we passed Bill C-58 with the action of the U.S. Congress affecting conventions. It was not related at all.

● (2122)

In an effort to resolve the situation when I was Minister of Industry, Trade and Commerce, I talked with my counterpart in Washington. I explained the problem which had arisen for us—that we felt the U.S. action was unfair because Canadians were spending so much on vacations and conventions in the United States, and I was told that on the first occasion possible the situation would be remedied. In fact it was almost remedied by an amendment introduced into the Senate by Senator Goldwater—an amendment which was lost by one vote. The U.S. administration tells me that in its tax reform program being presented at this time the intention is to make the provision much more reasonable as far as Canada is concerned. I do not quarrel with the fact that only two conventions are permitted; it would be surprising if businessmen would want to have more than two conventions in the same year for the same group. The difficulty is that the level of permitted expenditure is not high enough at $35 a day. If you are in Toronto with an allowance of $35 a day, you would be lucky to be able to go out after breakfast.

An hon. Member: In Montreal, too.

Mr. Friesen: Well, it seems very strange that within a year after that bill was passed Canada, according to the figures given me by a member of the government in the other place, lost something like $120 million in convention business. The minister would have a hard time convincing me that there was not a cause and effect relationship, especially since I have read the resolutions which were discussed in the United States Congress in connection with this matter.

I should like to point out further that in the Vancouver area several hundreds of jobs have been lost because of the passage of that bill. An animation company which employed scores of people went out of business because of it; advertising companies went out of business; companies which were filming advertising for television productions and other companies making short features also went out of business. All these operations ended, with consequent unemployment, because of that particular measure. I should like the minister to reconsider the provisions of the bill before us in an attempt to improve the situation.

There is another matter I should like to bring to the attention of the committee. If the present restrictive taxation policy is to be applied to advertising over United States television stations, and since there is only a limited amount of television advertising time available, does this not amount to a conspiracy in restraint of trade? After all, the CTV station is saturated. The CBC station is saturated, and the new television station has about as much advertising as it can take—anyway, the ratings are so low that many of the advertisers do not want to be on there. The Prime Minister says we are not producing enough—that we are producing at only some 85 per cent of our capacity. Well, we could be producing at 100 per cent of our productive capacity but if there is no opportunity to tell people about the products which are available, all the productivity in the world will not do any good. I ask the minister to reconsider this policy and to make it less stringent so that those who wish to advertise in the Vancouver area over stations south of the border would have the right to deduct expenses for advertising carried, say, by KVOS.

[*Translation*]

Mr. Chrétien: Mr. Chairman, I cannot begin once again the whole discussion on Bill C-58 which was debated last year. Obviously the hon. member did not agree at that time. I said earlier that I did not see any relationship between Bill C-58 and the restrictive situation concerning U.S. conventions on Canadian territory. There is no relationship because, as a matter of fact, U.S. conventions are limited not only in Canada but also in Mexico and in Europe. Even in Canada, we imposed some restrictions because there was abuse in conventions abroad. Each country would like to protect its treasury by plugging up these sometimes very large holes of which some groups in society take unfair advantage, but there was no relationship between the two. So I note the fact that so far the hon. member is certainly less than enthusiastic over Bill C-58.

[*English*]

Mr. Orlikow: Does the minister have any figures as to the practical results flowing from that legislation? It seems to me that in the Winnipeg area some of the television stations in the United States are still carrying fairly extensive advertising which obviously originates in Winnipeg. I am wondering whether the minister has any information on the effect of this

legislation restricting advertising over foreign television stations.

Mr. Chrétien: We do not know exactly what the effect is on the monetary side. It is very much a matter of cultural policy for Canada. Obviously, under the bill we passed last year, a company in southern Manitoba which is advertising in the northern states will have to pay more in exchange for time there. The goal of the policy was to make such advertising expenses non-deductible against Canadian taxes. If the hon. member wishes an assessment in terms of the benefit to the Canadian television industry, perhaps he would address his questions to my colleague, the Secretary of State.

It is evident that with respect to magazines this has permitted *Macleans* to expand considerably in Canada since *Time* is not considered a Canadian magazine. *Macleans* magazine went from being a monthly publication to one which is published every two weeks, and I am told that next year it will be on a weekly basis. I might also mention that there were two bills but each was addressed to the same principle—the protection of the Canadian market.

Mr. Orlikow: Since any revenue which American Television stations get from Canadian companies is, really, an extra bonus to them, gravy, we would call it, I understand that what those stations have done is to cut the price charged for commercials by half. In that way, Canadian companies are able to advertise and really not pay any more than they did before. Has the government given consideration to further restrictions on this kind of advertising which is being sold in the United States?

● (2132)

Mr. Chrétien: Mr. Chairman, you cannot do more than we have done in terms of the tax system. Perhaps the solution is to black out American stations in Canada. However, I am not about to promote that.

Mr. Orlikow: Perhaps it is not the minister's business, but I suggest that blacking out the commercials is not only a good idea but, according to our courts, legal.

[*Translation*]

Mr. Beaudoin: Mr. Chairman, I agree with the minister when he says that these magazines which advertise outside Canada should pay taxes pursuant to the Income Tax Act. There is something I should like to ask the minister: Are *Macleans* and *Reader's Digest* the only two magazines Bill C-11 is dealing with?

Mr. Chrétien: Bill C-11 simply clarifies the provisions which the Department of National Revenue uses as a basis for its decisions. Yes, those are the only two magazines, because they were in fact the only two foreign magazines published in Canada. Naturally, we are receiving magazines from all over the world, including France, England, and the United States. But in the case of *Time* magazine, *Reader's Digest* and *Sélection du Reader's Digest*, those were American publications published right here in Canada. One qualified as a Canadian publication and the other could not. The others are not attempting to publish here in Canada. Therefore, advertising expenses in foreign magazines directed to the Canadian market are not deductible.

Mr. Beaudoin: Mr. Chairman, since those magazines are near-multinationals, can the Minister of Finance who is responsible for the bill tell us how he can check these two magazines' revenues for the purpose of Bill C-11?

Mr. Chrétien: Well, we do not have to check that. We say that a corporation inserting ads aimed at Canadian readers in *Time* magazine cannot deduct this as a legitimate expenditure. It can spend wherever it likes, but such expenditure is not tax deductible. This is the kind of checking being done. Any corporation wishing to spend $100,000 or $200,000 on advertisements in *Newsweek* magazine or any other U.S. magazine for that matter is perfectly free to do so providing this is not aimed at the Canadian market. Where a corporation wishes to buy space in a U.S. magazine to invite Americans to come to Canada, the expenditure is deductible, because it is not aimed at the Canadian but the American market.

Mr. Beaudoin: There is something I do not understand. You are saying that a corporation advertising in those two American magazines cannot make a deduction for it. This is what I cannot understand. How come you can check the impact of advertisements relative to the Canadian market, whether the expenditure is deductible, because this in my view is a one way proposition. You want to prevent those corporations from advertising in a U.S.-Canadian magazine, you are preventing them from advertising profitably, without checking across the board their advertising expenditures in Canada. This is what I do not understand.

Mr. Chrétien: I would first like to clarify this. *Reader's Digest* magazine qualifies as a Canadian magazine. So, in order not to confuse committee members, let us forget about it. All advertisement expenditures in the *Reader's Digest* magazine which is published in Canada, are deductible from the advertiser's income. But where an advertisement is inserted in *Time* magazine, the cost of that advertisement is not deductible from the corporation's revenues for income tax purposes. That's crystal clear. When an advertisement is directed to the Canadian public, when that advertisement has a Canadian content, when Canadians are for example invited to drink vodka by an advertisement which reads: "Drink Canadian vodka"—and *Time* has an advertisement section directed to Canadians only—no deduction is allowed. When the U.S. issue of *Time* publishes an advertisement to invite Americans to visit Canada, a deduction will be allowed. The Department of National Revenue has to compare the two advertisements and decide whether one is directed to Canadians or whether the other is directed to Americans.

Clause 13 agreed to.

On clause 14—

Mr. Chrétien: Mr. Chairman, before I give my explanations, I would like to table some amendments related to clause 14(1). Next, I will present an amendment to clause 14(2). So I will table the amendments forthwith and give the explanation.

I move:

That subclause 14(1) of Bill C-11 be amended as follows:

(a) by striking out lines 32 to 35 on page 21 thereof and substituting the following:

"the end of paragraph (ee) thereof and by adding thereto the following paragraphs:"; and

(b) by striking out line 7 on page 22 thereof and substituting the following:

"365; and

Policy loan repayments

(hh) an amount in respect of all or any part of any policy loan repaid by the taxpayer in the year not exceeding the amount, if any, by which

(i) the amount required by subsection 148(1) to be included in computing his income in the year or a previous year from a disposition described in subparagraph 148(9)(c)(ii) in respect of that policy

exceeds

(ii) the part of any loan on that policy repaid by the taxpayer that was deductible under this paragraph in computing his income for a previous taxation year."

That subclause 14(2) of Bill C-11 be amended by striking out line 21 on page 22 thereof and substituting the following:

"March 31, 1977 except to the extent the amount thereof it verified by the insurer in prescribed manner and prescribed form to be interest paid in the year on that loan that is not added to the adjusted cost basis (within the meaning given that expression in subsection 148(9)) of the policy.

"Life insurance policy"

(2.2) For the purposes of paragraphs (1)(c) and (d) a "life insurance policy" does not include a policy referred to in paragraph 148(1)(b)."

He said: Mr. Chairman, these very important amendments are being introduced following the many representations that I have received and which were mentioned earlier this evening in the committee by the hon. member for Gatineau (Mr. Clermont). Mr. Chairman, these amendments concern what the hon. member called insurance policy loans, but this expression can be misleading. The hon. member for Parry Sound-Muskoka (Mr. Darling) also made many representations in this regard. This is what the government has decided to do. Mr. Chairman, in spite of what was provided in the bill, when someone borrows, to use the popular expression, a certain amount on his insurance policy, the amount he must pay and which was previously considered as interest but which legally constitutes charges, will actually be considered as tax deductible within the year for businessmen as well as for ordinary taxpayers. The amount of the charges or interest will be considered as a payment on the policy and will be deductible when the policy comes to maturity. To make myself better understood, I should perhaps read a very long—no, it is shorter than what I have already read. I shall therefore read more technical explanations after giving a layman's version of these changes.

● (2142)

[*English*]

These amendments relate to the treatment of advances on insurance policies, the so-called policy loans. I have carefully gone over the recent representations I have received on this matter, particularly from small businesses, and I have reviewed the comments on second reading of Bill C-11. The impression I have formed is that there is general satisfaction the bill will, for the first time, give tax recognition to the vast majority of policyholders for the interest they pay to an insurance company when they take out a policy loan. I want to clarify this. It is not really a loan. It is an advance. The word "loan" was used to facilitate the discussion. It will do this by an upward adjustment in the recorded cost base of the policy. However, I have also formed the impression that the small proportion of policyholders who use the proceeds of policy loans to earn income would prefer to receive such relief in the form of a current deduction from taxable income, rather than through an adjustment to the cost base of their policy. Amendments to clauses 14 and 74 will achieve this.

Furthermore, the amendments will enable a policy holder, on repayment of an advance on a policy, to reduce his current taxable income by the amount it was increased as a result of taking out the advance. In the bill this tax adjustment takes the form of an upward adjustment in the cost base of the policy. Representations to us indicate that policyholders would prefer to have the relief in the form provided by the amendment, rather than in the form provided by the bill as it is.

In short, there were some changes which were advantageous in the bill. They will remain. It will provide an added option to the person borrowing on his policy to deduct from his income the payments made on a yearly basis. I can see the hon. member for Parry Sound-Muskoka is listening. I appreciate that. Many members on the government side have asked me to reconsider that. Everyone knows I am an extremely flexible person.

Mr. Stevens: Mr. Chairman, I have a couple of questions for the minister. Dealing with subclause (1) of clause 14, would the minister agree that this amendment provides, on the repayment of a policy loan, that the taxpayer may deduct from his income any amount previously included in income by virtue of his policy loan?

[*Translation*]

Mr. Chrétien: The answer is yes, Mr. Chairman.

[*English*]

Mr. Stevens: Dealing with subclause (2) of clause 14, would the minister agree that this amendment provides for interest payable on a policy loan being deductible, subject to the insurance company making certain recommendations concerning how they are treating the loan interest?

Mr. Chrétien: Mr. Chairman, if the loan is used to earn income, the answer is yes.

[*Translation*]

Mr. Clermont: Mr. Chairman, the minister said that he must choose his words but he is not sure, he did not accept that it could be considered as a loan; he called that an advance. But I could quote a great number of experts who claim that it is actually a loan which complies with the requirements of a loan

made by a financial institution, a bank or a credit union. So in the case of a policyholder who applies for a loan—I do not have to be as cautious as the minister—for, say $3,000, from his insurer for the year 1978 only, his loan will be considered as income and if it is reimbursed in 1979, it could be charged against his income in 1979.

Mr. Chrétien: I will use everyday language instead of the legal jargon I tried to use a few minutes ago. Let us suppose a person borrows, as the hon. member suggests, $3,000. If that $3,000 is to increase his income, if he is a businessman, if he wants to invest in his business or earn additional income, the interest he must pay back annually to the insurance company, if he does pay it back, will be considered as an expense on his tax return for the following year.

Mr. Clermont: Mr. Chairman, that was one of the remaining problems about life insurance. With respect to the loan will the two amendments tabled in the House correct the two problems I see with clause 14. The first one is taxing the policyholder when he takes out a loan on an insurance policy; the second is prohibiting in any case the interest on a policy loan from being deductible as an expense. So I understand that, as one of the amendments, the interest paid by a businessman or the head of a small business on a loan made on his insurance can be considered as an expense. But at page 31 of his Economic and Fiscal Statement the Minister of Finance (Mr. Chrétien) says, and I quote:

● (2152)

That where, after March 31, 1978, a life insurance policy is surrendered or matures, otherwise than on death, a policyholder be required to include in his income the excess of the amount received in respect of the surrender or maturity over the greater of the cash surrender value of the policy at its first anniversary date after March 31, 1977 plus the net premiums paid after that date and his net cost of the policy.

Mr. Chairman, I gave the example but I am sorry the minister did not answer it. Here it is again: In 1978, I borrow $3,000 on an insurance policy I have with a certain life insurance company. In 1979, according to clause 14 I must consider that loan as income and add it to my income for 1978. But if I pay that loan back the same year or the year after I have the right to deduct it from my income. Is my interpretation correct or not, Mr. Chairman?

Mr. Chrétien: Mr. Chairman, the interpretation of the hon. member is partially correct that in the sense that if you borrow money on your policy, there are two aspects to consider. First is the life insurance and second the gains made by the company on that policy. If you withdraw a part of what is called gains, it will be considered as an income but if you repay it to the company, the situation will then be corrected. So, on those $3,000 there might be $2,700 that are strictly a loan on the policy and $300 that will be considered as the company's gain, the $300 being considered as an income.

Mr. Clermont: Mr. Chairman, the minister has given in to 90 per cent of the representations made by several of his colleagues on the government side.

[Mr. Clermont.]

Mr. Chrétien: No, 100 per cent.

Mr. Clermont: Mr. Chairman, I do not withdraw my thanks, I maintain them, because they have corrected, first the question of an eventual tax on policy proceeds at death and also the other two problems I just mentioned. As the minister said, he is very generous and understanding, particularly when his colleagues on the government side make representations to him.

Mr. Trudel: Mr. Chairman, the minister underlined earlier in his remarks that there are some people who borrow money on their insurance policy and do not pay back these loans. If I understand correctly the minister's interpretation, if for a reason or another you repay this amount, you then diminish your income accordingly. If for instance you keep the loan over a period of years, can you claim its costs, which are minimal incidently, but as being an expense on this loan for a period of years, because policyholders contract loans on their insurance policy and never intend to pay back these amounts of money which, in certain cases, are rather considerable? Are the costs of these loans or the service cost of this loan by the insurance company going to be deductible over a period of years?

Mr. Chrétien: The cost of the loans will be considered when they are reimbursed as being payments which are tax deductible.

Mr. Trudel: Mr. Chairman, I understood the minister's explanation because he has been very clear about it. What I mean is whether this does not apply to the loan per se. I am talking about the cost, the interest which the insurance company charges the borrower. In certain cases, the sum of $3,000 was mentioned earlier, but there are people in business who have borrowed fairly large amounts, so the question is whether the cost of this loan toward the insurance company is going to last over a period of years because in certain cases this amount is never paid back to the insurance company, then it is deducted from the proceeds instead of being reimbursed?

Mr. Chrétien: The interest that will be reimbursed will be included in the cost of the policy when it comes to maturity, and at such time it will be deducted from the part of the insurance policy which is taxable as we are all aware. There is the part which is strictly life insurance and the part which represents an investment and the interest costs will be deductible from the tax to be paid on the investment part of the policy.

[*English*]

Mr. Darling: Mr. Chairman, as the minister knows, I am interested in these particular clauses and I want to pay him full marks, as well as his parliamentary secretary and, I am sure, a great many other colleagues on the other side of the House—

An hon. Member: Is this a love-in?

Mr. Darling: —who have considered the representations made by some of us at the very beginning, and the representa-

tions made to the hon. member for Rosedale when he was minister of finance. It is certain that he did not give us the same consideration as did the present minister, so again I commend him for this.

I was interested in some of the comments made regarding interest. Of course the interest for legitimate business is deductible, and that is plain common sense because the government will end up with more money in its coffers by making that allowance than by having businessmen borrow from some place else and putting the policy up as collateral.

Although it might be difficult to come up with the exact figure, I would assume that the amount in insurance policies is in the billions of dollars and the great majority of these policies are of a long term nature. The ones on which loans would be made which would be eligible for business interests would be, for the most part, whole life policies or even an endowment. In those particular policies there would be no profit on the policy whatever so far as the cash value is concerned. In other words, the amount of loan value on them would certainly not bring a profit, if the minister understands what I mean, because if you borrowed $10,000 on it, you would have paid in at least $10,000 and perhaps $12,000. So there is a very small percentage of people who will apply. Because of the small number who might, I do not know why the minister would keep this provision. In other words, a few will borrow more than they paid in, and I bet you could count them on your fingers and toes. Does the minister not think that?

Mr. Chrétien: I think the hon. member is right. Because of the very small proportion involved perhaps we should not have imposed that, but I would like to give the technical explanation to the hon. member tomorrow when we resume discussion on this bill.

[*Translation*]

The Assistant Deputy Chairman: Order. It being ten o'clock, it is my duty to rise, report progress and request leave to consider the bill again at the next sitting of the House. Is it agreed?

Some hon. Members: Agreed.

Progress reported.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

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

Adjournment Debate

REGIONAL ECONOMIC EXPANSION—REASON FOR GRANT TO ITALIAN COMPANY TO MANUFACTURE REFRIGERATORS IN QUEBEC

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, in the time I have been here I have learned not to expect Liberal economic policies to make sense, but I must admit that the action the government has recently taken with the small refrigerator and freezer industry makes less sense than most other policies it has enunciated.

● (2202)

We know that a few years ago the government permitted the merger of the appliance division of GSW Limited and Westinghouse Canada to form a new venture, Canadian Appliance Manufacturing Company Ltd., or CAMCO, located in London, Ontario. This was done to rationalize that industry and make it more cost competitive, with the eventual hope that CAMCO would eventually capture foreign markets. There was surely some hope for this because is this sector of the small appliance industry Canadian firms have done very well. In fact in 1975 close to 500,000 small appliances were sold in Canada, and 99.3 per cent of them were produced in Canada.

Yet, in spite of these government policies and some success in the industry, what has the government done? It has turned around and given an Italian firm, Merloni Finanziaria, over $2.5 million as an incentive grant under DREE to set up a compact refrigerator firm in Granby, Quebec. What is the rationale for the grant by DREE? In its release the department said the company would create 179 jobs and that within three years 50 per cent of its products would be exported.

As it happens, Merloni is expected to produce somewhere in the neighbourhood of 100,000 units a year. That means that at least 50,000 units a year are going to go into the Canadian market, a market which this year has declined to less than 300,000 units.

The only thing more baffling than the DREE decision was the decision by the Foreign Investment Review Agency last May to permit the investment. If the rationale by DREE was sublime, then the FIRA rationale was ridiculous. They said in their release that "imports of compact appliances should be reduced considerably" by the Merloni investment. I suppose the considerable reduction in imports will cut into the 0.7 per cent of the market which is presently served by imports!

So if the company is not going to reduce imports and it will throw thousands of units onto a market which is already using only 60 per cent of its capacity, what will be the result? The obvious eventual result will be that they will take part of the market from the other four Companies in Canada—or rather five, because in the minister's response to my question he alluded to the fact that DREE is giving yet another grant to a compact refrigerator company, Astral Refrigeration, this time in Moose Jaw.

What will happen is that, as this company begins to produce more refrigerators, the other companies will produce less in Canada. What will happen is that as jobs are created by Merloni in Granby and Astral in Moose Jaw, others will be

lost in other companies in other parts of Canada. Obviously a game of musical chairs is being played with the unemployed and being paid for by Canadian taxpayers.

If there are foreign markets which could have been exploited, why did the government go to an Italian company? We have Canadian businesses as in this sector which have proven their ability. Why were they not given the chance to open a branch plant in Quebec to service foreign markets? Why could the government not have given Canadian business money to expand in foreign markets?

Instead, the government has followed a course of action which will cause unemployment in other parts of the country, reduce the level of Canadian ownership in this industrial segment, and subsidize a foreign competitor.

It is obvious that in this proposal DREE violates its own mandate to reduce unemployment by simply shuffling the unemployed. Even more seriously, the criterion of FIRA has been violated, as Merloni will not reduce imports, will not improve productivity in this sector, and surely cannot, by any stretch of the imagination, be considered of significant benefit to Canada.

I call on the Minister of Regional Economic Expansion (Mr. Lessard) to withdraw immediately his offers to Merloni and Astral Refrigeration. To do less would be a disservice to Canada and Canadians.

Mr. Donald Wood (Parliamentary Secretary to Minister of Regional Economic Expansion): Mr. Speaker, as you are aware, the Department of Regional Economic Expansion has made an offer of assistance of $2.6 million to the Merloni Group to establish a facility in the province of Quebec to manufacture compact household refrigerator units. This offer was made under the terms of the Regional Development Incentives Act. This project is expected to create 179 jobs and generate investments of some $11 million in a region of the province facing very high unemployment at the present time.

● (2207)

Before going into details concerning the case raised by the hon. member for Nickel Belt (Mr. Rodriguez), I would like to explain briefly the approach used by this department when evaluating an application made by a firm for a development grant under RDIA. Before offering an incentive to any applicant, the government—DREE among other departments—undertakes an extremely careful analysis of the project, in order to satisfy itself as to the net benefits that will accrue from it.

In the case of the firm to which the hon. member is referring, the principal product to be manufactured will be compact refrigerators for use by owners of hotels, cottages, condominiums, and recreational vehicles. In addition, a secondary product line of compact freezers will be manufactured which will represent only a relatively small proportion of the company's output.

At the present time Canada is importing a very large proportion of its requirements for compact refrigerators, that is, with a capacity of less than 10 cubic feet. With the anticipated arrival of the Merloni Group in Canada, we would expect that Canada would become more self-sufficient in the production of this line.

Finally, Mr. Speaker, I would like to add that the implementation of this project meets the regional development objectives set by the Canadian government, since the new company will contribute to creating new export outlets for a Canadian firm. It will reinforce Quebec's industrial base and create a substantial number of jobs in a region that suffers from high unemployment.

I am sure, Mr. Speaker, that members of this House will agree with me that these are important factors which justify our decision in this case.

[Mr. Rodriguez.]

CANADIAN INTERNATIONAL DEVELOPMENT AGENCY—OXFAM—PROPOSED STUDY OF FUNDING

Mr. Bob Brisco (Kootenay West): Mr. Speaker, on November 16 and again on December 2 I raised questions concerning the organization of Oxfam Canada. On November 16 my question was put to the Secretary of State for External Affairs (Mr. Jamieson) who formerly, at least, had a connection with CIDA. My concern at that time was that in certain statements contained in documents that came to me there was an indication, not an outright suggestion or recommendation but an indication, that it was possible to deceive CIDA about certain funds because CIDA might have poor accounting practices.

I found that alarming in itself but what I found even more alarming was that when I addressed a question to the Minister of National Revenue (Mr. Guay) on December 2 to the effect that, according to further documentation and information that had come to me, it was possible, on the basis of the statements made by an officer of Oxfam, that Oxfam could set out to deceive large corporations and well-to-do citizens deliberately by failing to inform them that one of the motives of an officer or officers of Oxfam was to equalize distribution of wealth in Canada.

I am not prepared to argue whether that doctrine is acceptable, but I am certainly prepared to argue that political overtones of this nature should not invade meetings or discussions of directors of an organization that is registered as a charitable foundation or organization with the Department of National Revenue which qualifies subscribers to it for tax deductions. On the basis of information that I have provided to the Secretary of State for External Affairs and to the Minister of National Revenue, I have sought from the Minister of National Revenue an indication of whether he is prepared to take action.

It may well be that certain individuals on the board of Oxfam have political philosophies that have seeped into the structure of the organization. If that be the case then let me draw to the attention of the House the fact that over a year ago I happened to see an advertisement which had been passed, as I remember, to two members of the opposition—the hon. member for South Shore (Mr. Crouse) and the hon.

member for Central Nova (Mr. MacKay). It was a newspaper advertisement from an overseas paper making clear reference to the fact that Oxfam Quebec—and I divorce Oxfam Quebec from Oxfam Canada but nevertheless an organization carrying the same name, an organization of international repute—that Oxfam Quebec was soliciting funds to aid it in gaining its independence. If these are indeed the aims and objectives of the Oxfam organization, be it Oxfam Canada or Oxfam Quebec, surely as a charitable foundation, to which Canadians are asked to subscribe, it should come under the most close scrutiny by the Minister of National Revenue.

● (2212)

In connection with the comments of one of its officers regarding the accounting practices of CIDA—it should also come under the scrutiny of the minister responsible for CIDA who in turn provides funds to some non-governmental organizations. I find it regrettable that I should have to stand and speak about an organization which has in the past done a great deal for the aid and comfort of those, particularly in the Third World countries. I suggest to you, Mr. Speaker, if this organization has now taken upon itself a political flavour, which I personally find unacceptable, then I think it is incumbent upon the government to inquire as to whether or not it should be entitled to qualify for tax deductions as a registered charitable organization.

In addition let me say that the practice of deception by any officer of any charitable organization which seeks funding from willing Canadians, and Canadians are well known for their charity, and which would attempt to deceive the public by failing to reveal the true political intent of the organization when it should have none, opens that organization to the most serious question. I find it regrettable that I should have to throw into question this particular organization.

Mr. Maurice Dupras (Parliamentary Secretary to Secretary of State for External Affairs): Mr. Speaker, I hope to be able to reassure my distinguished colleague from Kootenay West (Mr. Brisco) concerning the operation of Oxfam Canada. I will begin by telling him that I am not divorcing Quebec Oxfam from the Canada operation; there is only one Oxfam operation.

CIDA has recently completed a careful analysis of the Oxfam Canada financial position, covering the period May, 1973, to April, 1977. This analysis was done in consultation with Oxfam and was based on a review of their annual audited statements for this period, all of which are on file with CIDA NGO division. No problem concerning advance payments was noted during the CIDA review.

[*Translation*]

CIDA supplies OXFAM with funds for special projects sponsored by the latter abroad and payments are made through Treasury Board. When OXFAM asks for co-financing of a project, it also advises CIDA of when funds will be needed. Small and medium-sized projects are usually financed through a single payment made in a single fiscal year. More important projects are usually spread out over a period of several years and the second and third payments are made by CIDA only on the strength of descriptions and financial reports which meet its requirements. Upon receiving funds from CIDA for a specific project, OXFAM supplies the agency with copies of the document through which both CIDA and OXFAM funds were transferred overseas. In 1975-76, CIDA granted OXFAM-Canada a total amount of $324,940, and in 1976-77, $418,664. This year, total contributions by CIDA are estimated to reach from $320,000 to $350,000.

CIDA will continue to exercise regular control over the financial statements published by OXFAM-Canada, as it does for all organizations that receive funds through its Non-Governmental Organizations Division.

● (2217)

[*English*]

ENVIRONMENTAL AFFAIRS—DELAY IN RESPONDING TO STEVESTON OIL SPILL—GOVERNMENT ACTION TO RECTIFY

Mr. Benno Friesen (Surrey-White Rock): Mr. Speaker, on November 22 I rose to ask a question of the Minister of the Environment (Mr. Marchand), who is one of the ministers representing British Columbia in the cabinet. I rose to ask him about the oil spill which took place on August 29 at Steveston on the Fraser River. I pointed out that the spill had been reported at 11 p.m. on the evening of August 29 but that, according to all reports, nothing was done until 15 hours later, some time in the afternoon of August 30, and that the bulk of the equipment did not reach the spot until over 40 hours later.

I asked the minister whether anybody in his department had been sacked as a result of that gross exhibition of negligence and mismanagement, and the incredible answer the minister gave me was that no one had been sacked following the Steveston spill. He went on to say:

> I was satisfied that everything possible had been done. There was a little delay in getting the spill reported, but once it was reported, Environment Canada officials were on the spot right away and did a very thorough clean-up.

Mr. Speaker, that is simply not accurate. There was no delay in reporting the spill. The delay was in the department's reaction to that report.

Ever since I was elected three years ago I have been pressing the minister for the environment, whoever he might be, to assure us that there was adequate clean-up equipment available in British Columbia to deal with a major spill on the west coast. And always I was informed that there was ample equipment available and that it could be deployed very quickly if necessary, with the use of up-to-date computer techniques and so on. But it still took almost 15 hours for the equipment to get through in spite of all those technological marvels in the department. It so happens that the man in charge, the regional manager of the emergency operation, Captain Young, said the spill was reported to him but he was not asked to supply any clean-up equipment. Mr. Speaker, I hope that man is never in receipt of a May-day signal because his response would be, "Do you want me to come and help?"

I went to look at this particular spill. It was an incredible sight. Here was a blind slough—there was no place for the

spill to go except into the main stream. If you were to take a boom and string it across that slough—it would need to be no more than 200 years long—you would enclose that entire spill and prevent it getting into the main stream of the Fraser River. But because the department was so slow or negligent, the main part of the spill got into the Fraser and was swept as far down as Cherry Point.

Maybe the officials of the department think that oil spills can be so regulated as to occur between the hours of nine and five when they would not interfere with normal office hours. Incidentally, that particular spill is supposed to have cost anywhere between $70,000 and $200,000, which represents the labour cost of cleaning up. That does not include the cost of supplies and equipment. It certainly does not include the wages lost by the fishermen who were out of commission for about ten days. Meanwhile all the salmon were going up stream. The Americans were continuing to fish. They are getting their catch. The Canadians are losing it all. I wonder if the loss by the fishermen is not upwards of around $1 million because of that one spill.

● (2222)

I asked whether anyone had been sacked. The minister had the audacity to say no. He said he looked into it thoroughly, they gave him a run-through, and no one was sacked. Why did heads not roll? Had that happened in a free enterprise company dealing with the logging industry or something like that, heads would have rolled.

Anyone acquainted with the operations of MacMillan Bloedel on the west coast knows that they wanted a more efficient operation and heads rolled. However, in the government it is necessary to protect these people. I assume there was not even a lateral transfer.

We know it was not the fault of the equipment. It has to be the fault of the personnel. What kind of protection do the fishermen on the west coast have when we have that kind of personnel and this minister who protects that personnel?

This is the reason I have been asking for stand-by equipment in Surrey and White Rock, which would be the first to get the effect of a spill should it come north from Cherry Point. It is not because the equipment will be any better there, but because the people living there have a vested personal interest in making sure that equipment will get out to where the oil spill is doing damage.

Maybe the minister will now respond to my request and provide us with that kind of emergency equipment. We cannot depend on officials in Environment Canada in Vancouver to deploy that equipment from as close as 15 miles to Steveston.

I would like a categorical answer from the parliamentary secretary as to what will happen to the officials in the department. Will they share some of the responsibility? Will we get some equipment in Surrey and White Rock to make sure that people who have a personal interest at heart will get that equipment there and give them the opportunity to protect themselves, because Environment Canada sure is not going to do it?

Mr. Mike Landers (Parliamentary Secretary to Minister of State (Environment)): Mr. Speaker, on November 22 the hon. member for Surrey-White Rock (Mr. Friesen) questioned the Minister of the Environment (Mr. LeBlanc) about his department's response to the oil spill from the Canadian Fishing Company Limited at Steveston, B.C. The hon. member stated that officials did not follow up on the spill report until the next day and that it took 44 hours to get equipment to the spill scene.

The facts are as follows. On Monday, August 29, 1977, an abandoned fueling pipeline under the Canadian Fishing Company Limited, known as CANFISCO, cannery dock began leaking heavy bunker B fuel into Steveston harbour. In-coming fishermen reported the presence of oil to the CANFISCO manager who investigated the cannery wharf area at about 7.30 p.m. He found nothing out of the ordinary and took no further action.

At 10.50 p.m. the DPW dredger *Fort Langley,* inbound to Steveston harbour, reported to the Canadian Coast Guard's Vessel Traffic Management Centre the presence of oil in the Fraser River channel. The centre then began to alert responsible agencies. At 11.45 p.m. the environmental protection service duty officer called the resident departmental officer at Steveston and asked him to investigate. Contrary to the hon. member's allegations, immediate action was taken. The departmental officer carried out an on-site investigation and reported that he could see very little oil.

At 6.45 a.m. on August 30 the two departmental officers began a careful search for oil under the old wharves at Steveston harbour and soon found an estimated 5,000 gallons of oil among the debris, logs and abandoned nets under the cannery wharf. The source of the spill was soon identified as a broken six inch pipe leading to the CANFISCO storage tank. Some 10,000 gallons had spilled. CANFISCO officials assumed responsiblity for the spill and Clean Seas Canada Limited were called in to contain and clean up the spill. By 8.45 a.m., a small crew from Clean Seas were on the scene and spread peat moss in the oil to consolidate it under the wharves. Environmental protection service officers asked that the area be boomed to ensure containment during recovery operations. The contractor did not manage to do this until 1.45 p.m.

● (2227)

The facts speak for themselves. Departmental officers did not fail to respond immediately to notification of a spill. It did not take 44 hours to get equipment to the scene. While I regret the inconvenience to the fishermen, I believe the delay in opening of the salmon fishing period was the prudent and responsible course of action to take.

The Acting Speaker (Mr. Ethier): The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at 2 p.m.

Motion agreed to and the House adjourned at 10.28 p.m.

HOUSE OF COMMONS

Wednesday, December 7, 1977

The House met at 2 p.m.

● (1407)

ROUTINE PROCEEDINGS

[*English*]

AIR TRANSPORT

PROPOSED EXTENSION OF ADVANCED BOOKING DOMESTIC AIR CHARTERS—MOTION UNDER S.O. 43

Mr. Jack Murta (Lisgar): Mr. Speaker, I rise under the provisions of Standing Order 43. My motion concerns the decision of the Canadian Transport Commission permitting domestic air charters, but only on a highly restricted basis. In view of the CTC's decision to hand over the air charter market to the very interests which have most consistently opposed the concept in the first place, and also in light of the extremely limited nature of the charter operation for the first year of operation, I move, seconded by the hon. member for Vegreville (Mr. Mazankowski):

That it is the opinion of this House that the question of a massive travel deficit, which is currently draining our prosperity, and of national unity, which threatens our collective future, are too important to permit the restriction on the use of the very important tool of widely available low cost air travel, and, further to these ends, that the decision announced by the CTC be extended to allow both the full participation of Canadian charter airlines and a greater use of the program by the Canadian public during the first year of operation.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

INDUSTRY

USE OF PART OF UNEMPLOYMENT INSURANCE BENEFIT AS EMPLOYMENT INCENTIVE—MOTION UNDER S.O. 43

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, I rise to move a motion under Standing Order 43 on a matter of urgent and pressing necessity.

As an unemployment person receives two-thirds of his former pay when he is drawing UIC benefits, and as the government at present pays about half the cost or about $2 billion of the $4 billion that will be paid out in UIC benefits this year, I move, seconded by the hon. member for Hastings (Mr. Ellis):

That the government make available to potential employers an employment incentive amounting to half of the UIC benefits which an unemployed person is receiving so that the potential employer can then bid on contracts which were formerly out of his reach because of the low wages paid in the country from which the competition comes, and stand a good chance of obtaining the order. In this way he will be able to provide employment for those who would otherwise remain in idleness, and enable them to earn a pay cheque on which they will be paying income tax, and making a positive contribution to the economy.

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

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Paproski: Marc Lalonde said "no".

PROPOSAL TO STOP PAYMENT OF GRANTS TO NORTHERN TELECOM—MOTION UNDER S.O. 43

Mr. Andrew Brewin (Greenwood): Mr. Speaker, I too have a motion under Standing Order 43 regarding a matter that is both urgent and pressing. In view of the fact that Northern Telecom has announced lay-offs in Canada of over 1,000 workers, and more lay-offs are expected, and in view of the fact that the federal government through the Minister of Finance's budgetary statement has provided to this company $2 million in tax incentives, in addition to $10 million in federal grants and $44 million in federal income tax deferrals, and whereas Northern Telecom has just announced the purchase of two firms in the United States at an expense of $92 million, I move, seconded by the hon. member for Yorkton-Melville (Mr. Nystrom):

That this House urges the government to stop all federal grants and tax concessions which might assist Northern Telecom to purchase firms outside of Canada and lay off Canadian workers.

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

Some hon. Members: Agreed.

Some hon. Members: No.

Mirabel

[*Translation*]

ROYAL CANADIAN MOUNTED POLICE

SUGGESTED CONGRATULATIONS TO POLICE FORCES ON APPREHENSION OF DRUG TRAFFICKERS—MOTION UNDER S.O. 43

Mr. Léonel Beaudoin (Richmond): Mr. Speaker, pursuant to Standing Order 43, I ask for the unanimous consent of the House to present a motion on a matter of urgent and pressing necessity.

Considering the recent revelations about the RCMP operations and considering also that we forgot of late the positive actions of that police force as well as the recent arrest of an important group of drug traffickers due to the combined efforts of the RCMP, and the Quebec and Ontario provincial police forces, I move, seconded by the hon. member for Sherbrooke (Mr. Pelletier):

That the House commend the Royal Canadian Mounted Police, the Quebec Police Force and the Ontario Provincial Police for these outstanding operations.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

AIRPORTS

SUGGESTION THAT MIRABEL NOT BE EXPANDED—MOTION UNDER S.O. 43

Mr. Dan McKenzie (Winnipeg South Centre): Mr. Speaker, pursuant to Standing Order 43, I rise to put forward a motion of urgent and pressing necessity. In view of the fact that Mirabel airport has been described as the mistake of the decade, "a white elephant", suffering a $47 million loss last year, and in view of the fact that the Minister of Industry, Trade and Commerce, the hon. member for Crowfoot (Mr. Horner), has recommended "mothballing Mirabel for a couple of years", I move, seconded by the hon. member for Selkirk (Mr. Whiteway):

That this House direct the Minister of Transport not to allot any further funds for the recently announced building of a second air terminal at Mirabel, and that the funds be assigned to assist municipalities in major works programs such as the city of Winnipeg's storm drainage upgrading program which has a much higher priority than expanding Mirabel.

Mr. Speaker: The hon. member is presenting a motion which can only be discussed with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

[Mr. Speaker.]

CANADIAN NATIONAL RAILWAYS

SUGGESTION EXECUTIVES RATHER THAN OPERATING PERSONNEL BE LAID OFF—MOTION UNDER S.O. 43

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, pursuant to Standing Order 43 I rise on a matter of urgent and pressing necessity. Whereas railways are the most energy efficient form of transportation, and major employers in this country, and in view of the impending nationwide lay-offs of CNR personnel during a time when employment is at unprecedented heights in this country, I move, seconded by the hon. member for Saskatoon-Biggar (Mr. Hnatyshyn):

That the Minister of Transport recommend cutbacks in the executive structure of the CNR, rather than laying-off personnel at operational levels, and request CNR management to become more competitive with other modes of transportation.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

● (1412)

TRADE

REQUEST FOR ACTION TO REDUCE DEFICIT IN AUTO PARTS WITH UNITED STATES—MOTION UNDER S.O. 43

Mr. Max Saltsman (Waterloo-Cambridge): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity connected with the news released yesterday that the average deficit on auto trade with the United States has increased by some 38 per cent over last year for the first ten months of this year, so that it is currently, to the end of October, over $969 million, and that the deficit in auto parts alone is expected to be $3 billion at the end of the year. In light of the large and growing deficit on auto trade, and in view of the 20,000 jobs lost because of this huge trade deficit, I move, seconded by the hon. member for Winnipeg North (Mr. Orlikow):

That the government be instructed to lay before this House before we adjourn a plan to reduce the over-all trade deficit in auto parts with the United States within a reasonable period of time, and to ensure that henceforth the Canadian economy receives its fair share of auto related jobs, both skilled and unskilled.

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

Some hon. Members: Agreed.

Some hon. Members: No.

SMALL BUSINESS

PROPOSED MEASURES OF ASSISTANCE—MOTION UNDER S.O. 43

Mr. Otto Jelinek (High Park-Humber Valley): Mr. Speaker, I rise pursuant to the provisions of Standing Order 43 on a matter of urgent and pressing necessity related to the highest unemployment level in Canada since the war. Because, by the government's own definition, small business in this country even as recently as last year was responsible for 60 per cent of the labour force and roughly 50 per cent of the manufacturing sector; and in view of the fact that the government continues to ignore the problems and potential solutions of this vital sector of our economy, evidenced by the fact that not one realistic incentive oriented program has been introduced thus far, nor did the Minister of Finance (Mr. Chrétien) see fit to even mention small business in his so-called minibudget on October 20, I move, seconded by the hon. member for Parry Sound-Muskoka (Mr. Darling):

That this House instruct the Minister of State responsible for Small Business, along with the Minister of Finance, to introduce forthwith realistic and comprehensive programs in accordance with numerous recommendations by various interest groups across Canada including those made by the official opposition regarding such specific programs as the employment tax credits, government set-asides, investment tax credits and many others.

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

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

THE CANADIAN ECONOMY

UNEMPLOYMENT—DATE OF INTRODUCTION OF MEASURES TO ALLEVIATE

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, my question was to be directed to the Minister of Finance whom we understood would be in his place in parliament today. In his absence, I should like to direct it to the Acting Prime Minister. The Minister of Finance has admitted to Canadian people that the tax measures in Bill C-11 are in effect already in the country. It is clear from the unemployment statistics this week that they are not working.

I see the minister entering the Chamber. I will wait for him. I welcome the minister to the House of Commons 15 minutes after the hour.

Some hon. Members: Oh, oh!

Mr. Clark: Outside the House the minister admitted that the tax measures in Bill C-11 are already in effect in the country. The unemployment statistics indicated this week that

those measures are not working well enough. Yet, as we look at the order paper of the House of Commons, we see that there is not a single new finance measure proposed by this government to create jobs or growth for the economy. What new measures does the minister propose? Where are they? Why are they not on the order paper? When will they be before this parliament?

Some hon. Members: Hear, hear!

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I have not made any remarks when the hon. Leader of the Opposition was away trying to raise money, with great difficulty, for his party.

Some hon. Members: Hear, hear!

Mr. Chrétien: When the hon. Leader of the Opposition was away, I said in the House that if Bill C-11 is passed, I hope to return very soon with tax credits for businesses to enable them to employ more people. It is very difficult for me, having been tied up in the House with Bill C-11 for five weeks, to be in my department at the same time.

● (1417)

Some hon. Members: Oh, oh!

Mr. Clark: I do not know when the Minister of Finance will stop crying to parliament and to the people about his problems and when he will bring before the House of Commons some new measures. I do not want to hear about hopes. I look at the Order Paper of this parliament, the agenda of the House, and I see that this government is proposing nothing at all that is new. I want to know when we are going to have these proposals, and I say this to the Minister of Finance and to the government: If the government can come up with some new proposals to bring before the House of Commons, then we on this side of the House are prepared to come back early after Christmas to deal with them. We want to know that there is business here to deal with, and I want to know from the Minister of Finance now what those measures will be.

Mr. Chrétien: Mr. Speaker, there are some measures in front of the House at this time. The Leader of the Opposition would be well advised to tell his colleagues to pass Bill C-11 so that the business community will realize that despite the fact that those measures are in force since the spring budget, many of them do not believe that it is so—

Some hon. Members: Oh, oh!

An hon. Member: They don't believe you.

Mr. Chrétien: Every day I receive phone calls from the business community inquiring about what we are doing with Bill C-11, and I have to tell them it is being filibustered by the opposition.

Some hon. Members: Hear, hear!

An hon. Member: You don't know what a filibuster is.

[*Translation*]

Mr. Chrétien: Moreover, Mr. Speaker, I am pleased to advise the House that if this legislation is adopted, people will see that all middle and low income taxpayers are entitled to $100 tax cuts for both January and February, which will increase the demand in this country, and if only I can find the time to work on the tax credit formula for companies which will hire new employees, I shall do so before Christmas. Mr. Speaker, I only hope that I shall be able to devote all my time to this, without having to remain in the House a couple of weeks more, just because the opposition will not adopt Bill C-11.

[*English*]

Mr. Clark: The minister—who for the second time refuses to answer my question—says that nobody believes the government. Of course, they do not believe this government. There is no reason why the business community or anyone else in the country should believe that the government will do anything to bring growth and direction back to the economy, particularly since the minister continues to refuse to tell us what is on the agenda of the House. My question—

Mr. Chrétien: I would advise the hon. member to be in the House at the time when I make my speech and not to abuse the rules of the House.

Some hon. Members: Hear, hear!

An hon. Member: Sit down, you are not Mr. Speaker.

Mr. Speaker: Perhaps the Leader of the Opposition could ask his final supplementary question.

Mr. Clark: First of all the Minister of Finance refuses to answer questions that are asked and then he tries to answer questions that are not asked. In refusing to tell us what business he has for the House of Commons—there is a great deal of shouting from across the floor. This government hopes it can shout down questions from the opposition. Well, they cannot.

Some hon. Members: Hear, hear!

DATE OF INTRODUCTION OF EMPLOYMENT TAX CREDITS

Mr. Joe Clark (Leader of the Opposition): The Minister of Finance has talked about employment tax credits. He has been talking about that for a long time now. Any normal Minister of Finance, whatever the pressures, would have been able to bring a bill before the House of Commons. Will the minister tell the House when he will be in a position to bring to parliament a specific proposal to embody that employment tax credit, when it will be before the House, and will we have it this month, as the Prime Minister promised?

Hon. Jean Chrétien (Minister of Finance): I will be able to come to the House with a statement seven days after Bill C-11 is passed.

Some hon. Members: Hear, hear!

[Mr. Chrétien.]

Mr. Clark: What I want to know from the Minister of Finance is if that bill regarding the investment tax credit is ready, can he bring it to the House of Commons today or tomorrow so that the people of the country who want to know what is in that measure will know exactly what the government is preparing, or will the minister admit that he does not know what to do in this matter?

● (1422)

Mr. Chrétien: Mr. Speaker, the opposition has known since March what was in the budget of the hon. member for Rosedale. Hon. members opposite have not as yet been able to make up their minds about it. I know exactly what will be in that bill, and I will make a statement in the House before Christmas, if Bill C-11 can be passed.

Mr. Clark: When will it be a bill? You have nothing to propose.

UNEMPLOYMENT—EFFECT OF INVESTMENT TAX CREDIT

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, I have a supplementary question for the Minister of Finance, who has indicated that as of March 31 certain budgetary measures were in place. One of those budgetary measures was an investment credit plan costing the government about $485 million. The investment credit was a 5 per cent allowance to those corporations which chose to use that credit. Would the minister indicate to the House, now that it is over eight months since that March 31 announcement, to what extent he feels the credit has worked? To what extent has it been a stimulant? How many jobs does the minister feel have been created in Canada due to that $485 million tax credit?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, if the hon. member thinks that credit is not good, he can vote against it in the Committee of the Whole this afternoon.

Mr. Paproski: Why don't you answer the question?

Mr. Clark: Chrétien never answers questions.

UNEMPLOYMENT—SUGGESTION INVESTMENT TAX CREDIT BE CONDITIONAL UPON JOB CREATION

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, I am sorry that the minister has not even attempted to indicate to the House to what extent the credit has worked for the jobless in this country. Speaking of the Committee of the Whole this afternoon and dealing with the investment credit to which I have referred, would the minister consider moving an amendment this afternoon to make it clear that those investment credits will be conditional upon job creation and for first decisions on future investment as far as corporations are concerned?

Mr. Chrétien: Mr. Speaker—

Mr. Speaker: Order, please. That is a question which should be asked and answered in the committee, not here.

* * *

MANPOWER

REQUEST FOR CLARIFICATION OF MINISTER'S STATEMENT THAT CANADIANS ARE SPOILED ROTTEN

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, perhaps the financial spokesman for the Conservative Party should think about a bill before he votes for it at second reading.

Mr. Alexander: Just get on with your question.

Mr. Broadbent: I would like to ask a question of the Minister of Employment and Immigration. Yesterday when it was revealed that more Canadians are unemployed now than at any time since the great depression there were attributed to the minister some totally insensitive comments which I would like him to have the opportunity to clarify. He was quoted as saying that Canadians are "spoiled rotten," they are "living too high off the hog" and, presumably as a consequence of this, they "need a kick in the gut." I would like the minister to inform the House if those are accurate quotations.

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, I have received an apology from the newspaper which printed that. The newspaper indicated it was wrong. The Canadian Broadcasting Corporation apologized this morning. I intend to raise a question of privilege on this particular statement because a false impression has been enunciated not only in newspapers and on radio but it has also been spread across the country by the hon. member, who had the gall to say he checked to confirm that this particular expression had been used. However, he did not bother to check the context, and I will be raising a question of privilege on that.

Some hon. Members: Hear, hear!

Mr. Broadbent: Before the minister raises a question of privilege I suggest he check the facts carefully.

Some hon. Members: Oh, oh!

Mr. Hees: They are behaving like hoodlums.

Mr. Speaker: Order. The hon. member for Oshawa-Whitby.

Mr. Broadbent: Mr. Speaker, the reason for my question—and I did not get a clear answer from the minister—is that I understand he has denied saying that Canadians need a kick in the gut. However, my understanding is that he did not retract his statement that Canadians are spoiled rotten and that they are living too high off the hog. That is why I asked him the question, and I would like him to clarify the record. Did he or did he not say that Canadians are spoiled rotten and are living too high off the hog?

• (1427)

Mr. Cullen: Mr. Speaker, I am not going to aid and abet the hon. member in spreading any false rumours. I am going to put everything in context which the hon. member has refused to do and I will do it on a question of privilege.

* * *

[*Translation*]

FINANCE

POSSIBILITY BANK OF CANADA WOULD PRINT MONEY FOR INDEPENDENT QUEBEC

Mr. Léonel Beaudoin (Richmond): Mr. Speaker, I would like to direct a question to the Minister of Finance.

During his visit in Frankfurt those last few days, the Quebec Minister of Finance, who thinks of himself as a demigod, is reported as having said this, and I quote:

If Canada were to refuse a monetary union with Quebec, we would establish a Quebec currency.

I would like to ask the Minister of Finance if in such conditions he would accept that the Bank of Canada print the Quebec currency, as it has done for other foreign currencies.

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I do not have much comment to make in that regard except that I know that many people now buying Quebec bonds on the market insist that it be made clear on the bonds that they will be redeemed in Canadian dollars.

REQUEST BANK OF CANADA ISSUE MONEY TO FINANCE PROVINCIAL AND MUNICIPAL PROJECTS

Mr. Léonel Beaudoin (Richmond): Mr. Speaker, as the Minister of Finance, the premiers of every province and the Prime Minister of Canada would agree that the problem we now have in Canada, that is the lack of understanding between the federal government and the province of Quebec, depends mainly on our economic problems; as the creation of money is the work of man, why does the Minister of Finance not recommend to the Bank of Canada that it grant new credits to the federal government, in agreement with the provinces, in order to develop or finance new public services for municipalities and school boards, and that, with a view to alleviating unemployment and creating new jobs?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, our monetary policy is public knowledge in Canada; it was set by the governor of the Bank of Canada and I do not intend to ask him to change his policy.

REASON INTEREST RATES ARE SO HIGH

Mr. Léonel Beaudoin (Richmond): Mr. Speaker, I have another supplementary. Could the Minister of Finance say why we have to buy money at high interest rates the moment it is created, particularly with a stroke of the pen?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I do not think it would be appropriate during the oral question period to have a long debate on the monetary theories of the party which the hon. member represents.

* * *

[*English*]

AIR TRANSPORT

DOMESTIC AIR CHARTERS—REQUEST THAT WARDAIR BE ALLOWED TO PARTICIPATE

Mr. Jack Murta (Lisgar): Mr. Speaker, I am disappointed that the Minister of Transport is not here today. In his absence I will direct my question to the Deputy Prime Minister. It concerns the decision of the Canadian Transport Commission for the provision of charter air services within Canada—a decision which effectively excludes Wardair, the pioneer of Canadian charters. Will the Deputy Prime Minister exercise the government's prerogative and ensure that Wardair is allowed to participate in next summer's experiment with domestic air charters?

[*Translation*]

Mr. Charles Lapointe (Parliamentary Secretary to Minister of Transport): Mr. Speaker, the hon. member knows most certainly that the report of the committee of the Canadian Transport Commission was tabled only yesterday. I would like to tell the hon. member there is in this report an indication that the committee may happen to allow other Canadian carriers who have a class 4 licence to operate regional ABC's if a regional air carrier does not provide the service needed. I think we should be pleased about this report which will bring at last a little more competition in air fares in Canada. It is still too early to indicate how the government will react to this report.

[*English*]

Mr. Murta: Mr. Speaker, the parliamentary secretary did not answer my question in connection with Wardair. It is my understanding that Mr. Ward has decided to appeal the decision of the CTC. In light of the fact that restricting the interregional domestic charters to the two main carriers which over the years have opposed the domestic charter concept and by restricting the number of flights to 50, the program will provide little change from the present situation, will the parliamentary secretary—if the Deputy Prime Minister is not going to answer—undertake to communicate with the Minister of Transport to see if he will expand the program to provide the option of low-fare travel for Canadians this summer?

● (1432)

[*Translation*]

Mr. Lapointe: I think Mr. Speaker, that I already answered this question. Obviously we are not yet in a position to say how officials will react to this report as it was tabled yesterday. As far as the appeal of Wardair is concerned, they just have to make it and then the minister will certainly accept to consider it.

* * *

[*English*]

ROYAL CANADIAN MOUNTED POLICE

AVAILABILITY TO McDONALD COMMISSION OF MATERIAL REFUSED KEABLE COMMISSION

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, I have a short question for the Acting Solicitor General, who I presume to be the Minister of Justice. Will the Solicitor General be making available to the McDonald Royal Commission the information which he has resisted, and is continuing to resist, providing to the Keable Commission of inquiry?

Hon. Ron Basford (Acting Solicitor General): I would not want to answer that precisely because I have not reviewed the affidavit that has been filed with the Keable Commission. The Solicitor General has made it very clear in this House and elsewhere that he will be providing to the McDonald Commission everything that is pertinent to its terms of reference, and including all of the investigating techniques and practices—as I say, everything that is in any way relevant to the McDonald inquiry.

REASON KEABLE COMMISSION ASKED FOR PROCEDURAL MANUALS

Mr. Elmer M. MacKay (Central Nova): I want to thank the minister for his answer. I gather,then, that the position of the government is not that it will be restricting material or providing only those files which in its sole discretion it deems relevant as this would reflect very badly on the bona fides of the inquiry. I would like to ask him, as a supplementary, if he knows the reason that the Keable Commission requested procedural manuals was to determine precisely which requirements had to be followed by the security service regarding authorization for entries to be made by officers of the security services for the installation of any sort of listening devices.

Hon. Ron Basford (Acting Solicitor General): Mr. Speaker, I am not aware that that is why the Keable Commission wanted those documents. I am not aware at the present time whether the Keable Commission has ever explained why they wanted those particular documents.

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EXTERNAL AFFAIRS

REQUEST FOR ASSURANCE NO URANIUM SHIPMENTS TO FRANCE UNLESS SAFEGUARDS ACCEPTED

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, I have a question for the Deputy Prime Minister. It concerns the embargo on the shipment of uranium to the EEC pending the adoption by those nations of Canadian safeguards. Will the

Deputy Prime Minister assure the House that no agreement will be concluded with the EEC which allows France access to Canadian uranium without that country accepting the full scope of Canadian safeguards on its use?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, the Secretary of State for External Affairs advised the House last week that he has had discussions with the commissioner speaking for the EEC, and that quite a number of difficulties had been removed. The negotiation, as I understand it, is with the community as such and the safeguards arrangement would apply to the community, and accordingly to all members of the community.

Mr. Hnatyshyn: This is the important point, Mr. Speaker, because as the minister knows one of the tenets of the Treaty of Rome is a full and absolute commitment to free trade within the community. Will the minister tell the House, assuming France will not accept our safeguards, whether the nations of the EEC have then agreed to abrogate the Treaty of Rome to accommodate the Canadian interests in this regard?

Mr. MacEachen: I realize the question by the hon. member is an important one, but at the moment it is a speculative and hypothetical situation to which he is addressing himself. We ought to wait for the final result of the discussions to reach the conclusion the hon. member is suggesting.

* * *

[*Translation*]

REGIONAL ECONOMIC EXPANSION

EFFECT OF AGREEMENT WITH QUEBEC ON QUEBEC-FRANCE AGREEMENT TO DEVELOP COPPER MINES

Mr. Alexandre Cyr (Gaspé): Mr. Speaker, my question is for the Minister of Regional Economic Expansion.

Yesterday the Quebec government signed a general agreement with the French government about mining in Quebec. Under this agreement, prospecting for copper in northwest Quebec will cost $240,000. On the other hand, on March 29, 1976 the government of Canada and the Province of Quebec signed a $28 million agreement for mineral resources development. Would the minister tell the House if the Quebec-France program mentioned yesterday in the agreement might have been realized through the Canada-Quebec agreement under which the federal government gives a 60 per cent contribution?

Hon. Marcel Lessard (Minister of Regional Economic Expansion): Mr. Speaker, just as the hon. member, I have heard about this agreement signed in Paris by the Quebec and French governments about a $5 million participation in prospecting and mining for the next five years. In fact, according to press reports, since of course I have not seen the text of the official agreement, those works will cover research in geological and geophysical surveys. I must say, Mr. Speaker, that it is precisely the type of works covered under the agreement which has been signed with the government of Quebec 18 months ago and under which I committed the federal government to pay $17 million over the next five years. I would like to add this, Mr. Speaker: Probably it would have been much more profitable for the Quebec economy and especially for the mining sector had France preferred and judged wiser to buy the surplus copper that we have now in Canada and especially in Quebec and this would have helped create more jobs.

* * *

[*English*]

EXTERNAL AFFAIRS

REQUEST FOR TWO DAY DEBATE

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, my question is directed to the Deputy Prime Minister. Having the high regard I have for him as a parliamentarian who understands parliament, I direct a question to him. It concerns international affairs and the kaleidoscopic changes which have taken place in the Middle East, in the contemptuous way the U.S.S.R. is treating the Helsinki Agreement, and the refusal of the U.S.S.R. to assure fair treatment to dissidents whose only offence is to disagree democratically with what has been done. Would the minister set aside, between now and Christmas, two days of government time so that parliament will have some idea of what is going on other than what it reads in the press and understand at first hand what is taking place. It would also give the government the benefit of the views of other political parties concerning matters which have to do not only with the peace of the world now, but in the years ahead.

Some hon. Members: Hear, hear!

Hon. Allan J. MacEachen (Deputy Prime Minister): Mr. Speaker, I agree with the general direction of the right hon. member's suggestion, that it would be an extremely good idea to have an opportunity to debate these international issues. The right hon. member may recall, following a similar suggestion he made in the last session concerning debates on international affairs and questions of national unity, that there was arranged an opportunity to debate the issue of national unity with very good results—otherwise the House would not have had an opportunity to make its views known.

With respect to this particular suggestion, which I think is a good one, I will consult with the Secretary of State for External Affairs when he returns and try to arrange a time for discussion in the House on international affairs. I think it would be an extremely good idea and maybe, in the spirit of constructive co-operation which the right hon. member has shown, we may be able to accelerate other business so that time can be made available.

● (1442)

TRADE

CANADA-UNITED STATES AUTO PACT—ACTION TO ENSURE GREATER PRODUCTION OF PARTS IN CANADA

Mr. Max Saltsman (Waterloo-Cambridge): Mr. Speaker, I have a question for the Minister of Industry, Trade and Commerce. It arises out of the news released yesterday that the ten month trade deficit on auto trade with the United States had reached a new high of $969 million, which is some 38 per cent higher than at the same time last year and that this deficit arises chiefly because of a whopping deficit of $2.2 billion on our parts trade with the United States. In light of the fact that this continuing deficit means a loss of jobs that has been estimated to be in the range of 20,000 and that it is likely to get larger, can the minister be specific in telling the House what success he has had in convincing the major auto makers to either manufacture or buy more of their auto parts in Canada, particularly since the devaluation of the Canadian dollar has made our industry that much more competitive?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, nothing would please me more than to be specific. However, talks with the three major auto manufacturers are still going on. As yet, no conclusion has been reached. Some of them are interested in expanding their automobile plants. They have not yet determined whether that will be in Canada or the United States. However, negotiations are continuing. We are aware of the deficit in parts manufacturing. I have spoken on this subject many times in the House. All I can say is that in the spirit of this time of the year, we hope we can reach a conclusion before the new year.

* * *

INDUSTRY

APPARENT REFUSAL OF ANACONDA TO SELL CANADIAN PLANT—GOVERNMENT ACTION

Mr. Max Saltsman (Waterloo-Cambridge): Mr. Speaker, may I give the minister a chance to be specific in a case with which I know he is familiar. In connection with the growing auto trade deficit, it is my understanding that the minister's department has been involved in the attempt to find a buyer for the Anaconda plant in Toronto which makes radiator parts and other auto components, which will be forced to close down, with the loss of some 750 to 800 jobs unless a buyer suitable to the American parent is found. Rumours abound that several potential buyers for the plant have been found, but that the American parent would prefer to simply close the plant rather than face a potential competitor if the plant were to continue to operate and export to the American market. What has the minister done to attempt to find a buyer? In light of the fact that the plant is, potentially, a major exporter of parts to the American market and a major employer, can the minister say what he plans to do if the American parent continues to refuse to sell? This is an indication of why we are having this problem of deficits.

[Mr. MacEachen.]

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, I met with the management of the Anaconda plant and the union leaders at that plant some months ago. We were able to convince the parent company to keep the plant open until next April to give us time to find a buyer for the plant. It is now my understanding that the owners of the Anaconda plant have contacted an agency and, in essence, have put the plant up for sale. We have a couple of interested buyers. We are doing everything we can to assist with the successful transfer of ownership of the Anaconda plant in the hope of keeping it in production in Canada.

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HEALTH

REASON FOR REFUSAL TO TAKE ACTION ON MERCURY POISONING—PROPOSED REFERENCE TO COMMITTEE OF REPORT OF SCIENCE COUNCIL

Mr. J. R. Holmes (Lambton-Kent): Mr. Speaker, my question is for the Minister of National Health and Welfare. It is related to the serious problem of mercury poisoning, in particular among our native people. It relates to the recent figures of December 5 which revealed that 56 individuals had mercury levels above 50 parts per million. In the October report "Policies and Poisons" published by the Science Council of Canada, they stated and I quote:

> In respect of mercury, the scientific community was asked to prove damage before action was taken, whereas more commonly, the demonstration of the existence of a hazard has provoked action, for example with vinyl chloride.

I would like to ask the minister how she can justify, for example, the banning of saccharin on the basis of rat studies, or the action taken to control the hazards of vinyl chloride, and yet refuse to take meaningful action with respect to mercury poisoning with the knowledge that cases of Minimata disease exists.

[*Translation*]

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, I have the pleasure to inform the House that on the contrary we are going to sign within a few days an agreement on a research project in which, incidentally, we will have the participation of the Quebec government, of McGill University and of various associations representing the Indian communities of Quebec, which proves that we are very much interested in research related to the control of mercury poisoning.

[*English*]

Mr. Holmes: Mr. Speaker, that has to be one of the most irresponsible answers I have heard yet.

Some hon. Members: Hear, hear!

Mr. Holmes: May I simply say to the minister—

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

Mr. Holmes: I would like to ask the minister if she would give very serious consideration to referring the report of the Science Council of Canada to the appropriate committee or subcommittees, and give very serious consideration to their recommendation to establish a national advisory council on occupational and environmental health in order to correct this serious problem with regard to mercury poisoning.

Miss Bégin: Mr. Speaker, I believe that question should be directed to the minister responsible for the Science Council. I understood the question to be on the urgent need for research. I assured the hon. member that a major research project was going to be signed in a few days by myself and authorities of the Quebec government, McGill University and a representative of the Indian groups of Quebec. I can also say that further to the press release I issued on November 25, results of decisions made by my department for which I am responsible, and about which I am knowledgeable, are now being discussed with leaders of bands across the country.

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TRANSPORT

DATE WHEN HARBOUR PATROL BOAT WILL BE PROVIDED FOR VANCOUVER

Mr. Ron Huntington (Capilano): Mr. Speaker, in the absence of the Minister of Transport, I will direct my question to the acting minister. In view of the fact the Minister of Transport has put four Vancouver shipyards, all in need of work, to the expense of preparing tenders and design specifications for a new Vancouver harbour patrol boat, and has called for requotes on these tenders, when will the minister take the initiative to provide a Canada built harbour control vessel for the port of Vancouver, the largest and busiest harbour on the west coast of the North American continent?

[*Translation*]

Mr. Charles Lapointe (Parliamentary Secretary to Minister of Transport): Mr. Speaker, the suggestion made by the hon. member is very interesting and I will surely tell the minister about it as soon as he is back.

[*English*]

Mr. Huntington: Why did the Minister of Transport purchase through a straw company called Halifax Fishing Ventures Limited a United States built vessel that is nothing but a pile of junk, is not seaworthy and lies high and dry in shame under a Vancouver bridge?

Mr. Speaker: Order, please. The question seems to be somewhat argumentative.

Some hon. Members: Oh, oh!

Mr. Hnatyshyn: On a point of order.

Some hon. Members: Order.

Mr. Speaker: Order, please. Members will realize that the question asked by the hon. member is argumentative and seeks information which is available on the order paper.

Mr. Hnatyshyn: On a point of order, Mr. Speaker.

Mr. Speaker: Order, please. The hon. member for Algoma.

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REGIONAL ECONOMIC EXPANSION

MICHIGAN-MANITOULIN FERRY SERVICE AND DEVELOPMENT IN NORTHEASTERN ONTARIO—REQUEST FOR REPORT ON NEGOTIATIONS

Mr. Maurice Foster (Algoma): Mr. Speaker, my question is for the Minister of Regional Economic Expansion. In view of the special development problems facing northeastern Ontario—

Mr. Stevens: Argumentative.

Mr. Foster: —and in view of the minister's recent meeting with Ontario government ministers responsible for regional development in the province of Ontario—

Mr. Gillies: Argumentative.

Some hon. Members: Order.

Mr. Nowlan: Come on, let's have some order.

Some hon. Members: Hear, hear!

Mr. Speaker: Order, please. The hon. member for Algoma.

Mr. Foster: In view of the special problems facing northeastern Ontario regarding development and in view of the minister's recent meeting with Ontario ministers, can he tell the House what progress has been made on new initiatives for regional development in northeastern Ontario, especially concerning the Michigan-Manitoulin ferry service which I understand was discussed.

[*Translation*]

Hon. Marcel Lessard (Minister of Regional Economic Expansion): Mr. Speaker, we held a meeting this morning in Toronto where I took part in the discussions on possible joint development projects of both governments in this vast area of northern Ontario. I must say that our discussions were very positive, that several proposals were submitted to me and that we have agreed to carry on our negotiations. Indeed, I am confident that in the very near future we could conclude some agreements dealing with projects submitted this morning.

As for the specific project suggested by the hon. member, it is included among the many projects considered and we have agreed to continue to analyze it and possibly include it among those to be carried out.

● (1452)

[*English*]

GRAIN

DATE AND AMOUNT OF STABILIZATION PAYMENT

Mr. Arnold Malone (Battle River): Mr. Speaker, my question is for the Minister of Agriculture. When there will be a payout under the grain stabilization act and how much will it be?

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, the member of the cabinet who administers the payout under the grain stabilization act is the minister in charge of the Wheat Board, and following discussions I have had with him no decision has yet been made at this time.

Mr. Malone: A supplementary question, Mr. Speaker. Would the minister tell us whether or not the formula has been calculated yet?

Mr. Whelan: I am not in a position to say, sir.

WHEAT—POSSIBILITY OF INCREASE IN DOMESTIC PRICE

Mr. Don Mazankowski (Vegreville): Mr. Speaker, my question is directed to the Minister of Agriculture. Given the fact that farm income has dropped very dramatically, particularly in the grains industry, given the fact that under the Two-Price Wheat Act there is provision for an annual escalation in the price of domestic wheat used for human consumption commensurate with the increase in the cost of production, and given the fact that Supplementary Estimates A have revealed a slashing of some $35 million under the provisions of the Two-Price Wheat Act, would the minister advise the House why the government is so reluctant to live within the spirit and intent of the Two-Price Wheat Act, and does this reduction of $35 million mean that we cannot anticipate an upward adjustment in the minimum price under the provisions of the Two-Price Wheat Act?

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, this matter is still very much under discussion.

Mr. Mazankowski: A supplementary question. These discussions have been going on since last July. I wonder whether the minister would tell the House when these discussions will be concluded?

Mr. Whelan: I hope by Christmas, Mr. Speaker.

* * *

MULTICULTURALISM

DATE WHEN MINISTER WILL IMPLEMENT PROMISES

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, may I direct my question to the Minister of State (Multiculturalism) who has been running up and down the country indicating to the 30 per cent of the Canadian population who are minorities that this government has looked after the Anglophones, is now looking after the Francophones, and that the 30 per cent have been woefully neglected and he is going to see to it that some recognition is given to their talents so they will be brought into the public service. Would the minister indicate to the House when he is going to be in a position to give a definitive statement regarding his intentions in this matter, or is this window dressing just prior to the election?

Hon. Norman A. Cafik (Minister of State (Multiculturalism)): Mr. Speaker, the hon. member can be assured that all actions taken under my portfolio will be more than window dressing. We are deeply concerned about the ethno-cultural communities of this country and are equally concerned, as is the hon. member, with seeing that all Canadians have equal opportunity to work and participate in the mainstream of Canadian life at all times.

Mr. Alexander: A supplementary question, Mr. Speaker. I have heard that statement for the past three or four months. My question to the minister—I hope he has also kept his colleague the President of the Treasury Board involved in this respect—is: When is the minister going to stand up in this House and give a definitive statement respecting how he is going to implement this very laudable project of his? That is all I want to know.

Mr. Cafik: Well, Mr. Speaker, I am very pleased that hon. members are that much interested in the activities of my portfolio. I will give consideration to coming forward with a statement on motions in due course.

Mr. Speaker: The hon. member for New Westminster.

Mr. Alexander: Mr. Speaker, this is a very important matter and I think I should be allowed one supplementary.

Mr. Speaker: Order, please. The hon. member for New Westminster.

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LABOUR CONDITIONS

DISPUTE WITH B.C. TELEPHONE EMPLOYEES—POSSIBILITY OF INTRODUCTION OF LEGISLATION TO SETTLE

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, my question is directed to the Minister of Labour and it concerns the telephone strike in the province of British Columbia. Since 1972 this House has introduced dispute settlement legislation in a number of abrasive disputes, five of which affected workers on the coast of British Columbia. In view of the fact that the company has now rejected the intervention of the Minister of Labour in this increasingly bitter dispute, and in view of the fact that labour union has now accepted the conciliation report of Dr. Noel Hall, is the Minister of Labour intending to introduce legislation in the House in the near future based on the Noel Hall report?

Hon. John C. Munro (Minister of Labour): Mr. Speaker, I think technically and legally this situation is considered a strike. I do not think it would be beneficial at this stage to start talking about further legislation to end the strike, or a lockout if that is how the hon. member personally may wish to interpret it. The fact of the matter is that I am hopeful we can still find a means of settling this dispute without provoking a situation where we agree we have to start talking about legislation. Mr. Collins is there. He was appointed yesterday, as the hon. member knows, and I think we should give him a chance to see what he can do over the course of the next few days.

Mr. Leggatt: A supplementary question, Mr. Speaker. I agree with the minister we should give Mr. Collins perhaps a couple of days, but this is a strike which is becoming increasingly bitter and it is over just one clause in a previous union contract, namely the question of job security. The report called simply for an 18-month study of that particular clause. In view of the fact that seven times since 1972 we have forced workers back to work, is it not time that for once in this Housewe asked a company to accept a reasonable proposal and put the dispute back where it belongs?

Mr. Munro (Hamilton East): Unfortunately, Mr. Speaker, I think the hon. member has a rather short memory. The last time I came in with legislation in this House affecting my own department was to end a lockout in the port of Halifax.

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URBAN AFFAIRS

ALLEGED LACK OF CONSULTATION WITH PROVINCES—GOVERNMENT ACTION

Mr. Dean Whiteway (Selkirk): Mr. Speaker, in the absence of the Minister of State for Urban Affairs may I direct my question to the Deputy Prime Minister. It has to do with the report of the western premiers' task force on constitutional trends. Page 31 of the report talks about consultation with the provinces being non-existent. Can the Deputy Prime Minister tell us specifically what the government has in mind that it is going to do to correct the situation which is spoken about in this report, namely that consultation with the provinces in the area of housing and urban affairs is non-existent?

Hon. Allan J. MacEachen (Deputy Prime Minister): Mr. Speaker, I have not studied the report referred to by the hon. member, but he will realize that the Prime Minister is currently holding a series of consultations with the provincial premiers, and I am sure that housing is one of the subjects which will be brought forward. In any event, I think I am fairly well founded in my statement that housing is one of the elements which will be in the minds of the Prime Minister and the premiers when they meet in the new year, as has been suggested. So I believe the hon. member need not be concerned that housing is being neglected in federal-provincial consultations.

AGRICULTURE

PROTECTION OF PRODUCER INTERESTS DURING GATT NEGOTIATIONS—GOVERNMENT ACTION—REFERENCE TO COMMITTEE OF TARIFF BOARD REPORTS

Mr. John Wise (Elgin): Mr. Speaker, my question is directed to the Minister of Agriculture. Up to now, at least, the minister has refused to give any commitment or guarantee that Canadian agricultural interests would not be traded off at the present GATT talks. Is the minister prepared today to give any guarantee or commitment?

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, I wish any member of the government could give a full commitment or guarantee regarding his desires for agriculture or for whatever department he is responsible. These negotiations are held at a very confidential level. We have made submissions. I am sure the hon. member knows fully my views on what I think should be done to protect agriculture, and I have not changed those views.

Mr. Wise: Mr. Speaker, I think it is obvious that the minister is not prepared to give a guarantee, but would he be receptive to the suggestion that the two tariff board reports be referred to the Standing Committee on Agriculture so that the industry would have a further opportunity for input?

Mr. Whelan: Mr. Speaker, I think I intimated the other day that I had no objection to this. I have had discussions with the House leader and I will be discussing this further with him tomorrow.

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SOCIAL SECURITY

REQUEST FOR CLARIFICATION OF MINISTER'S STATEMENT ON UNIVERSALITY OF OLD AGE PENSIONS AND FAMILY ALLOWANCES

Mr. Paul Yewchuk (Athabasca): Mr. Speaker, my question is for the Minister of National Health and Welfare. On November 23 when I asked her whether she was planning to rearrange family allowances and the old age pension in order to get funds to pay for her proposed guaranteed annual income, as reported at page 1164 of *Hansard* she said she was studying rearrangements which would "take away from those who do not need universal programs." I asked her the same question on December 1, namely, whether she would take away from those who did not need the universal programs, family allowances and old age pensions, and she responded by saying there is no way that these programs will be modified. Her answer on December 1 directly opposes her answer of November 23. I should like to ask her now whether she is taking the position that she can have it both ways; that she can have these two programs simultaneously universal and selective?

● (1502)

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, I just read in the clippings of today that the hon. member issued a press release yesterday nurturing unfounded fears and anxieties among the Canadian population as to the universality of payments of old age pensions and family allowances, which I think is absolutely unacceptable, irresponsible and wrong—false, of course. I should like to say that unfortunately they probably did not have the number of my office and I did not receive a copy of the member's said press release, and I would like to study that before answering the question.

Mr. Yewchuk: Mr. Speaker, I was quoting from *Hansard*. If the minister will review *Hansard* of November 23 and of December 1 she will see where the quotations were found. In view of the fact that she seems to be unwilling or unable to explain herself, I would ask the Acting Prime Minister whether he will tell the House if family allowances and old age pensions will be made selective in order to pay for a guaranteed annual income, or will they remain universal programs? I would like an unequivocal answer?

Hon. Allan J. MacEachen (Deputy Prime Minister): Mr. Speaker, I can be quite unequivocal on that point. No decision has been made.

Some hon. Members: Oh, oh!

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HOUSE OF COMMONS

REMUNERATION OF MEMBERS

Mr. Speaker: Order, please. Before hearing the Minister of Employment and Immigration (Mr. Cullen) on a question of privilege, of which he has given the Chair notice, I have two matters outstanding which I think I ought to address to the House. The first has to do with members' remuneration.

As the end of 1977 is approaching rapidly, I felt certain that all hon. members would want me to give some consideration to the question of the application of increases of indemnities paid to members for 1978 and their relationship to anti-inflation guidelines.

Members will recall last year, in an effort to conform with both the letter and the spirit of the anti-inflation program, arrangements were made to pay members less than the $2,400 permissible maximum, which was arranged through an increase of $2,200 consisting of $1,500 in salary and $700 in expense allowance.

It is not easy to express these kind of increases in terms of an individual member's remuneration because, as is well known, there are regional variations in the allowances for members and, of course, there are some members who receive salary differentials on the basis of additional responsibilities over those of the ordinary member. However, using the formula provided in the anti-inflation program, that increase translated last year, under this formula which basically relates to the global amount paid to all as a group, to 5.59 per cent of the total sum paid to members for salaries, allowances and benefits.

It was evident that members wanted to continue with a similar arrangement for 1978 and so, after consultation with House leaders and through them with the party caucuses, I wish to advise hon. members that the 1978 increases will be $2,100, consisting of $1,400 in salary and $700 expense allowance. On the same basis of calculation this represents an increase of 4.96 per cent over the total sum paid to members of the House of Commons in salaries, allowances and benefits.

Special allowances, I think it should be emphasized, paid to members with additional responsibilities will remain unchanged, for the third consecutive year.

* * *

Mr. Speaker: Order, please. A point of order was raised in respect of some items in the estimates which will be finalized tomorrow in the supplementary estimates. This relates to a point which was raised the last time around when items were contained in the supplementary estimates which were described as $1 items, and which basically were objected to on the grounds that they were not purely supply items but in fact went beyond the limits of the supply procedure and extended into legislative authority.

I think all hon. members understand that the supply process is confined in its method of debate and exposure to the House in that it is put forward by way of an estimate which is examined by the committees of the House, and, at the end of that process when the estimate is deemed to be reported or in fact reported back to the House, it is dealt with rather quickly by way of a supply bill on the final supply day of the particular semester in which the estimate was originally advanced.

This is a process which has long been adhered to by the House which provides for an examination of the estimates in rather great detail, but does not provide for extensive debate between the various stages of the supply bill. As a result of that, it has long been a tenet of the House that supply ought to be confined strictly to the process for which it was intended, that is to say, for the purpose of putting forward by the government the estimate of money it needs, and then in turn the voting by the House of that money to the government, and not to be extended in any way into the legislative area, because legislation and legislated changes in substance are not intended to be part of supply, but rather ought to be part of the legislative process in the regular way which requires three readings, committee stage, and, in other words, ample opportunity for members to participate in debate and amendment.

Accordingly, the last time this argument was raised I indicated I thought it unfortunate we felt cramped by the process of argument on these points and, in the future, we ought to experiment with a process which would give the Chair an opportunity to hear these arguments in advance, rather than attempting to deal with them on the last allotted day when the whole supply process is finalized.

Accordingly, last Wednesday I gave notice of the intention to hear arguments on this, and points of argument were registered with the Chair on Thursday, and arguments in fact took place on Friday. Since tomorrow is the final day I thought I should adjudicate on that now.

The argument put forward last Friday concerned two items raised by the hon. member for Calgary Centre (Mr. Andre) in a very able way. These related to two items in these estimates, the first being vote 31a under regional economic expansion concerning the Cape Breton Development Corporation. I think I should read it as follows:

Payment to the Cape Breton Development Corporation to be applied by the Corporation in payment of the losses incurred in the operation and maintenance of the coal mining and related works and undertakings acquired by the Corporation under Section 9 of the Cape Breton Development Corporation Act, including administrative expenses chargeable to the Coal Divison,—

And the following was the part objected to:

—and notwithstanding Section 31(2) of the said act, for grants to municipalities on Cape Breton Island not exceeding an amount equal to the taxes that might have been levied for their 1977-78 fiscal year by the municipalities in respect of the personal property of the Corporation if the Corporation were not an agent of Her Majesty . . .

Then the amount stipulated is $21,976,000.

The second objection was in respect of Vote L56a under transport, which is as follows:

To authorize,

(a) the Minister to purchase on behalf of and to hold in trust for Her Majesty in right of Canada all of the issued common shares of VIA Rail Canada Inc. and to pay $100,000 in consideration thereof; and—

The following is the portion to which objection was taken:

(b) that all borrowings by VIA Rail Canada Inc. be exempted from the interest rate limitation of six per cent per annum imposed by subsection 72(5) of the Railway Act, and all such borrowings for a term of more than 12 months be subject to the approval of the Minister of Finance . . .

The total amount indicated is $100,000.

Members will recall that on the last occasion which I have referred to, we attempted to devise this better procedure which has led us to this point. The point at issue is whether the two items seek legislative authority which does now exist or does not exist. That is the nub of the problem, for if indeed the government already has legislative authority to do these things, then whether the amount is $1 or a billion dollars makes no difference to the Chair. If, on the other hand, the government does not possess the legislative authority to do these things, then neither does the amount of $1 or $1 billion make any difference. The test to which I put them is whether or not in these items the government is putting forward a spending estimate under authority it already possesses, or whether it is seeking new legislative authority for these two items.

In respect of the first vote, 31a, a reading of Section 31(2) of the act, which is the relevant section, clearly indicates that the government is entitled to pay to the Cape Breton Development Corporation amounts of money not to exceed amounts which would be levied in lieu of property taxes if in fact the Cape Breton Development Corporation were not a Crown corporation. As it turns out, the proposal here is to pay a sum of money to that corporation which in fact exceeds that which could be levied as property tax of the corporation and extends it to a new concept which is in lieu of personal tax, that is a tax on personal property. That seems to me to be directly contrary to the section because the section puts the limit as taxes that could be levied on property, and introduces a new kind of replacement. Therefore I feel that the words beginning "and notwithstanding Section 31(2) of the said act" must be deleted from the item.

● (1512)

In my view the item can remain in. The total amount of money can remain a proper part of the estimate. If it turns out to be an over estimate of the amount that is required to pay amounts in lieu of property taxes, so be it. That is an administrative matter which can be dealt with. I do not think the amount ought to be altered. I think the item has to come out which relates to the new concept being introduced into the statute.

In the second item, paragraph (a), it is significant that the same principles apply, but even more so because it is noted that paragraphs (a) and (b) form part of the $100,000 estimate. Paragraph (a) seeks that exact amount of money, the full $100,000 for the purchases of stock in VIA Rail Canada Inc. Therefore, obviously paragraph (b) is not an estimate in any sense of the word, because it does not seek any money, not even $1. The whole amount of $100,000 is the total amount of the estimate. All of that is contained in paragraph (a). Therefore no money is sought in paragraph (b). In any case, even if some sum of money were sought, the language of it is simply to release the restriction, which is contained in present legislation, of a ceiling on interest rates that ought to be sought by way of an amendment to the legislation.

In respect of both cases, I accept the argument of the hon. member for Calgary Centre, pursuant to the ruling which I made in March of this year: both of these items seek legislative authority which does not now exist. In all cases I am encouraged by the fact that the dispute by the House was not with the principle but with the approach to be taken to these programs. In fact the House is interested in the programs, particularly with respect to Cape Breton Development Corporation, and espouses an extension to the program. Simply, the House wants to see it done in a regular way. Therefore I would be encouraged by the prospect that if legislation is introduced to regularize this intention through an amendment to the legislation, it will receive speedy consideration by the House at least. In saying that I am drawing upon the arguments made by all members.

Also I hope all members have gained from this experiment, which has enabled us to argue these very important and significant subjects in a more orderly and regular way than we have done in the past. By coming to this point today, we are able to indicate what items, by order of the Chair, must be deleted from the supply bill tomorrow, again to encourage a repetition of the practice we have followed in the last two or three years of seeing the introduction of a supply bill at an

early hour during the day, rather than have it introduced at the last hour of the day, which has always been an affront to members who are asked to make these considerations at a late hour.

Some hon. Members: Hear, hear!

Mr. Speaker: Thus, I hope the entire process has been beneficial to members. I thank all members for their co-operation in this very interesting discussion.

* * *

Mr. Speaker: May I just take one minute to indicate to the House, as I intended to do earlier in the day, that we are all delighted to see back among us, after a bout of very serious illness, the hon. member for Hamilton Mountain (Mr. MacFarlane).

Some hon. Members: Hear, hear!

Mr. Gus MacFarlane (Hamilton Mountain): Mr. Speaker, thank you very much. It is important to feel part of a club which sends greetings from all sides of the House. Certainly I have mentioned to my own members of caucus my appreciation for their efforts. I have a greater understanding of those who are in hospital, and I should like all members to know that their kind wishes and words were very important to me. Certainly they played a great role in my being back here, where I intend to stay.

Some hon. Members: Hear, hear!

* * *

PRIVILEGE

MR. CULLEN—STATEMENTS AND QUESTIONS ON UNEMPLOYMENT

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, in my approximate ten years in the House of Commons, this is the first occasion I have had to rise on a question of privilege. That will give Your Honour some idea of the importance I attach to stances which I take as Minister of Employment and Immigration and the attitude I have to the unemployed.

My question of privilege arises out of statements made and questions asked in the House by the hon. Leader of the New Democratic Party (Mr. Broadbent) and the hon. member for St. John's West (Mr. Crosbie). Both left the impression that I said Canadians need a "kick in the gut", and the further impression that 8.4 per cent unemployment was the way to achieve it. Later the hon. Leader of the NDP stated that he had checked and confirmed that I had made that expression, but he carefully avoided the context.

In talking to a group of new Liberals at the University of Ottawa—

Some hon. Members: Oh, oh!

Mr. Paproski: Was it Jack Horner?

[Mr. Speaker.]

Mr. Beatty: Both of them!

Mr. Cullen: Mr. Speaker, that is their title, and they are proud to wear it.

Some hon. Members: Hear, hear!

Mr. Cullen: At that time basically we were discussing the question of unemployment, primarily among young people, and I said the following:

> The main feature this morning as I understand it is the question of unemployment and youth unemployment and the government's response to that specific problem. In so far as the federal government is concerned we look first of all at the statistics, which are frightening at the least, namely, that unemployment among youth is about twice the national average so that if unemployment is around eight or seven or eight among the adult male, among young people between the ages of fifteen and twenty-four it's somewhere in the fifteen per cent mark. And so that is a target group for us. The other area that we have to be so careful with and we get locked in all too often is "What in effect is full employment?" I was absolutely delighted, I guess I should say, that the NDP were finally coming around to recognize that full employment doesn't mean that everybody in Canada is working but they picked a very conservative figure of three per cent unemployment as full employment. Darcy McKeough, you may remember, picked 5.5 per cent and if 5.5 per cent of the work force was unemployed at any particular time that in fact was full employment. The truth probably lies somewhere in between the two figures.

Mr. Lambert (Edmonton West): What is your question of privilege?

Mr. Cullen: If the hon. member will wait, I will get to my question of privilege.

Mr. Lambert (Edmonton West): That is what you are supposed to be doing now.

Mr. Cullen: I continued by saying:

> As a politician I'm not going to get locked into that. I don't think it's a particularly fruitful game for a member of parliament, particularly one on the government side, and particularly a minister who has responsibility for employment policies. Given those particular figures, I think we should remember that about 95 per cent of the people in Canada who wanted work are working and so our target group is that other 5 per cent or 6 per cent depending upon whose figures you're using.

That was the context of the unemployment debate and the words I used at that particular time.

Later I was asked a question by a member of the audience who said: "Mr. Cullen, is it not true that people are living beyond their means in Canada?" She went on to express in various ways how she thought this particular thing was taking place.

My response was as follows:

> Well, I think your first comment is dead-on with what the Prime Minister has been saying, that you cannot get more out of the economy than you are prepared to put into it. I think one of the problems that we've had in Canada is that we've been spoiled rotten and that we've been living pretty high off the hog and, as a result of that, we expect that that is, in fact, going to continue. We haven't had what I call a kick in the gut the way the States had when they had this all-of-a-sudden oil embargo. They couldn't get what they required, they had to line up for gasoline and they had such an economic and psychological jolt that they're being a little more realistic in the prices they charge for their products. People that are bargaining as union leaders are taking a much more responsible attitude because they've had this shock value. Now, we've tried to shock the Canadian economy with wage and price controls and we've tried to give them a psychological shock.

At no time did I indicate that Canadians needed a kick in the gut. In fact I indicated that it had been administered in the United States.

When we brought this information to the attention of the CBC, they checked out the true facts, and this morning they apologized on the radio. When we brought this to the attention of the Ottawa *Citizen*, where the story had its birth, they put a correction in the newspaper today.

My responsibility, as Minister of Employment and Immigration, is to get across to the unemployed of this country that I am concerned. As a son of an individual who was laid off and unemployed, and as an individual who has suffered unemployment when working my way through school, I have a feeling for the unemployed. That kind of thing is important to me in acting as the Minister of Employment and Immigration.

I have received two apologies from the media. I think the very least I could expect from my colleagues is an apology that they made an error.

Some hon. Members: Hear, hear!

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I am not quite sure what member the minister had in mind when he was making his comments.

Mr. Goodale: You.

Mr. Broadbent: I hear one of his backbenchers answering for him. Evidently the minister expects to receive apologies from this side of the House. He referred to the hon. member for St. John's West (Mr. Crosbie) and myself. I thought perhaps he would refer to the Deputy Prime Minister of Canada (Mr. MacEachen).

● (1522)

If the minister looks in yesterday's *Hansard* he will find some interesting quotations, not coming from this side of the House but coming from his own side.

The minister raises an important question which pertains directly to what he has brought before us, as well as the Prime Minister (Mr. Trudeau), members of the Conservative party, and some from our party, namely, questions that are raised in the House about quotations that are attributed to people outside the House. I want to tell the minister that questions were raised yesterday from this side. I moved two motions under Standing Order 43. In my motion I used the phrase "alleged statement," and subsequently during the question period I sought some clarification. The word "alleged" was used from time to time by members of the Conservative party and indeed by the Deputy Prime Minister, but sometimes it was not. Yesterday the Deputy Prime Minister said, as reported at page 1583 of *Hansard*, that he was dissociating himself—

An hon. Member: Apologize, Broadbent.

Mr. Broadbent: —that it is not stated government policy. He said:

> . . . I find much in his statements and comments with which I agree such as, for example, his statement that it is not the total obligation of the government . . . to provide jobs.

Further on he said, with reference to the statement which he took for granted was uttered:

> They were general comments relating to what the minister conceives to be the lifestyle of Canadians,

My point is, and I want to stress it, that before I raised the issue in the House I saw not one newspaper but two, with two different stories, one a CP story and one a story by a reporter under a by-line in the Ottawa *Citizen*, presumably differently written stories—it could have been the same story but the paragraphs are quite different, the sequence is different—and in both stories the quotation is attributed to the minister. It seems to me that it is quite responsible for members on this side of the House to raise such questions.

At least when you use the word "allegation" there is a strong reason to believe—when you have two news stories before you in two different papers, presumably written by two different reporters attributing the words to the minister—that the story is true. But I want to go further, that if the minister really thought he had a case, as he says he has before the House now, yesterday morning he could have conveyed through his parliamentary secretary to members of the House of Commons—the story in the Ottawa *Citizen* is two days old—that he has been misquoted and we would have accepted his word. He could have conveyed this also to the Deputy Prime Minister.

Some hon. Members: Oh, oh!

An hon. Member: Apologize.

Mr. Broadbent: I am saying—oh, shut-up over there!

Mr. Speaker: Order, please. The hon. member for Oshawa-Whitby (Mr. Broadbent) had put questions to the minister today which were deferred because the minister had indicated his intention to raise this question of privilege, and I think it is appropriate that the hon. member should have the opportunity to make his remarks.

Mr. Broadbent: If the minister thinks he has a question of privilege on this, the least he could have done before making accusations against members on this side of the House was to have informed his parliamentary secretary yesterday morning that what was alleged to have been said was not said, and he could have told the Deputy Prime Minister the same thing. As everyone in the House knows, yesterday the Deputy Prime Minister believed that the quotations were accurate and he was doing his best to disassociate the government from them. If the minister was so incensed about the opposition, why did he not ensure that the Deputy Prime Minister himself knew yesterday that he did not utter the words?

I will reply to what I think is not a question of privilege at all and end up my comments by saying that the minister has withdrawn his statement—and I accept his word entirely. He says he did not say Canadians deserve a kick in the gut, and I

accept that. What he has not withdrawn, in fact he confirmed it, was that he said that Canadians have been spoiled rotten and that Canadians have been living too high off the hog. I say to the minister, let him go down to Cape Breton and tell them that.

Mr. Alexander: The minister is a cry baby.

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, I want to make a brief intervention in connection with this question of privilege. I believe, as the hon. member for Oshawa-Whitby (Mr. Broadbent) pointed out quite rightly, that this is not a question of privilege but rather an attempt to give an explanation of a rather unfortunate speech which he made to a group of Liberals, trying to tell them what they wanted to hear.

The minister, during the course of his so-called question of privilege, read from a transcript. He also has a recording of what he said during his speech or presentation to those students. I think it might be appropriate for the minister, if he wants to put the matter to rest, rather than read to the House an explanation and selected excerpts from his speech, if he would table the whole transcript and do us a further favour of allowing anyone who cares to hear the tape, which was recorded by his assistant at that meeting—because we on this side have checked the authenticity of the remarks quoted, we looked into the matter, and we understand that a recording was made by an assistant in the minister's office.

All I can say is that the minister has made utterances in the past outside the House which would lend credence to the authenticity of the statements that were attributed to him in the newspaper article, and I want to give a couple of examples. On March 31 of this year in the Ottawa *Journal* there was a report headlined "Tough-Talking Bud Cullen Finds Commons Irrelevant". It goes on to suggest—and there was no question of privilege raised in respect of this allegation—that he appears to enjoy developing a reputation as a tough guy since the Prime Minister (Mr. Trudeau) appointed him to the portfolio last September. He said that he regards parliament as being irrelevant to the point of embarrassment. Now he comes to parliament and attempts, on a question of privilege, to explain precisely what he has said.

At other times he indicated, with respect to the unemployed, that it was his contention that opposition members of parliament want to spoon feed the young people. He was alleging that, in defending the proposition which the Prime Minister put forward that if graduates from our universities could not find work in the country, they could go elsewhere. He underlined that kind of approach with the problems in seeking employment, so it is only natural, when we read another report of a tough guy speaking against people looking for jobs, for us to want to check it and to find out precisely what he said.

As the hon. member for Oshawa-Whitby says, when the minister speaks in the House, it is our obligation to accept what he says, and we accept the fact that, as he says, he did not say he wanted to give Canadians a kick in the gut. But I want to suggest to him that if he wants to demonstrate his sincerity to us, he will table a transcript of his statement and allow members of the House or of the media to hear the recording that was made of his statement. I think that in this way he would do far more to clarify the situation than by trying to explain it as an alleged question of privilege.

[Mr. Broadbent.]

Mr. Speaker: Before recognizing the hon. member for St. John's West (Mr. Crosbie), I take it that the hon. member for Saskatoon-Biggar (Mr. Hnatyshyn) is attempting, while contributing to the question of privilege which remains open for decision, to import into the discussion a point of order relative to the tabling of a document. I am not sure that any of the precedents would apply to a document which is not now in existence and make them apply to some document which would have to be brought into existence presumably by the transcription of a tape. That would be an extension of the principle. However, it may be a matter for further consideration.

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I personally feel that I am an aggrieved, innocent party in this matter, and I submit that there is now a question of privilege here with reference to myself. If we look at yesterday's record we will see that a motion under Standing Order 43 was moved by the hon. member for Central Nova (Mr. MacKay) and seconded by myself, a party who has been seriously impugned by the Minister of Employment and Immigration (Mr. Cullen), which stated with regard to this matter that the minister made a number of comments to a group of new Liberals—whatever they are, they must be few in number. I am quoting from page 1581 of *Hansard*. He was reported as saying that Canadians need a kick in the gut and have been living too high off the hog. The motion went on to say:

> Since most Canadians would like to read the full context of the minister's remarks in order to be aware of the heartlessness of this government . . .
>
> That this House requests the Minister of Employment to make both a tape of his conversation last week end at the University of Ottawa and a transcript of those remarks available to all individuals who request such.

That was our motion, from which it can easily be seen that we were requesting the whole transcript so that we would know exactly what was said. I seconded that motion.

● (1532)

When I read the minister's comments in the newspaper, I was not surprised because he was merely following the lead of the Prime Minister (Mr. Trudeau), who has said that we are obsessed with unemployment, who has shrugged his shoulders at unemployment for the last four years, and who has suggested that Canadians are soft. It is all in the same pattern, so when I read that the minister said—and he has admitted it—that we have been spoiled rotten, I recognized that as part of the same campaign of stating that it is all our fault that Canada and the government are in the position they are in. When he said that Canadians have been living too high off the hog, which he admitted today, I felt myself that the pig has nothing left but a squeak.

Some hon. Members: Oh, oh!

Mr. Crosbie: When I asked my question I was careful in phrasing it. It is found at page 1583 of *Hansard*. I asked the following:

> Are the comments made by the Minister of Employment and Immigration last Saturday night in connection with unemployment that we have been spoiled rotten, that Canadians have been living too high on the hog and that we need a kick in the guts . . .

I quoted the minister as saying that we need a kick in the guts. I know the minister thinks we on this side of the House need a kick in the guts, but apparently he was not saying that all Canadians need a kick in the guts. He was saying we need an upset like the Americans had. I accept that.

Any mistake I made in my question is a very slim one. However, the Deputy Prime Minister (Mr. MacEachen) assured me that the statements alleged to be those of the Minister of Employment and Immigration do not represent any considered policy on the part of the government. In other words, it was an aberration of the Minister of Employment and Immigration and not an aberration of the government, although the Deputy Prime Minister found much in the statements and comments of the Minister of Employment and Immigration with which he agreed.

Then the Deputy Prime Minister went on to say, as reported at page 1854 of *Hansard,* and I quote:

> Furthermore, I should draw to the hon. member's attention the fact that the quotations to which he referred as allegedly having been made by the minister did not refer to the unemployed of Canada. They were general comments relating to what the minister conceives to have been the lifestyle of Canadians, and that is not and has never been a question of government policy.

The Deputy Prime Minister was guilty of whatever I am guilty of, if Your Honour finds me guilty, but I plead not guilty in this matter.

Finally, the hon. gentleman made these alleged remarks Saturday night. They were in the press on Monday. The minister did not get up in this House on Monday to object—

An hon. Member: He wasn't here.

Mr. Crosbie: —to the fact that he had been wrongly quoted in the newspapers. He did not come to this House on Tuesday to object. I believe he went to his district. I suppose it is important for a member to go to his district but, if he was seriously concerned, he should have been in the House on Tuesday, and the record could have been corrected then.

The minister's parliamentary secretary could have corrected the record. The Deputy Prime Minister could have corrected it, but he did not do so. He endorsed what the minister said and agreed with it. The Deputy Prime Minister did not say the minister was misquoted.

Therefore, while I am willing to submit to Your Honour's ruling if Your Honour rules against me—I have great respect for Your Honour and Your Honour's rulings—I submit that I am an injured party.

Mr. Speaker: Before hearing the contribution of the hon. member for Westmount (Mr. Drury), I think I ought to move now to clarify something said by the hon. member for St. John's West (Mr. Crosbie) during the course of his remarks. He made reference to some quotation by the minister and followed that immediately by saying—if I am not mistaken; I had to catch this quickly—"I thought to myself that the pig—"

Mr. Crosbie: "Has nothing left but a squeak".

Mr. Speaker: I do not know if the hon. member for St. John's West was intending to use some sort of expression, but to me the clear effect of his language was that he was calling the minister a pig.

Mr. Alexander: Oh no, Sir. We wouldn't do that.

Mr. Speaker: To me that was the effect of the hon. member's language, and I do not think it was intended seriously.

An hon. Member: Withdraw.

Mr. Speaker: This is a very serious matter of decorum. I honestly believe that the hon. member for St. John's West was attempting to introduce into his remarks an expression rather than an epithet about the minister, and I think it would be better for all if the hon. member were able to confirm that.

Mr. Crosbie: Yes, Mr. Speaker. The minister said that Canadians are living too high on the hog, and I said I felt that the pig, meaning poor old Canadians—

Some hon. Members: Oh, oh!

Mr. Crosbie: —has nothing left but a squeak. I was not referring to the minister.

Hon. C. M. Drury (Westmount): Mr. Speaker—

Mr. Nystrom: Just "boar" in there, Bud!

Mr. Drury: —I would like to address myself very briefly to the intervention of the hon. member for Saskatoon-Biggar (Mr. Hnatyshyn). I take exception to two of his propositions. Your Honour has dealt with them partially on the question of precedents, but I think it is even more fundamental than that. In this House we operate on a system of trust.

An hon. Member: Ha!

Mr. Drury: We do, in spite of the "ha". Some people do not seem to understand that. The machine will not work unless this assumption is made, and when the hon. member for Saskatoon-Biggar suggests, first, that reading from a transcript is inadequate and if the minister wishes to be believed and before—by implication—he, the hon. member for Saskatoon-Biggar, and his party will believe the minister, let him table a recording, that is an absence of trust, and I think contrary to one basic rule and that is: an hon. member's word, given in this House, is taken. Unless we operate on that basis the machine will not operate. Parliament will not work.

There is a second fundamental principle against which the hon. member for Saskatoon-Biggar, wittingly or unwittingly,

has offended, and that is that you do not question the motives of other members. The hon. member suggested that he, because of the alleged previous performance of the Minister of Employment and Immigration (Mr. Cullen), had every reason to believe that the minister was a tough guy and so forth, and therefore he said those things. That is an example of questioning motives. Instead of examining what was said or not said, or its rightness or wrongness, the hon. member proceeded to try to impugn both the motives and the trustworthiness of the minister.

Unfortunately, recently we saw in Canada, through the polls, a popular referendum taken in which the public was asked in effect, "In matters of security, who would you sooner trust, the politicians or the police?" and the answer came back overwhelmingly, "We would sooner trust the police". I can understand this, and I suggest that unfounded allegations of untrustworthiness, and proceeding on assumptions that the motives and the trustworthiness of politicians should always be questioned, lead to a general public unwillingness to trust politicians, who themselves say they should not be trusted.

I suggest that the House should not follow or adopt rules or procedures which advertise or advocate untrusworthiness on the part of its members.

Some hon. Members: Hear, hear!

Mr. Speaker: Before I hear the hon. member for Egmont (Mr. MacDonald) on a separate point of order I would like to deal with this matter.

The Minister of Employment and Immigration (Mr. Cullen) has raised, by way of a question of privilege, that which has been raised frequently in the past by way of questions of privilege, particularly in circumstances relating to incorrect quotations by the media which in fact turn into questions or points of some sort which have been raised in the House.

We have always in the past, in circumstances of this sort where there have been incorrect quotations which were perhaps misleading to the public on very important matters but which further have become matters of issue of some sort in the House, allowed, under the heading of privilege, opportunities for matters to be exposed to the House and for comments to be made by other parties perhaps affected. That does not, however, in any way alter the question, which is not a question of privilege under the circumstances, and therefore I feel it should not be considered as a priori a question of privilege, but ought to be finalized at this time.

Mr. MacDonald (Egmont): Mr. Speaker, I rise on a point of order which relates to comments made by the hon. member for Westmount (Mr. Drury) and by the hon. member for Saskatoon-Biggar (Mr. Hnatyshyn). I am very much concerned about the course of events this afternoon related to the question of privilege raised by the Minister of Employment and Immigration (Mr. Cullen).

[Mr. Drury.]

● (1542)

In dealing with this matter Your Honour has referred to the fact that this was not just a question of the recollection of the minister, I assume, on the occasion of last Saturday. The minister quoted extensively, both by way of introduction and by way of exchange in terms of the specific events later referred to in the press story. There has been a long-standing tradition in this House that when documents are quoted from, as different from when they are referred to—

Mr. Macdonald (Rosedale): Official documents.

Mr. MacDonald (Egmont): No, any document. I am sorry that the former minister of finance (Mr. Macdonald) and one-time House leader does not recall. We have had a series of experiences, and my recollection is clear over the last 12 years that from time to time when ministers referred to documents and then quoted from them, that quotation was sufficient to require the tabling of that whole document. On occasion we have had some fairly stormy sessions about this, but the Chair has always upheld the principle that documents quoted from are subsequently tabled in this House. If this were not to be the case ministers who quote from documents would have a special advantage in dealing with the nature of the documents in the course of debate.

We are in a situation where the minister is not simply relying on his memory—I am sure he agrees with this, and I will give him a chance to clarify it if I am wrong—but he is obviously quoting from a transcript of the actual events as they took place. At this point the transcript is only available to the minister. To my mind it is a strange situation. If the minister is—and I believe he is—honestly attempting to clear the air on this matter, because I am sure he does not want to be identified with the comments as they were carried in the press last week, he would make the total document available. I assume that he has reviewed the total document to make sure there is no other comment made that would contradict what he said on the question of privilege this afternoon.

To be fair to the House, however, and more important to be consistent with the traditions of the House, Your Honour has referred to the fact that we are in a somewhat different situation. Normally when ministers refer to documents and quote from them in order to clear up a misunderstanding, or in this case a question of privilege, there is no question but that the documents are subsequently tabled.

In this case we are dealing with a document, in effect a transcript that the minister has made available to himself so that he can clarify the record. He quotes from the document specifically but selectively. What members are asking for here is, I think, reasonable and is consistent with the traditions of this House—that the transcript which is the basis on which the minister made his statement this afternoon should be tabled in this House. Only in that way can we be in conformity with the traditions of the House as well as satisfactorily clear the air, which is the minister's prime objective in this instance.

Hon. Donald S. Macdonald (Rosedale): Mr. Speaker, in response to the invitation of my clansman and friend I would refer him to paragraph 159 of Beauchesne's Fourth Edition which makes clear that it is state papers which must be tabled by the minister and not private documents or memoranda.

As a member who does not expect to be very long in this House I can only say that I agree with the hon. member for Westmount (Mr. Drury) that the approach taken by the hon. member for Saskatoon-Biggar (Mr. Hnatyshyn) is not in the best interests of the kind of parliamentary debate that we should be seeking in this House. I join the hon. member for Westmount in saying that I hope this kind of attitude will not continue.

Mr. Arnold Peters (Timiskaming): Mr. Speaker, the point of order was raised, I gather, on three misquotes, or on statements that were not made. The minister has now read from a document that indicated two of them were correct and the other one was apparently misinterpreted as to whom it was applied. It did not apply to Canadians but to Americans. It was also in the past rather than the present. The point was raised on these three matters. I believe it should not be left for a member to rise on a question of privilege, making these three allegations of incorrect statements being attributed to him and then only be prepared to discuss one of them as not being factually correct and, on the other two, reading from a document which indicated they were correct.

I think if the documents were tabled that would re-establish this matter of trust. If someone claims he was misquoted and then reads from a document which indicates he was correctly quoted in two thirds of the quotations, it seems to me it would be to his advantage to have the document tabled so that the matter could be finalized.

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, as regards the obligation to lay down documents when a minister refers to them, I simply direct you to May's nineteenth edition, page 431, bottom of the page and upper part of page 432, where it is clearly stated that a minister is not bound to lay down a document if it is a private document or a memorandum. I quote:

[*English*]

The rule for the laying of cited documents cannot be held to apply to private letters or memoranda.

[*Translation*]

I suggest, Mr. Speaker, that in this case the minister was merely quoting an abstract from a personal note relating to a speech he had already delivered.

[*English*]

Mr. Hnatyshyn: Mr. Speaker, you may want to reflect on this matter overnight and look at the precedents established in this House. I am reminded of the point raised by my colleague, the hon. member for Wellington-Grey-Dufferin-Waterloo (Mr. Beatty) with respect to the Minister of National Revenue (Mr. Guay) reading from his own letter. While the matter did not come up for further discussion the minister, through his parliamentary secretary, saw fit to table the letter, and that was acceptable and in accordance with the practices and traditions which have been developed in this House. I think it may be appropriate for Your Honour to consider this matter and reserve decision. It is something that comes up from time to time, and it may be worth making sure that all precedents have been properly attended in this case.

A final comment, Sir, with respect to the remarks of the hon. member for Westmount (Mr. Drury): I appreciated the tenor of his remarks, but as soon as the hon. member for Rosedale (Mr. Macdonald) made his contribution I realized I was on the right course.

Mr. Speaker: Order, please. I am prepared to give the matter some consideration. I think my initial impression from the arguments made here today and from my knowledge of the precedents is that the extension of the precedent relating to the tabling of documents by ministers to cover speech notes would be an extension that goes quite far beyond the established precedent in that regard, and therefore it would seem most unlikely to me that it could be extended to fit that situation. This is particularly so in view of the fact that the minister has come into the House and said "I was misquoted. The relevant part of the speech is this." He has notes in front of him, and the argument is that then he should be able to go out and prepare the entire memorandum for the purpose of tabling it. In other words, the document is not in existence at the time he is citing it. That is not the document that must be tabled without alteration when that precedent applies, not one that will be brought into existence for the purpose of tabling. I think that is an important distinction.

In any case I indicated that I would reserve, and I shall do that and give a ruling just as soon as possible.

* * *

Mr. Hnatyshyn: I rise on a point of order, Mr. Speaker, which relates to my attempt to be recognized during the question period on a question of privilege when Your Honour, in effect, made a judgment subsequently or did not recognize another questioner after the hon. member for Capilano (Mr. Huntington) presented a supplementary question. I raise this point of order because, as Your Honour will be aware, the temporary Standing Order with respect to the prohibition against raising questions of privilege during the question period is no longer in effect.

I think Your Honour has taken the position that only points of order are raised in this area that relate to questions of privilege. Your Honour will at least hear out a member rising on a point of order for the purpose of determining what precise point of order he or she raises.

● (1552)

As I understand what happened today during the course of that particular time, and I was not recognized, Your Honour then made some reference to the reasons why he did not allow the hon. member for Capilano to pose or have his question

answered on the basis that his question appeared to you to be argumentative. My point is this: I would have thought it would have been possible within the rules now followed that, before the decision was made, Your Honour would have wished to have heard some representations as to the adequacy or otherwise of the member's question. It will be interesting to see the transcript.

I think there is a distinction to be made between an argumentative question and one which contains adjectives. For example, as I understood it, the hon. member referred to a vessel as a piece of junk. I do not believe that is necessarily argumentative—it may be a statement of fact. Members in the House, during the course of presenting strongly held views, may use that kind of language and it should not necessarily be considered argumentative unless it goes beyond the line of being an information-seeking question.

Another point I wish to raise with respect to the question period is that I think we should be entitled to be heard on points of order until other rules are adopted. At the present time I understand we have the right to bring up points of order and to be heard prior to a decision being made with respect to a point of order.

A further point which occurred to me during the course of the question period concerned the operation of the microphones in the House. They are switched from the person asking the question to the government side or member of cabinet who is to reply, without any direction from Your Honour. What occurs to me most vividly is the occasion on which the Leader of the Opposition (Mr. Clark) was engaged in questioning the Minister of Finance (Mr. Chrétien) and Your Honour stood, which I understand is a signal to have the microphone switched off. Indeed, what happened was that the microphone was then switched over to the government side, to the minister under question, without any direction from Your Honour or any recognition of the minister by the Chair.

I understand that when Your Honour stands up to intervene in a question there is some point you wish to make, either to rule the question out of order or for some other purpose. I have noted on occasion that the switching takes place automatically, to the point at which the cabinet minister being questioned apparently has the right, by virtue of this automatic process, of answering before the balance of the question can be put.

I bring these matters to Your Honour's attention because I believe them to be important if we are to conduct the question period in an orderly manner. You can understand, Sir, that we on the opposition side wish to co-operate as much as possible, but unless the rules are quite clear then there will of course be a sense of grievance. It is my feeling that Your Honour should recognize a person on a point of order when it arises as a result of procedures in the question period, and I would appreciate Your Honour looking into the question of the mechanical operation of the microphones without direction from yourself.

Mr. Speaker: The hon. member in asking me to hear representations of the sort he has just made is asking me to offend the regulations under which we now proceed. The precise terms of the procedures which we now follow are that I am not to hear points of order raised by way of objection on the part of members who are not recognized—that is the way it was before—I am not to hear those points of order until after the question period is over. That is precisely what I am doing now. I follow this procedure every day. If there are members who have grievances to raise which formerly they might have raised during the question period—I hear them at this stage, just as I have done today.

For me to entertain applications on matters of privilege or order during the question period when a member feels in some way aggrieved by a decision of the Chair would, in my opinion, be running counter to the order under which we are operating. Therefore I would invite the hon. member, if he wishes to do so, to persuade the House to return to the old procedure, one which I feel would be a retrograde step. However, it is the hon. member's right to decide that. For me to recognize the hon. member today, in his capacity as acting House leader, or to recognize the hon. member for Capilano (Mr. Huntington), or any other member who wanted to raise a grievance about not being recognized for a third supplementary, or things of that nature, during the question period, and stop the question period at three o'clock, would be a method of proceeding which would create great difficulty. Instead, the House has directed that such matters should be left until the end of the question period. I believe it to be a preferable course, and one I am bound to follow.

If the hon. member wishes to examine the language of the hon. member for Capilano on his supplementary question today to try to persuade me that he indicated that a purchase was made in a manner it was made, which may be a proper allegation, but that it was nothing but a piece of junk—that was the language he used, I believe—if that is an information-seeking question and not an argumentative one in the terms I understand it, I would have a great deal of difficulty knowing what is an argumentative question. If I can be changed in that opinion, fine. The supplementary question attempted by the hon. member for Capilano was, in my opinion, very clearly argumentative in its terms, and I therefore went on to another question.

Another difficulty we faced today, for example, was posed when the right hon. member for Prince Albert (Mr. Diefenbaker) put a question and was interested in pursuing a supplementary. His question was answered in the affirmative in every respect. It seems to me that the Chair, by attempting to control supplementaries in the interest of getting a broader participation in the question period, can scarcely permit a supplementary question to one which has been met with a full, affirmative answer. The right hon. member asked for something to be considered, and the leader of the government stood up to answer the question which he said contained a worthwhile suggestion, and promised active consideration. If I am to grant a supplementary in a situation like that, to follow up some further attack, I cannot imagine what the attack would be.

The hon. member for Hamilton West (Mr. Alexander) also was seeking another supplementary, as indeed were others. I have to make judgments every day, and the judgments I am inclined to make are those which benefit the cause of greater participation by the opposition in the question period.

I can easily relax and let every front bench member ask three questions. The result would be that only eight or nine members would be recognized in the question period, and it would be easier for me to do that. I can go in that direction, if that is what the hon. member is proposing. I believe, though, that the majority of members feel I should keep a tight rein in order to see to it that some members on the back benches have an opportunity to be recognized during the question period.

Some hon. Members: Hear, hear!

Mr. Jones: I do not know how other members feel about the question period, but it seems to me that if we were to have points of order raised during the 45-minute question period we would not have any question asked. The entire time would be taken up by points of order and questions of privilege. I would suggest Your Honour continue with the procedure which is presently followed. If the Conservative party decrees it should ask all the questions in the question period, then some of us in the south end will not get any, and are not likely to get proper answers. I find the questions from this end are often more intelligent than theirs.

Mr. MacDonald (Egmont): Mr. Speaker, this matter has now been raised several times during the course of this present session, the third session of this parliament. I am somewhat confused by some of the comments Your Honour has just made.

I seem to recall that in the course of the second session, on the recommendation of the Committee on Procedure and Organization, certain changes were made with respect to the question period. One of the major changes was the deferment of points of order and questions of privilege until the end of the question period. I recall that this was a major recommendation of the committee, and it was agreed to by the House for the duration of the second session. As I further understand it, that was to have expired at the end of the second session. It was, I believe, very definitely just a recommendation of the committee. I see the chairman of the committee at that time shaking his head, and I would urge him and other hon. members to check the record.

It seemed to me that this particular recommendation and its acceptance by the House were for the period of time of the second session of this parliament. As I understand it, Your Honour, no subsequent agreement has been formally registered by the House to cover the third session. It may well be the Chair is utilizing the agreement covering the second session as a precedent in terms of the third session. That is why I am raising the point.

I very much accept what Your Honour has said with respect to the difficulties created by the number of questions which can be raised. There have been periods in previous parliaments where we have had far too many questions of privilege and points of order that cut off a number of questions and the chance of broader exchange during the question period.

● (1602)

I want to be clear in my understanding that the difference between the situation we are in today and the one we had during the second session was that during the second session we had agreement on the recommendation of the Standing Committee on Procedure and Organization, whereas in this session, if we are operating by that practice, it is basically because of some general acceptance of the precedents and not by any decision of this House. I do not think this decision has been taken with regard to this third session.

I invite Your Honour, officials of the House, and others to review that decision so that we can be clear as to the exact basis on which we have taken the position you have just enunciated.

Mr. Speaker: On the point just raised by the hon. member for Egmont (Mr. MacDonald), it seems to me that at the beginning of the third session I made a number of remarks to the House and indicated that I would continue to be guided by that during the course of this session. I left it in that way until the House directs otherwise. I will turn up that reference, if I can. In any event, if I did not say it then, I say it now. It seems to me that the only intelligent choice is to continue the way we are now, unless the House requests me to do otherwise.

Mr. MacKay: Mr. Speaker, I rise briefly on the same point of order. In Your Honour's summation you did not come to the point raised by the hon. member for Saskatoon-Biggar (Mr. Hnatyshyn). At the risk of sounding unduly ingratiating or obsequious, I and all members of this House very much appreciate the job you do in your difficult position.

There is one thing, however, that I believe has been changed as a result of television in this Chamber and, perhaps, with the installation of the sound system. That has been alluded to by the hon. member for Saskatoon-Biggar. I have personally noted it. I believe other members may find some measure of agreement with me.

The synchronization between those who operate the microphones and those who occupy the chair has suddenly changed. While you, Sir, are undoubtedly the one to control the validity of the interpretation of the types of questions asked in this House, I have noticed at times the microphones of members are turned off before Your Honour has time to adjudicate on whether they should be closed off. That is the point, I believe, that should be considered.

Mr. Speaker: The hon. member for Central Nova (Mr. MacKay) raises a point of order that was raised by the hon. member for Saskatoon-Biggar (Mr. Hnatyshyn). I did not refer to it. My understanding is that, as soon as I stand up, these microphones here are activated, and this de-activates all other microphones in the room. As long as I am on my feet to deal with or adjudicate upon a disputed point, even with the

case today where I was on my feet and both the Leader of the Opposition (Mr. Clark) and the Minister of Finance (Mr. Chrétien) were talking, they were not talking into active microphones. If it happened otherwise, it is extraordinary. When this microphone here is on, the other microphones are de-activitated. In any event, it is a legitimate point of concern and one we should watch.

I have no difficulty with the concept that if I get to my feet and my microphone is activated, the others are de-activated. I think everyone agrees with that basic concept. It would be unfair by that action to be able to precipitate the discontinuance of one microphone on one side of the House and activate the other. We shall check that.

Mr. Beatty: Mr. Speaker, I wish to elaborate briefly on the same point. It might be useful for Your Honour to review a tape of today's question period, the television tape of the House proceedings. When one of my colleagues to my left, I forget which one, was asking a question, the minister in question began to stand up. I was watching. My colleague's microphone was turned off and then turned back on. It had nothing to do with Your Honour. I do not believe you were standing at the time.

The concern I have is now that television has been introduced into the House of Commons, if this happens it is impossible to have a proper electronic Hansard of the proceedings of parliament. It is impossible for a microphone across the House to capture what is being said by a member on this side if his microphone has been turned off. This was an instance which I think will show on the tape where Your Honour did not stand, but the microphone was temporarily turned off and turned back on. That might assist Your Honour in your work.

Mr. Sharp: Mr. Speaker, I want to support you in the comments you made earlier about the way in which you would deal with points of order and questions of privilege during the question period. As I recall the rules, when we made the changes that put the Standing Order 43 motions at two o'clock and the questions following not later than 2:15, we made a great reform in this House. Up until that time there had been a question period of a certain length. It was always very difficult to determine when that question period came to an end. The intervention of points of order and questions of privilege sometimes resulted in the question period extending for a great deal longer than apparently was provided for in the rules.

I hope, Mr. Speaker, we will not revert to that situation. I believe it is important for order in this House that the question period should end at a particular time. That being so, I hope that you will follow your present practice of considering points of order and questions of privilege after the question period is over.

Mr. Peters: Mr. Speaker, I support the idea of taking points of order and questions of privilege following the question period. It is more orderly. I would, however, ask Your Honour to give some consideration to this particular period. It has now gone on for an hour.

A number of matters have been raised. The House would be better served if these matters were discussed privately in Your Hounour's chambers rather than in the House. Many problems affect Your Honour's particular jurisdiction. I have been very satisfied with Your Honour's decisions, something that was not always true with some of your predecessors.

I suggest that Your Honour be a little more firm with regard to disallowing pseudo points of order or pseudo points of privilege. I suggest it would be more orderly if Your Honour invited an hon. member to make his point directly. Many of these points of order and questions of privilege do not serve much purpose being raised in this House. I am sure that if Your Honour errs with regard to a certain matter, you will be pleased to make a correction.

I strongly urge Your Honour to be more firm and maybe rap the knuckles of those who raise questions of privilege which are in fact no questions of privilege.

Mr. Hnatyshyn: Mr. Speaker, I simply asked about the rules that apply during the course of the question period. My purpose is not to suggest that the previous rule is better than the current rule under which we have been operating. The point which is important is that the rules were arrived at and instituted by agreement.

There are ancillary considerations that flow from the question of what rules apply, whether we have re-instituted these rules in the third session or not. I simply ask Your Honour to allow us to reserve our right, because this is an important matter of procedure, so that we can come to some understanding by virtue of the agreement that existed before. It is important for us to be able to understand the ramifications of what has transpired. I ask Your Honour to allow us to reserve our right so that we can find out precisely the terms of the order and agreement entered into, and whether they still apply.

Mr. Speaker: There is nothing I can do or say today to take away the hon. member's right. If he wants to ask the House to go back to the other method, he ought to put his arguments forward.

ROUTINE PROCEEDINGS

[*English*]

CANADA EVIDENCE ACT

MEASURE TO ADMIT EVIDENCE RESPECTING CRIMINAL CONVICTIONS

Mr. Perrin Beatty (Wellington-Grey-Dufferin-Waterloo) moved for leave to introduce Bill C-410, to amend the Canada Evidence Act.

Some hon. Members: Explain.

Mr. Beatty: Mr. Speaker, I am pleased to accede to the request of my colleagues to explain my bill. The purpose of this bill is to allow evidence of a criminal conviction to be admitted in a subsequent civil action founded on the same facts. Such evidence was held to be inadmissible by the English Court of Appeal in the 1943 case of *Hollington v. Hewthorn.* Although Canadian courts have not applied the rule uniformly in this country, it poses a potential obstacle to evidence which is both relevant and of substantial probative value.

● (1612)

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

* * *

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today: 129, 318, 353, 427, 495, 496, 499, 515, 696, 722 and 760.

[*Text*]

CONFERENCE OF MINISTERS OF YOUTH AND SPORT

Question No. 129—**Mr. Jones:**

To the knowledge of the government, is there a conference in Britain comparable to the Conference of Ministers of Youth and Sport from the French-speaking states to which Canada could send English representatives and, if so, in what manner are representatives chosen?

Hon. Iona Campagnolo (Minister of State (Fitness and Amateur Sport)): In so far as the Minister of State for Fitness and Amateur Sport is concerned: No.

MACHINERY AND EQUIPMENT ADVISORY BOARD

Question No. 318—**Mr. McKenzie:**

1. Has the Machinery and Equipment Advisory Board obtained (a) part-time (b) full-time employees from private employment agencies in (i) British Columbia (ii) Alberta (iii) Saskatchewan (iv) Manitoba (v) Ontario (vi) Quebec (vii) New Brunswick (viii) Nova Scotia (ix) Prince Edward Island (x) Newfoundland and, if so, in each case, how many?

2. Are such employees paid from supplementary estimates and, if not, from what estimates are they paid?

3. By province, what was the (a) average hourly rate paid to employment agencies (b) average hourly rate paid to employees (c) total amount paid by the Machinery and Equipment Advisory Board in (i) 1975 (ii) 1976?

Mr. Bernard Loiselle (Parliamentary Secretary to Minister of Industry, Trade and Commerce): 1. No.

2. Not applicable.

3. Not applicable.

NUMBER OF PUBLIC SERVANTS OCCUPYING SX-3 POSITIONS

Question No. 353—**Mr. Orlikow:**

1. How many public servants occupy positions at the SX-3 level?

2. How many receive a salary between (a) $37,500 and $42,500 (b) $42,501 and $47,500 (c) $47,501 and $52,500?

Hon. Robert K. Andras (President of the Treasury Board): 1. The number of public servants[1] whose substantive classification was SX-3 as of September 30, 1977, was 152.

2. The number of public servants[1] whose substantive classification was SX-3 and who were receiving salaries within the ranges specified as of September 30, 1977 are as follows:

Salary Range ($)	Number of public servants[1]
(a) $37,500—42,500	44
(b) $42,501—47,500	93
(c) $47,501—52,500	15

[1] Departments and agencies in Schedule 1, Part 1 of the Public Service Staff Relations Act.

SOURCE: Senior Executive and Equivalent Information; Sub-System (SXEISS); Treasury Board Secretariat.

OPERATORS OF SUB-POST OFFICES

Question No. 427—**Mr. Elzinga:**

1. (a) What is the current method of calculating payments made to operators of sub-post offices and on what date did it come into effect (b) what was the previous method used and for what reason was it changed?

2. By province, since 1974, what were operators of sub-post offices paid on an average, bi-weekly in the quarterly period (a) January, February and March (b) April, May and June (c) July, August and September (d) October, November and December?

3. What effect has the new method of calculating payments had on the salaries of such operators?

Hon. J.-J. Blais (Postmaster General): 1. (a) Effective April 1, 1974, the basic salary and the commissions paid to sub postmasters at sub post offices, under payment system "A", on postage sales and money order business are based on the volume of business for the previously completed quarter and are adjusted quarterly. Other commissions are paid, on a quarterly basis, for optional services which may be available at sub post offices. (b) Prior to April 1, 1974, sub postmasters were paid for their actual sales based on their volume of sales for the corresponding quarter of the previous year. The system was changed to allow sub postmasters to receive, as soon as audited data is available for a given quarter, a remuneration which is representative of the volume of work performed.

Order Paper Questions

2.

Average Bi-Weekly Remuneration Paid to Sub Post Office Operators—1974 to Date

Quarterly Period	Alberta	British Columbia and Yukon	Manitoba	New Brunswick	New-foundland	Nova Scotia	Ontario	Prince Edward Island	Québec	Saskatchewan
1974	$	$	$	$	$	$	$	$	$	$
(a) January, February, March	149.90	162.24	170.24	120.91	97.85	142.73	157.41	107.38	132.94	143.20
(b) April, May, June	156.43	164.38	178.67	151.39	78.67	134.39	162.53	119.63	135.98	146.70
(c) July, August, September	171.98	178.34	190.49	142.86	95.60	141.49	170.17	121.93	139.98	151.40
(d) October, November, December	136.66	148.64	182.46	130.40	82.26	139.41	144.20	84.20	121.91	128.62
1975										
(a) January, February, March	145.23	157.83	161.55	125.26	65.15	129.27	145.42	91.63	126.76	134.12
(b) April, May, June	201.49	219.35	219.46	160.09	97.88	168.35	195.51	140.32	149.94	178.58
(c) July, August, September	151.08	157.02	173.68	129.23	73.40	136.08	145.90	94.74	128.85	141.70
(d) October, November, December	151.27	161.56	173.23	114.23	69.05	131.76	148.67	87.48	119.13	139.84
1976										
(a) January, February, March	156.07	166.17	168.34	127.90	69.22	134.69	148.57	102.25	126.32	138.32
*(b) April, May, June	134.04	153.79	159.05	106.22	59.00	119.97	142.75	102.39	95.01	133.37
(c) July, August, September	165.35	176.31	182.43	130.45	73.18	147.42	158.30	101.95	138.41	154.12
(d) October, November, December	162.91	173.75	174.99	168.86	71.26	139.59	154.56	103.99	134.07	147.59

*The substantial decrease in payments made in the quarter April, May and June of 1976 was due to the Post Office Work Disruption that took place in October through December 1975.

1977										
(a) January, February, March	174.46	175.24	182.39	165.61	63.61	153.24	158.11	116.07	138.21	150.43
(b) April, May, June	230.69	240.69	254.22	222.84	129.14	196.31	212.29	152.97	159.73	204.10
(c) July, August*	207.94	203.64	217.57	189.40	103.71	183.87	188.04	113.79	172.75	181.25

*Average Bi-Weekly Payments During the Partial Quarter July-August.

3. Sub postmasters remunerations are now adjusted on a more timely basis to reflect the volume of sales for a given quarter. As such sub postmasters do not have to wait for a complete year of operation to be remunerated in accordance with their sales.

HANDBOOK FOR THE EVALUATION OF PROJECTS

Question No. 495—**Mr. Herbert:**

1. Has the Treasury Board developed a handbook of the approach and methods for the evaluation of projects to be used by departments?

2. What reporting procedures are required when projects have been evaluated?

Hon. Robert K. Andras (President of the Treasury Board): 1. The Treasury Board has not developed a handbook solely dedicated to the approach and methods to be used by departments for the evaluation of projects. Projects are extremely diverse in nature ranging from major unique construction projects to repetitive project activities of a social or scientific research nature that are evaluated utilizing specific techniques. A considerable and rapidly expanding volume of relevant literature exists relating to evaluative techniques and methodology. The need to apply these techniques where appropriate is stressed in the Treasury Boards' policies on program performance measurement and program evaluation. Specific aspects of the evaluation of projects are referenced in such documents as the Treasury Board's Benefit Cost Guide.

2. Widely diverse procedures pertain to the appropriate reporting of project evaluations depending upon the scope, nature, magnitude and significance of individual projects within departments and agencies. Departmental project evaluation procedures may be categorized in three broad areas: (a) prospective evaluation in support of project selection; (b) evaluation during project implementation, and (c) post evaluation of completed project results and benefits.

ORGANIZATIONAL STRUCTURE OF SENIOR MANAGEMENT PERSONNEL

Question No. 496—**Mr. Herbert:**

1. Were changes necessary in the organizational structure of senior management personnel in departments affected by decentralization and, if so, what were they?

2. Has decentralization necessitated changes in the reporting lines and the responsibilities of such personnel and, if so, for what reason?

Hon. Robert K. Andras (President of the Treasury Board): 1. No.

2. No.

INCOME TAX DEDUCTIONS

Question No. 499—**Mr. Laprise:**

1. In (a) 1975 (b) 1976, did taxpayers claim exemption on income consisting of interest and, if so (i) how many (ii) what was the total amount claimed?

2. During the same years, did taxpayers claim exemptions for nursery costs and, if so (a) how many (b) what was the total amount claimed?

3. During the same years, did taxpayers claim exemptions for participation in a registered retirement savings plan through (a) employment (b) self-employment and, if so (i) how many (ii) what was the total amount claimed?

Hon. Joseph-Philippe Guay (Minister of National Revenue): 1. (a) Filers claiming interest and dividend income deduction in 1975: (i) 4,922,399; (ii) $2,243,086,000. (b) (i)

and (ii) Information for the 1976 taxation year is not yet available.

2. Filers claiming child care expenses in 1975:(a) 263,794; (b) $132,562,000. Similar information for the 1976 taxation year is not yet available.

3. During the 1975 taxation year, 1,078,152 filers claimed registered retirement savings plan premiums and the total amount was $1,524,281,000. Statistics are not maintained on the number and amount claimed for participation in a registered retirement savings plan through employment or self-employment. Information for the 1976 taxation year is not yet available.

NATIONAL DEFENCE—MARRIED QUARTERS

Question No. 515—**Mr. Howie:**

As of November 1, 1977, how many PMQ units at CFB Gagetown were (a) unoccupied (b) occupied by non-military personnel or their dependents?

Hon. Barney Danson (Minister of National Defence): (a) 367; (b) 159.

AMOUNT SPENT ON RESEARCH OF INSULATION USED FOR UNDERWATER ELECTRIC CABLES

Question No. 696—**Mr. Howie:**

1. Since January 1, 1976, what amount did the National Research Council spend on researching of insulation used for underwater electrical cables?

2. Was the National Research Council asked to assist in any way on the decision of what type of insulation that should be used on the electrical cable which was laid under the Northumberland Strait linking Prince Edward Island and New Brunswick?

Mr. Frank Maine (Parliamentary Secretary to Minister of Public Works and Minister of State for Science and Technology): 1. NRC is presently doing research on insulation for electrical cables which will be used in a wet environment. The major application of this is for cables buried in wet ground but the work is also applicable to underwater cables. The amount spent by NRC on this research from January 1, 1976 to November 16, 1977 is approximately $130,000.

2. No.

QUEEN MARY VETERANS HOSPITAL, MONTREAL

Question No. 722—**Mr. Herbert:**

When the Queen Mary Veterans Hospital in Montreal is turned over to the provincial authorities in December, what does the government intend to do with the medical records of the veterans that are presently retained at the Hospital?

Hon. Daniel J. MacDonald (Minister of Veterans Affairs): When Queen Mary Veterans Hospital is transferred some of the medical records of veterans will be maintained in the hospital and others will be transferred to the Public Archives Records Centre in Montreal. In the future, those medical records which no longer need to be maintained in the hospital will also be transferred to the Records Centre.

Motions for Papers

INSPECTION OF BANKS

Question No. 760—**Mr. Howie:**

Since January 1, 1977, how many banks were inspected by the Inspector General of Banks and how many infractions were identified?

Mr. Ed. Lumley (Parliamentary Secretary to Minister of Finance): Since January 1, 1977 12 banks and one Quebec Savings Bank were inspected by the Inspector General of Banks and no infractions were identified.

* * *

[*Translation*]

STARRED QUESTION

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, would you be so kind as to call starred question No. 368?

[*Text*]

*RED DEER POST OFFICE—OVERTIME

Question No. 368—**Mr. Towers:**

1. For the fiscal year 1976-77, what was the (a) total (b) overtime cost, excluding letter carriers, at the Red Deer Post Office?

2. For the same years, what was the (a) total (b) overtime cost for letter carriers at the Red Deer Post Office?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): The answer is as follows: 1. (a) $495,842. (b) $52,706.

2. (a) $459,265. (b) $18,641.

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

Some hon. Members: Agreed.

* * *

[*Translation*]

MOTIONS FOR PAPERS

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, would Your Honour be good enough to call notices of motions for the production of papers Nos. 2, 3, 4, 50, 51, 52 and 53?

[*Text*]

COPIES OF ALL CORRESPONDENCE, AGREEMENTS AND OTHER COMMUNICATIONS CONCERNING TRANSFER OF QUEEN MARY HOSPITAL

Motion No. 2—**Mr. Herbert:**

That an humble Address be presented to His Excellency praying that he will cause to be laid before this House copies of all correspondence, notes, minutes of meetings, agreements and other communications between the government and the Province of Quebec concerning the transfer of the Queen Mary Veterans Hospital in Montreal.

[*Translation*]

Mr. Gilbert Parent (Parliamentary Secretary to Minister of Veterans Affairs): Mr. Speaker, the papers requested deal with negotiations now under way which will probably lead to an agreement between the two governments and therefore cannot be divulged. I would therefore ask the hon. member to withdraw his motion.

Mr. Speaker: Transferred for debate.

[*Text*]

COPIES OF ALL CORRESPONDENCE, AGREEMENTS AND DOCUMENTS RELATING TO FINANCING OF SUGAR COMPLEX IN REPUBLIC OF THE IVORY COAST

Motion No. 3—**Mr. Herbert:**

That an humble Address be presented to His Excellency praying that he will cause to be laid before this House copies of all correspondence, notes, minutes of meetings, documents and agreements relating to the financing by the Export Development Corporation of a cane sugar complex in the Republic of the Ivory Coast to be built by Redpath Sugars Ltd.

[*Translation*]

Mr. Bernard Loiselle (Parliamentary Secretary to Minister of Industry, Trade and Commerce): Mr. Speaker, the documents requested include confidential material neither public nor official. Their release would divulge information supplied on a confidential basis by the EDC and which do not come from the government. I would therefore ask the hon. member to withdraw his motion.

[*English*]

Mr. Speaker: Order, please. I have been in the habit in the past when members are not present to move these motions rather than simply demanding that someone move them on their behalf, to have them dealt with at the time they are raised. I may be taking a liberty with the procedures of the House in doing this. The hon. member for Vaudreuil (Mr. Herbert) does not happen to be in his seat at the present time. I wonder whether I could have some indication if it is agreeable that, in circumstances of this sort, it is expeditious to have the motion dealt with in this way when it is called, and to assume that it is transferred for debate. This would seem to me to be the most expeditious way to do it. Is that agreed?

Some hon. Members: Agreed.

Mr. Speaker: Then motion No. 3 in the name of the hon. member for Vaudreuil will be transferred for debate.

[*Text*]

COPIES OF ALL CORRESPONDENCE RELATING TO DECENTRALIZATION OF DEPARTMENT OF VETERANS AFFAIRS

Motion No. 4—**Mr. Herbert:**

That an Order of the House do issue for copies of all correspondence, notes, minutes of meeting and other communications relating to the decentralization of the Department of Veterans Affairs to the Province of Prince Edward Island.

[Mr. Herbert.]

[*Translation*]

Mr. Gilbert Parent (Parliamentary Secretary to Minister of Veterans Affairs): Mr. Speaker, I would ask the hon. member to withdraw his proposal, because we are not in a position to produce the required documents which are for departmental use only and of confidential nature.

Mr. Speaker: Transferred for debate.

[*English*]

Motion No. 50, the hon. member for Brandon-Souris.

Mr. Paproski: Mr. Speaker, on a point of order, in view of the fact that the hon. member for Brandon-Souris is at the United Nations, I think motions Nos. 50, 51, 52 and 53 should stand for debate.

Mr. Speaker: Order, please. I think we are in a difficulty. I think we need a response. We can transfer them for debate, but not en bloc without a response from the House. I think we will have to call them individually.

[*Text*]

COPY OF REPORT BY HAY ASSOCIATES LIMITED

Motion No. 50—**Mr. Dinsdale:**

That an Order of the House do issue for a copy of the Report by Hay Associates Ltd., Management Consultants, concerning the management of the Post Office Department, together with a list of the recommendations implemented by the Department.

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the report prepared by Hay Associates Ltd. as well as the listing of the recommendations followed by the department are internal working documents of a confidential nature. Consequently, I would ask the hon. member to withdraw his motion.

Mr. Speaker: Transferred for debate.

[*Text*]

COPY OF RECOMMENDATIONS COMPILED IN CONJUNCTION WITH HAY ASSOCIATES LIMITED

Motion No. 51—**Mr. Dinsdale:**

That an Order of the House do issue for a copy of the recommendations compiled in conjunction with Hay Associates Limited report concerning the management of the Post Office Department.

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the recommendations compiled in conjunction with Hay Associates Limited report concerning the management of the Post Office Department are for departmental use only and confidential in nature. I therefore ask the hon. member to withdraw his motion.

Mr. Speaker: Transferred for debate.

[*Text*]

COPY OF THE POST OFFICE DEPARTMENT, CLIMATE ANALYSIS REPORT

Motion No. 52—**Mr. Dinsdale:**

That an Order of the House do issue for a copy of the Post Office Department, Climate Analysis Report carried out by Hay Associates Limited of Toronto, Ontario in October 1975.

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, the Climate Analysis Report carried out by Hay Associates Limited of Toronto is for departmental use only and confidential in nature. I therefore ask the hon. member to withdraw his motion.

Mr. Speaker: Transferred for debate.

[*Text*]

COPY OF LEGAL OPINION CONCERNING LATEST POSTAL RATE INCREASES

Motion No. 53—**Mr. Dinsdale:**

That an Order of the House do issue for a copy of the legal opinion concerning the legality of the lastest postal rate increases, given by the Department of Justice to the Post Office Department.

[*English*]

Mr. Roger Young (Parliamentary Secretary to Minister of Justice): Mr. Speaker, the legal advice provided by law officers of the Crown on a matter of state policy falls into the class of confidential documents. I would therefore ask the hon. member for Brandon-Souris to withdraw the motion.

Mr. Speaker: Transferred for debate.

Mr. Stevens: Mr. Speaker, I rise on a point of order. Last Wednesday at this time I drew attention to the fact that notices of motions Nos. 7 to 43 appearing on the order paper had not been answered. There has been no response or comment made with respect to these notices. At that time the parliamentary secretary stated that he would follow up on the matter and notify us when he had received word from the department. I was wondering whether the parliamentary secretary today could indicate to what extent he has been pressing the department for a response to these notices, bearing in mind there is an appeal pending with respect to Chief Justice Evans' decision. Some of these documents would be very helpful in framing that appeal.

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, I remember that last week I said to the hon. member that he alone had monopolized two thirds of the notices of motions on the order paper. I had then asked him to be patient. I think that if his patience can last another week, he has excellent chances of getting satisfaction next week.

[*English*]

Mr. Speaker: Shall the remaining notices of motions for the production of documents be allowed to stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

INCOME TAX ACT

MEASURE TO AMEND BILL C-11

The House resumed, from Tuesday, December 6, consideration in committee of Bill C-11, to amend the statute law relating to income tax and to provide other authority for the raising of funds—Mr. Chrétien—Mr. Turner in the chair.

The Deputy Chairman: Order, please. When the committee rose on Tuesday, December 6, 1977, clause 14, with amendments, was under consideration.

On clause 14.

Mr. Stevens: Mr. Chairman, on a point of order, I hope the committee will note that we have lost one hour and 20 minutes of our time, substantially due to a question of privilege raised by a minister of the Crown. I hope the Minister of Finance will bear this in mind and consider extending closure time, if necessary, in view of the fact that this is an extremely important bill. We have 116 clauses to deal with and we are only on clause 14. It is most unfortunate, when we are put under closure and gagged, to find that now is the time ministers choose to raise rather spurious questions of privilege in order to delay the House still further.

The Deputy Chairman: The hon. member for Surrey-White Rock.

Mr. Darling: Mr. Chairman, at ten o'clock last night I was on my feet on this particular clause.

The Deputy Chairman: The hon. member for Parry Sound-Muskoka.

Mr. Darling: Mr. Chairman, when ten o'clock was called last night I was questioning the minister on insurance items which are of great interest to a good many people in Canada. I commended him, much to the chagrin of some of my colleagues, on what he had done in allowing interest on business loans as a deductible expense, and other items which have been approved. I pointed out to the minister that the government had gone a considerable distance with the request of the opposition and of a great many members on his own side of the House. I said that in view of this step the great majority of the loans made on insurance policies would be made on policies of the type where no portion of the loan could be declared to be an investment but would have to be added into taxable income.

I pointed out that in most cases these would be long-term policies such as whole life policies.

● (1622)

In the interest of the minister and his officials I have two specimen life insurance policies here from a reputable Canadian company, the National Life Assurance Company of Canada, a company with which I have had some dealings down through the years as an agent.

The first specimen policy is a whole life policy in the amount of $10,000 paying an annual dividend. The individual is 29 years of age and pays a premium of $182.30. If that policy continued for a considerable time, to age 60, he would have paid in $5,651.30. He might then want to borrow on the policy, in which case the loan or cash surrender value, these incidentally in most cases are pretty much the same, would be $4,810. In other words he would have paid in more than that amount.

In the other example I have the insured person is aged 35. This also is a policy for $10,000 with a premium of $193.90. If he paid for a 25 year period he would have paid in $4,847.55. The loan or cash surrender value would be $3,920. Again after that long period of payment the insured would not get back as much as he had paid in.

I have pointed out to the minister and his officials, and they have agreed, that in respect of probably 999 of every 1,000 policies the holders would not have any loan investment in them. Because of that I asked the minister why in the name of heaven he did not scrap the whole thing and forget about it. I can see the former minister clenching his fists. When I questioned him during the summer he took strong exception to the situations I have been presenting at this time to the government and the minister.

I have a letter here from the Life Insurance Underwriters of Canada, a part of which I should like to quote. They wrote the letter after hearing my comments in the House regarding the government's arguments. The letter states:

> You mention the government's argument that taking out a policy loan is an unfair tax shelter. We suggest this argument is wrong. There might have been an argument that a policy loan could be used as a tax avoidance scheme when we were looking at the prospect of a tax being levied at death. A policyowner in later years might conceivably take out a maximum loan in anticipation of death and thereby reduce or eliminate tax. But this argument disappeared with the dropping of the death tax.
>
> If a policy lapses as a result of failure to pay either premiums or policy loan interest or both, the present section 148 tax on a surrender comes into effect and the policyowner will be taxed as if there had been no loan and the entire cash value was received at that time. So there is no possibility of tax avoidance there.

In a later letter from the same association, again commending me for bringing this to the attention of the government, the following is stated:

> We sincerely hope that the efforts being made by you and some other members in the House will be rewarded by the withdrawal of the Bill C-11 provisions which discriminate against policy loans.

I give full marks to the minister for going the second, the third and the fourth miles, but the clause which is left is insignificant, not worth while and should be scrapped. I would ask the minister how he intends to police this. Will he set up another bureaucracy, a lot of officials with adding machines checking policies to determine cash value? I suggest it will cost more than it is worth. If you collect $50,000, which is probably the maximum under this provision, I am sure it will cost $200,000 to do so. Would you let me have your comments on that, Mr. Minister?

Mr. Chrétien: I have looked into the problem referred to by the hon. member. We believe we must maintain the clause in the bill because of its importance. It is important that we retain the provisions included in a policy holder's income relating to the excess of policy loan he receives over his cost of the policy, otherwise this would lead to serious abuse.

The abuse is that a taxpayer would be permitted to withdraw his income on a policy without paying any tax at all. This would constitute a massive loophole. This probably does not apply to small policies, but let me give you an example of a man purchasing an insurance policy for the single payment of $100,000. It is reasonable to assume that, after a 12 year period, the cash surrender value of that policy would probably be about double the original investment, that is, $200,000. Treating the policy loan as a real loan would permit that person to withdraw the $200,000 entirely free of tax. He could then, by paying the policy loan interest, maintain the policy in force until his death. Since there is no tax at death, he would have received his earnings entirely free of tax.

I would like also to emphasize that our proposal will not mean a tax on all policy loans. In fact it will mean a tax on very few, as I said earlier. This is because of the example I have given the hon. member. A policy holder will be entitled to recover his costs before any income arises. Thus, if a policy holder has paid $3,000 in premiums he will be allowed to recover $3,000 in policy loans before any income arises.

Let me also remind the hon. member that we have made other provisions relating to policy holders exceedingly reasonable. Certainly in relation to policy loan interest, the rules are now far more generous than under the present act. For the first time we have given the majority of policy holders recognition for the interest they pay on policy loans. In addition, we continue to make it possible for Canadians who borrow through policy loans, for the purpose of earning income, to deduct policy loan interest currently.

As I indicated, if policy loans were to continue to be treated as loans, a major tax avoidance vehicle for the wealthy would result. It would also make the tax on surrenders during lifetime totally ineffective. We have to treat policy loans on the basis of what they are, and we need to keep the proposed rules relating to policy loans to prevent a major loophole for the wealthy.

Mr. Darling: Mr. Chairman, I listened to the minister with interest. He was talking about the wealthy policy holder who will be the expert in getting around government regulations, beating the government out of the tax. The minister mentioned a $100,000 policy. Let me tell him that anyone putting money into a $100,000 policy as an investment certainly ought to see

a psychiatrist. That person should be investing in something like real estate where he could get a much better deal and a better return than from life insurance. This provision certainly will not be a moneymaker.

Let me quote again from this letter from the Life Underwriters Association. I was not going to read more of it, but in view of the minister's remarks I would like to continue. It is from Mr. R. L. Kayler, executive vice-president of that association. He has stated:

● (1632)

The argument that the interest rate on policy loans is low really begs the question because the policy loan privilege obviously costs something and this is paid for by policy owners as part of their premium cost. Actuaries do not normally give anything away in their premium structures.

Perhaps the minister is accompanied by some actuaries today. The letter continues:

If policy loan interest seems low one can be sure the policy owners are paying for that advantage either in higher premiums, lower dividends or both.

Mr. Rynard: Mr. Chairman, I do not believe the Minister of Finance knows anything about the material he read. I do not believe he can sell a policy on the reading that he gave in the House today. No life insurance company will lend more than the value accrued. If the policy is to be used as collateral, then it has to be taken to a bank, and the policy owner is required to pay bank interest on the loan.

My next point has been well demonstrated by the hon. member for Parry Sound-Muskoka. I sold life insurance. People do not buy life insurance for the purpose of investment, because of the type of other investment opportunities which are available today. Every year they would lose 2 per cent under the present scheme. How much is expected to be gained? His actuaries are with him now. The minister should know what he is doing.

Mr. Chrétien: Mr. Chairman, I think the hon. member is telling me that I do not know much about insurance.

Mr. Rynard: That is correct.

Mr. Chrétien: The hon. member is a doctor, and he has sold insurance policies. My father was the director of a small insurance company for 49 years. Also he sold insurance as a part time job for more than 50 years. Even though I am not an expert, I know a little about life insurance, but probably not as much as the hon. member.

Sometimes policies are designed by insurance companies in order to attract funds to create potential loopholes. As the hon. member said, I was reading from a text. I could recite it again in French to indicate that I understand a little bit about it. If people were to invest in one-payment insurance policies, a loophole would be created when their money is drawn out of the policies and they avoid paying taxes. We have been apprised of examples where people have done just that. Therefore we felt it was necessary to move in that direction. It is always the abusers who create the necessity for the government to plug loopholes such as this.

I agree with the hon. member for Parry Sound-Muskoka. This aspect will not be applied very often. We do not want to create a situation where life insurance companies will go to people who have money and suggest this loophole.

It is not a good investment if one has to pay taxes. If a person avoided taxes, it would be extremely attractive for him. We do not want to provide a tax shelter for these people. I realize people cannot draw more than they have contributed. That is the case in so far as most policyholders are concerned.

Mr. Darling: Ninety-nine per cent.

Mr. Chrétien: Ninety-nine per cent. Therefore this additional requirement is created for one person in a hundred. I do not want to create the impression that a new tax shelter has been devised because of one person abusing the system.

Mr. Rynard: Can the minister cite one specific instance where this loophole was used? How can it protect a person's investment?

Mr. Chrétien: Mr. Chairman, I just gave that answer. If a person buys a one-payment policy of $100,000, his investment will grow in the books of the company. After 12 years it will have a value of $200,000. On that gain, $100,000 will have been earned without any taxes. If this clause were not in effect, the person could withdraw the $200,000 and not be required to pay any tax on the second $100,000. He would be required to maintain his policy in force, but he would avoid paying taxes on $100,000 of gain.

Mr. Rynard: The same principle applies with respect to Canada Savings Bonds. People buy bonds and hold them for ten years in order to double their investment. I challenge the minister on this point.

Mr. Chrétien: Mr. Chairman, when a person cashes Canada Savings Bonds, he is required to pay taxes on the interest. That is also the case if he cuts his coupons. If this loophole were not plugged, a person could avoid paying taxes on the interest earned, namely, the second $100,000 which I referred to earlier.

Mr. Rynard: When a person borrows money through his life insurance company, he is required to pay an interest rate of 6 per cent, whereas the ordinary interest rate is approximately 10 per cent. How long will it take for the interest rate provided by insurance companies to catch up? What mortality table is used? One must take into account the age of the person, as well as the much lower rate of interest.

Mr. Chrétien: Mr. Chairman, the much lower rate of interest applied on old policies. At the present time the interest rate on new policies is closer to the prime rate offered by banking institutions. Old policies with the 6 per cent interest rate are still in existence, but the new ones have an 8 per cent rate of interest, or a rate of interest closer to the prime rate. This was changed a few years ago.

Mr. Rynard: My impression was that the interest rate is 6 per cent. Certainly the prime rate is more than 6 per cent at the present time. It must be approximately 8.5 per cent.

Mr. Chrétien: In so far as old policies are concerned, a person can borrow and pay interest at the rate of 6 per cent, and perhaps even 5 per cent. In so far as new policies are concerned, the formula used is closer to 8 per cent or 8.5 per cent.

Mr. Friesen: Mr. Chairman, I should like to refer to retirement plans as they relate to insurance policies. As the minister knows, at age 70 policy holders are required to convert their retirement policies into an annuity program. Age 70 is a difficult time to face becase it is a period of transition. Sometimes when people reach that age they move from one locality to another. In fact I spoke to a constituent who indicated that last year he moved from Edmonton to White Rock. For these people this time is an unsettling period of life. They have paid for ten or 15 years into a retirement plan through an insurance policy, and had started their payments when the value of the dollar was much higher, and now they have to convert those hard earned and more expensive dollars into another form because this period in their lives is also unsettling in another way. There are many vicissitudes that come to elderly folk at this period in their lives and many emergencies, and therefore they need to have that liquid capital available to them in ready form.

● (1642)

Simply to convert all of their retirement savings out of their life insurance policy into, say, a series of small annuity packages so that they can be as available to them as possible, makes it more difficult for them. I understand the principle that the savings in that policy have been untaxed and therefore, from the government's point of view, they deserve to be taxed when they are converted into an annuity program. I understand that principle, but for the person who has been a small wage earner and who has worked hard for those dollars, the $8,000 or $10,000 that he has saved, which looked good 15 years ago, does not look very good now. I wonder if it would not be a reasonable proposal in the case of a retirement couple who have only $5,000 or $10,000 saved through the savings plan and insurance program, during an inflationary period not to tax the first $5,000 or $10,000, but where there are annuity programs going beyond that amount, they would be taxable because, as I said at the outset, these have been hard earned and good dollars which they invested and now they have to live off inflationary dollars. Is that an unreasonable question to ask, and would that not be a reasonable proposal to make on behalf of people who are retired and who do not have much in the way of savings?

Mr. Chrétien: We are aware of this problem and we are looking into it. We are reviewing many aspects of pension plans and the problems of citizens with their pension plans. We will take note of the hon. member's representation. It is not directly related to the problem we are discussing at this time. I would like to mention to him that if you take a small amount of money such as $5,000, it can be converted into an annuity, but there is a $1,000 exemption a year on it. So if you have converted that $5,000 into an annuity, it is likely you will have to pay less in payments at 70 years of age, and in fact it would not be taxable because of the $1,000 exemption. I know there is some problem with larger amounts of money, but inflation is a problem which faces everyone in the country and it is not a particular problem of the retired people.

Mr. Friesen: What the minister is saying is that if that amount is converted into an annuity, obviously they can escape further taxation at present. My point is that people in this position need some liquid capital and it should be accessible to them. They should be able to have at least a small lump sum available to them, and that should escape taxation.

I want to draw the minister's attention to a related problem arising out of Canada Savings Bonds. I received a letter some time ago from a constituent, which I would like to read to the minister so that he can understand the problem which arises for people who plan for their retirement years and face the problems to which we have already alluded. My constituent, Mr. Schlichter, writes the following:

> In November, 1969, a few months prior to my retirement, I purchased Canada Savings Bonds, S.24, in the amount of $20,000.
>
> This particular issue was the first one to feature compound interest in the form of bonus coupons payable at maturity provided all coupons remained attached.
>
> On November 1, 1978, series S.24 will mature and I have calculated that the interest due to me, at that time, will be $22,300.
>
> My taxable income for the year 1975 was $1,397.20, for 1976 $919.84 and 1977 will be about the same. Adding $22,300 to this and the income tax payable will become quite substantial.
>
> It is my intention to purchase an income averaging annuity contract which not only would reduce the tax payable to a more manageable level but would be a great help to me in coping with present day inflation.
>
> In order to determine whether or not this payment would be considered as "qualifying income," I went to the taxation office in Vancouver and put the question before them. The spokesman there referred to Information Circular No. 72-21 dated August 29, 1972 which however does not specifically mention such income.

Perhaps the minister's officials could make note of that. The letter goes on to read:

> His personal opinion was that this payment could very well qualify and as the situation would not arise until the taxation year 1978, an amendment covering it might be forthcoming.

That, basically, is my question: Will there be an amendment forthcoming? The individual goes on to say:

> I then decided to write to Ottawa for a ruling whether or not I can go ahead with the plan to purchase the annuity for a term of ten years or less. Perhaps there is even a better suggestion and if so I would, of course, be happy to hear about it.
>
> Not knowing to whom to write makes things difficult and I would appreciate it very much if you would be good enough to pass this letter along to the appropriate department or person.

What better place is there to do it than here where we have the accumulated wisdom of the minister and his officials who can give us an immediate and quick answer and a solution to Mr. Schlichter's problem? Will there be an amendment that will take care of this problem?

Mr. Chrétien: Of course this is a very common problem for people who accumulate savings by not cashing their coupons and then decide to cash them at some point. They can decide not to cash them all at once but to spread them out. There is the averaging provision in the Income Tax Act that might be of some help to them. However, I will look into the matter mentioned by the hon. member and make sure that a reply is provided to his constituent.

Mr. Friesen: May I make one other point to the minister? He makes the point that an individual does not have to cut the coupons, but the point of this series of bonds was that they accumulated interest, provided he would not cash in the coupons. In other words, the government wanted the advantage of a secure capital over these ten or 11 years and therefore asked the purchase of those bonds not to cash in the coupons. Is he going to be punished for doing what was helpful to the government and obviously providing the government with some capital?

Mr. Chrétien: When we go into the market to raise some money, we offer many forms of bonds, and every individual decides what bonds he wants to purchase. When that series of bonds was offered, there were some advantages in the immediate future for the purchaser if his income was high enough at that time. Some people would buy those bonds and have the interest on them accumulate, knowing that in five years time they could cash them. Let us suppose that a member of parliament buys them knowing his average years of survival as a member of parliament and that in five or ten years time he will want to cash the bonds, so he can make some provision for that. Other people who are at the age of, for example, 50 and planning to retire at the age of 60 will have an incentive to buy that type of bond.

● (1652)

However, he knew what he was buying, and he is not punished when he cashes his coupons. Perhaps the person who sold the bonds to him misled him, but on the bond itself it is very clear that when cashing it the accumulated interest must be paid.

Mr. Friesen: Mr. Chairman, I think this will be my final question to the minister on this topic. The gentleman is not complaining about the bonds, and he is not complaining about having been misled. He knew what he was buying, and he was satisfied with the bonds he bought. He is concerned that there is now no government information on what the requirements are relative to his income at this point. The only circular the official could give to him was circular 72-21, which does not fit the situation. Is there a specific piece of information in printed form which we can send to people like this who are facing a problem with an S-24 bond and facing problems arising out of that accumulated income?

Mr. Chrétien: Mr. Chairman, I will certainly look into the matter to try to find some more precise information, and I will give it to the hon. member. We will be in touch with the Department of National Revenue on that. Would the hon. member be gracious enough to send us a copy of his letter?

Mr. Friesen: Sure.

Mr. Clarke: Mr. Chairman, I want to ask the minister about the reasoning behind the change which is going to be brought about by the amendment to clause 14 in relation to interest on insurance policy loans. I am delighted to see that the interest which is paid to earn income is now going to be allowed as a deduction from business income. I am glad, because I made this point in my speech at second reading, but I specifically want to ask the minister what it was that caused his predecessor, in explaining at the introduction of this in the budget of March 31, to say that in the opinion of the government loans on insurance policies are not loans because there is no obligation to repay the amount received from the insurance company?

It seems that the government has had a change of heart and is now considering these amounts as real loans, and the interest which is paid to earn the real income is going to be allowed. I think I will stop there.

Mr. Chrétien: I have no comment to add, Mr. Chairman.

Mr. Clarke: I was not asking for additional comments. I wanted an answer. Perhaps I can strip all of the preamble from my question. What was the reasoning of the government in saying, when Bill C-11 was initially introduced, that the interest on insurance policy loans would not be allowable as a deduction from income?

Mr. Chrétien: Mr. Chairman, I think there were many good reasons, not the least of which was one given before a committee of this House by the insurance companies themselves. They did not want to be covered by the Borrowers and Depositors Protection Act. The insurance companies argued in that committee that those advances were not loans. Perhaps I can read from page 16 of the presentation of the Canadian Life Insurance Association to the Standing Committee on Health, Welfare and Social Affairs with regard to the Borrowers and Depositors Protection Act.

In January of this year that association said the following about the nature of policy loans:

> "Policy Loans" represent an area in which the life insurance industry, in the eyes of the public, might be seen as making "loans". These are not, however, really loans at all despite the common terminology used to describe them, as the Supreme Court of Canada concluded in the case of Equitable Life Assurance Society v. Larocque, (1942) S.C.R. 205. There is no advancement of credit; no debt is created; nor is there any right on the part of the insurer to demand payment either of principal or of interest. Rather, the process represents essentially an advance of the benefits payable under the policy.

The same thing was argued in the Senate Banking Committee on March 16, 1977, as recorded in issue No. 22. The subject matter of the proceedings then was Bill C-16, the Borrowers and Depositors Protection Act. The life insurance companies themselves argued that this is not a loan, and consequently my predecessor said, "If I accept your argument

I have to amend the act and treat those advances as if they were not loans".

No one saw all the implications, so I examined the matter. I do not want to lay blame on anyone. The insurance companies made their presentation. I do not blame the insurance companies or my predecessor. I do not have to comment on their motivation. However, I examined the matter. There was not much money involved. Some people were unhappy. I said "Let's change it". I used the only yardstick for measurement I have, my own judgment.

Mr. Clarke: Mr. Chairman, I am afraid the minister sometimes listens too much to the vested interests, in this case the insurance companies. If these are not loans by insurance companies to policy holders, how is it that when a policy holder dies the amount of the advance, loan or whatever is, at that time is collected from the estate by way of deduction from the payment of the proceeds of the policy?

Mr. Chrétien: Mr. Chairman, I am sorry. I was talking, and I did not hear the question. Would the hon. member repeat it, please?

Mr. Clarke: Mr. Chairman, I would be delighted to repeat my question. If it is not considered a loan or if it is decided that an advance is not a loan, how can it be explained that upon death an insurance company collects the amount of a loan or advance from the proceeds before paying out the net proceeds to the estate?

Mr. Chrétien: It is already paid out. It is calculated out of the payment which is being made on the policy. It is considered an advance. It was previously paid out, so it is not collected, unless the hon. member knows of a mechanism which is different from the one I know about. Perhaps there is a misunderstanding between the hon. member and me. However, a combination of changes proposed by me and changes proposed by the hon. member for Rosedale gives a better break to the ordinary policy holder than he had before because the cost base of the policy is adjusted.

Mr. Stevens: Mr. Chairman, to help remove any uncertainties about the government's position, now that it has brought in the amendments we have before us, I think I should refer the minister to a letter sent by his predecessor to all members of the Liberal caucus. The letter is dated August 3. The then minister set out an 18-point memorandum explaining why he felt the provisions he announced with respect to life insurance policy holder loans, the treatment of interest on those loans, and the taxation of that investment income at death were justified. In this memorandum the minister asks questions and then sort of answers them. I thought we should get on the record whether the minister differs or otherwise with his predecessor.

[Mr. Chrétien.]

• (1702)

Item 11 reads as follows:

The statement has been made that Canada is the only country in the world to tax the gain on a life insurance policy. It this true?

The former minister gave the following answer:

This statement may be true, but it must be recognized that one must consider the level of taxation the industry as a whole must bear and not just one isolated area.

Could the present minister tell us whether he agrees with that?

Mr. Chrétien: Mr. Chairman, in this bill there are some changes to the rate of taxation applicable to insurance companies where they are dealing with one aspect related to policyholders and what we consider as a loan on the policy. There are all sorts of changes applicable to the reserves and we have to calculate the reserves so that those companies can bear a reasonable share of income tax like other companies.

Mr. Stevens: Perhaps the minister misunderstood my question. The statement was that we in Canada are the only country in the world to tax the gain on a life insurance policy. In other words, using the little formula that the bureaucracy has worked out where you take the cost of the policy and if there is a cash surrender value greater than that cost, then somehow there is deemed income, the statement was made that taxing such a gain would mean Canada is the only country in the world to do so. The previous minister said that was true. Does the present minister agree that what we are proposing makes us unique?

Mr. Chrétien: Mr. Chairman, I do not intend to comment on that. I have looked at the problem and decided to make changes. I have not read this letter and I should like to analyze it before commenting. I do not have the letter but I do not think it will add much to the debate to see whether my thinking is the same as that of my predecessor. When I listen to the hon. member for York-Simcoe I know that very often his own thinking changes from one moment to the other.

Mr. Stevens: On that last point, Mr. Chairman, I hope the minister will draw it to my attention anytime he believes my thinking has changed on a particular point.

Mr. Chrétien: With pleasure.

Mr. Knowles (Winnipeg North Centre): He is an old Tory; he never changes.

Mr. Stevens: Let us forget about the letter. We are pleased that the minister has watered down the previous life insurance taxation even to the extent that he has. I should still like to know if the taxation of the gains contemplated in the amendment to subclause 14(1) makes it unique in the world.

Mr. Chrétien: I am told we are not the only one, Mr. Chairman. I have not checked all the policies of all the world but those gains are taxable in different ways in different nations.

Mr. Stevens: I wonder if the minister could indicate one nation where the gain we are proposing to tax is taxed in the same way?

Mr. Chrétien: Mr. Chairman, I just said other nations tax in different ways, some indirectly. The gains are taxed in different nations. I do not have the repertoire of all these things in front of me. I can humbly admit I do not know which one, how much and so on. I think, with due respect, it is a little irrelevant. The hon. member says he is happy with the changes, so the best thing he could do at this time is let us vote.

Mr. Stevens: Mr. Chairman, I will be very direct with the minister. We are happy with the changes, but why can the minister not go all the way and delete this silly tax? Why do we have to live with a mistake that the bureaucracy attempted to get by us?

[*Translation*]

Mr. Chrétien: Mr. Chairman, I took the trouble earlier of explaining twice why we keep the taxation on certain parts of the insurance policy when we borrow. I gave the hon. member for Parry Sound-Muskoka (Mr. Darling) and the hon. member of the riding next to his a lengthy answer and I think it will not be necessary at this point to repeat it. I explained that it is possible in certain circumstances for some people inheriting a single policy to earn over a period of 12 years an amount equivalent to the amount of the investment and they could take it out without paying any tax. In the case of a very large amount this could provide a way of evading taxation and that is why we are keeping it in. But I explained that this would not apply to perhaps less than 1 per cent of the policies and hon. members should bear in mind that we should try to avoid allowing certain people to use this provision of the act to create loopholes for tax evasion.

[*English*]

Mr. Stevens: Mr. Chairman, I think that half the time the minister does not understand the questions. We have many more clauses to deal with and I propose that we get on with this amendment. I wish the minister had dropped the idea of taxing gains on life insurance policies, but if we cannot talk reason into him we have no alternative but to accept the amendment.

Mr. Chrétien: Mr. Chairman, I think if the hon. member had been here when I gave the explanation he would have understood.

Mr. Stevens: I was here.

Mr. Chrétien: That is even worse. After two explanations that satisfied everybody I could not satisfy the hon. member because he did not have any understanding at all.

The Chairman: Maybe I should intervene at this point. The hon. member for York-Simcoe refers to the amendment and it is brought to my attention that while the minister moved the amendment yesterday, it was not put to the committee by the Chairman. Maybe I should put the two amendments to the committee. I have to put them one at a time, and after the vote on one I shall put the other.

Mr. Chrétien moved:

That subclause 14(1) of Bill C-11 be amended as follows:

(a) by striking out lines 32 to 35 page 21 thereof and substituting the following:

"the end of paragraph (ee) thereof and by adding thereto the following paragraphs:"; and

(b) by striking out line 7 on page 22 thereof and substituting the following:

"365; and

Policy loans repayments

(hh) an amount in respect of all or any part of any policy loan repaid by the taxpayer in the year not exceeding the amount, if any, by which

(i) the amount required by subsection 148(1) to be included in computing his income in the year or a previous year from a disposition described in subparagraph 148(9)(c)(ii) in respect of that policy

exceeds

(ii) the part of any loan on that policy repaid by the taxpayer that was deductible under this paragraph in computing his income for a previous taxation year."

Mr. Clarke: Mr. Chairman, in my earlier questions I am afraid I may have confused the minister about the interest on policy loans because we got on to the definition of whether an advance was a loan. I think we dealt with that adequately, however. My question intended to address the problem of deductibility of interest. I refer to Section 20(1)(c) of the act which says that an amount can be deducted pursuant to a legal obligation to pay interest, and it mentions borrowed money, accounts payable and so on. Surely there is a legal obligation to pay interest on a loan or advance from an insurance company because they do make a demand for that, whether they demand the actual principal amount, before the death occurs.

Who decided that this interest which was legitimately laid out to earn income, which is a basic tenet of the Income Tax Act, should be changed and not be deductible?

● (1712)

Mr. Chrétien: Mr. Chairman, the hon. member is asking me about something which is no longer part of the legislation. I do not see why the committee should spend its time on something which is no longer in the legislation. I would not mind giving an explanation, but as it has been changed I would now rather discuss what we are doing than what we were doing before. I cannot give all the reasons why things were done during a time when I was not even there. I have looked at the problem again. I have changed it and now I want to discuss what is before the committee rather than what is no longer in the legislation, and therefore not part of the debate.

Now we will be permitting persons who borrow money on policies to deduct from their business income the payment they would be making, that is, the interest. It is not specifically interest and I do not want to get into the reasons why technically we have to use different language. We are re-establishing the situation as it was before, and the hon. member should be satisfied with that without forcing me to get into the

same old debates I have carried on with my officials and other people.

Mr. Clarke: May I ask the minister if he could give the committee his assurance that it is not the intention to change the basic principles embodied in the Income Tax Act, that is, legitimate expenses for commercial purposes? Will they continue to be deductible?

Mr. Chrétien: I do not intend to change it.

The Chairman: Shall the amendment carry?

Amendment (Mr. Chrétien) agreed to.

The Chairman: I will now put the amendment to subclause 14(2), as moved by Mr. Chrétien. Shall the amendment to subclause 14(2) carry?

Mr. Stevens: Mr. Chairman, I was wondering if we could stand clause 14 and perhaps deal with the other insurance subclauses, as we did with the insulation grant amendments? I think it is much easier for those who wish to join in the debate to deal with it all in a package rather than jumping back and forth into the same type of debate on subsequent clauses. I suggest we stand 14 for the time being and jump ahead so that we can deal with the amendments with respect to each of the clauses as we come to them.

Mr. Chrétien: I think that is an excellent suggestion. We have a another series of consequential amendments related to this problem. One is related to subclause 52, and others on subclause 74 which I will table. Then we can clear up these amendments in one shot.

The Chairman: I have no objection to this as long as we follow the same procedures as yesterday where, by unanimous consent, we suspended consideration of the clause before the committee. By unanimous consent we could go from one clause to another—move the amendment to the clause, adopt it and then, again by consent, go on to another clause and final clauses, and then return to clause 14. Is this agreed?

Some hon. Members: Agreed.

The Chairman: Does the committee give consent to stand clause 14?

Some hon. Members: Agreed.

On clause 52.

The Chairman: The committee will then proceed to the consideration of clause 52 on which there is an amendment moved by the Minister of Finance, which reads as follows:

That subclause 52(4) of Bill C-11 be amended by striking out lines 18 to 20 on page 100 thereof and substituting the following:

"(b) the amount, if any, by which

(i) the amount included by virtue of subsection 148(1) in computing the income of the taxpayer for the year in respect of the disposition of an interest in a life insurance policy

exceeds

(ii) the portion thereof arising from a disposition described in subparagraph 148(9)(c)(ii) in respect of that policy."

The Chairman: Shall the amendment to subclause 52(4) carry?

Mr. Stevens: Mr. Chairman, before we deal with the amendment, I thought that perhaps the minister could give us a brief description of how he understands it integrates with the previous two amendments.

Mr. Chrétien: Mr. Chairman, this amendment is consequential upon the amendment to subclause 14(1) dealing with life insurance policy loans. The excess of a loan over the cost base of the policy is included in the policyholder's income at the time the loan is received. This amendment deals with loan repayment. Under the existing bill repayment of the loan is added to the cost base of the policy. The amendment to subclause 14 permits a deduction on the repayment of the loans which have previously been included in income. Because the policy loans may be deducted when repaid, it is no longer appropriate to allow the loans to qualify for the $1,000 investment income deduction provided in subsection 110.1 of the Income Tax Act. This amendment denies the $1,000 deduction for income raising on policy loans and is required to prevent abuse.

The Chairman: Shall the amendment carry?

Some hon. Members: Agreed.

Amendment (Mr. Chrétien) carried.

Clause 52 stood.

The Chairman: By unanimous consent the committee will now move to the consideration of subclause 74(4) on which there is an amendment by Mr. Chrétien.

On clause 74.

Mr. Chrétien moved:

That subclause 74(4) of Bill C-11 be amended as follows:

(a) by striking out line 44 on page 161 thereof and substituting the following:

"year, subsection (1), section 16 or para-"

(b) by striking out line 3 on page 162 thereof and substituting the following:

"of interest thereon or any repayment of a loan that was deductible pursuant to paragraph 20(1)(hh), and"

(c) by striking out lines 9 to 12 on page 162 thereof and substituting the following:

"as it would have read on that date if subsection (8) had not been applicable) of his interest in the policy on that date"

Mr. Stevens: I was wondering if we could have an explanation of each of these amendments as they come up.

Mr. Chrétien: Several technical changes are proposed to clause 74. Section 148 deals with insurance policies. The first change is in subclause 74(4). The amendments to subparagraph 149(a)(iii) adds a reference to Section 16. This section requires an amount to be included in the taxpayers' income where in the past he cashed in a part of a life annuity. To avoid double taxation the amount to be added to income

should increase the adjusted cost basis of the policy. This amendment provides for that result. Do you want me to read them all?

Mr. Stevens: No. Read them each time we deal with an amendment.

Mr. Chrétien: Subparagraph 148(9)(a)(iv) is consequential on the amendment to subclause 14(1) previously announced. This amendment avoids double-counting. It ensures that where a deduction has been made on the repayment of a policy loan, the deductible amount does not also increase the cost basis of the policy.

The amendment to subparagraph (v) is strictly technical. It merely clarifies that the time referred to in the parenthesis is the first anniversary date after March 31, 1977, and not the particular time at which the "adjustment cost basis" calculation is made.

The Chairman: Shall the amendment to subclause 74(4) carry?

Some hon. Members: Carried.

Amendment (Mr. Chrétien) agreed to.

The Chairman: I will put to the committee another amendment moved by Mr. Chrétien. It is the amendment to subclause 74(6) of Bill C-11.

Mr. Chrétien: Mr. Chairman, the explanation is a very short one. Subclause 74(5)—

Mr. Stevens: On a point of order. I thought the Chair said we were on subclause 74(6). I think we should be on subclause 74(5). The minister is responding to subclause 74(5).

The Chairman: We are on clause 74 in which you find various subclauses, and the first amendment I just put to the committee was an amendment on subclause 74(5) which was carried.

Mr. Stevens: No, that was 74(4).

• (1722)

The Chairman: The next one I have is on 74(6). I do not have an amendment on 74(5).

Mr. Chrétien: While the amendment is being tabled, Mr. Chairman, I will read the explanation. This is a minor technical amendment to the definition of a disposition of a life insurance policy. It is nescessary to treat all policy loans the same.

The Chairman: I have the feeling that I mentioned the amendment to subclause 74(6). I want to make sure that the amendment to subclause 74(5) has been put and carried.

Mr. Stevens: Not yet.

Mr. Chrétien moved:

That subclause 74(5) of Bill C-11 be amended by striking out lines 37 to 40 on page 162 thereof and substituting the following:

"(ii) a policy loan made after March 31, 1978,"

Amendment (Mr. Chrétien) agreed to.

Mr. Chrétien moved:

That subclause 74(6) of Bill C-11 be amended as follows:

(a) by striking out line 28 on page 163 thereof and substituting the following:

"respect of a policy loan other than interest deductible in the 1978 or any subsequent taxation year pursuant to paragraphs 20(1) (c) or (d);"; and

(b) by striking out lines 8 to 12 on page 164 thereof and substituting the following:

"(ii) in respect of a policy loan made after March 31, 1978, means the amount of the policy loan;"

He said: The amendment to paragraph 148(9) (e.2) of the Income Tax Act is related to the addition of paragraph 20(1)(hh) of that act. Paragraph 20(1)(hh) restored the deduction for interest paid on policy loans, the proceeds of which are used to earn income. If the interest is deductible in computing income it will not be treated as premium, and will not be added to the adjusted cost basis of the policy. Conversely if the interest is not deductible it will be treated as a further premium and added to the adjusted cost basis of the policy.

The amendment to paragraph 148(9)(e.2) is a minor technical amendment to the definition of proceeds of disposition of an insurance policy. It is necessary to treat all policy loans the same.

Amendment (Mr. Chrétien) agreed to.

Mr. Chrétien moved:

That subclause 74(7) of Bill C-11 be amended as follows:

(a) by striking out lines 15 to 24 on page 164 and substituting the following:

"subsection:

"(10) For the purposes of this section,"; and

(b) by striking out line 34 on page 164 thereof and substituting the following:

"a reference to an annuitant under such a life".

He said: The first amendment to subclause 74(7) deletes subsection 148(10) of the Income Tax Act. This subsection is no longer necessary because of the decision to allow a deduction for interest on policy loans used to earn income.

The second amendment to this subclause is a relieving technical amendment. It affects life annuity contracts. The amendment will ensure that where a life annuity contract is terminated by death, no tax will arise on any death benefit paid under the policy. This change is necessary to fulfil completely our commitment to remove the tax on death.

Amendment (Mr. Chrétien) agreed to.

Mr. Chrétien moved:

That subclause 74(8) of Bill C-11 be amended by striking out line 36 on page 164 thereof and substituting the following:

"(8) Subsections (1) and (2) are appli-"

He said: Amendments are also required to subclauses 74(8), (10), (11) and (12) of this bill.

The amendments to subclauses (8) and (10) affect the date on which the new rules in section 148 take effect. The new rules for determining the adjusted cost basis of a life insurance policy are to be effective as of March 31, 1978, as proposed in budget resolution 71 rather than for the 1978 taxation year. Several technical anomalies would result if this change in the effective date were not made.

The changes affecting subclauses (11) and (12) and the reference to subclause (7) in subclause (10) are consequential upon deleting subsection 148(10) of the Income Tax Act.

Amendment (Mr. Chrétien) agreed to.

The Chairman: The last amendment to be put to the committee is on subclauses 74(10), (11) and (12).

Mr. Chrétien moved:

That subclauses 74(10, (11) and (12) of Bill C-11 be amended by striking out lines 1 to 9 on page 165 thereof and substituting the following:

"(10) Subsections (4), (5), (6) and (7) are applicable after March 31, 1978.

(11) With respect to the 1972 to 1977"

The Chairman: The explanation has been given by the minister. Unless the minister wants to add something, I will ask whether this amendment carries.

Some hon. Members: Agreed.

Amendment (Mr. Chrétien) agreed to.

The Chairman: Shall clause 74 stand and shall the committee revert to the consideration of clause 14?

Mr. Stevens: Mr. Chairman, I take it it is agreed that these amendments will appear in *Hansard* as if you had read them in full each time.

Mr. Chrétien: Agreed.

The Chairman: Definitely they will. Does the committee give consent to stand clause 74 and accept the fact that 52 has been stood, I do not know if I mentioned that at the time, and revert to the consideration of clause 14?

Some hon. Members: Agreed.

Clause 74 stood.

On clause 14.

Mr. Peters: Mr. Chairman, my advisers from the city of Toronto have an interest in this.

Mr. Stevens: Who is that who is advising?

Mr. Peters: Osgoode Hall.

Mr. Stevens: Who is the author?

Mr. Peters: How do I know? It is a whole class. They all took sections and forwarded it to me.

[Mr. Chrétien.]

Mr. Stevens: Who forwarded it to you?

Mr. Peters: The hon. member for Waterloo-Cambridge.

Mr. Stevens: Whom did he consult with?

Mr. Peters: You are too curious.

Mr. Chrétien: On a point of order, Mr. Chairman, it seems evident that every party on the other side has spies.

The Chairman: Order, please.

Mr. Peters: As for the political direction, I am not sure. For at least an hour and a half I have listened to a discussion on clause 14 with regard to the problems of insurance. I do not think anyone in his right mind could decide on the political stripe of the various participants in that discussion. Therefore I am not sure there is too much politics in this very large income tax bill.

I am referring to the problem in clause 14(1)(gg). At present, taxable business income includes holding gains in inventory which are merely a result of inflation. As the system is now, taxation is based on accounting measurements that largely ignore the effects of inflation and do not, for example, take into account the increased cost of replacing inventories in an inflationary period. Canadian tax laws require companies to calculate, using the FIFO—first in, first out—system of accounting, profits using costs of oldest, and during inflation, cheapest inventory. Increasing amounts of funds are required to maintain inventory levels, and although these funds are not available to business, they are being taxed as profits under FIFO.

The government expects this measure to provide a tax relief of $300 million a year and correspondingly increase the flow of internally generated funds available for business expansion. This goal is in response to the perceived need for liquidity relief and the problems of the high cost of financing the replacement of depreciable assets and inventories.

Specifically, this special inventory allowance is seen by the government as a simple and direct mechanism to provide business with relief from the taxation of illusory inventory profits arising from the impact of inflation on inventory values. This goes on to point out some of the effects that this will have.

● (1732)

I am curious from a personal point of view to know what has happened to this $300 million. Although this bill has not been passed, anything which goes into the budgetary hopper, so to speak, becomes law. I am curious to know how much this $300 million has been responsible for lay-offs at INCO and Falconbridge and may be responsible for the blowing up of power stations at INCO in the city of Sudbury.

This student points out that inventories may be purposefully inflated at year end in order to achieve excessive, unreprensentative deductions. It seems to me this may have been one of the reasons for so much overtime. Obviously there has been the

accumulation of a very large inventory and this may result in another large lay-off. This gentleman goes on to say this:

> The government has introduced the inventory deduction to indicate recognition that the liquidity problem facing business is urgent and requires an immediate response. (a) The lack of constraint on purposely-inflated inventory levels at year end will lead to excessive deductions. This danger is diminished by the high carrying costs of inventories to businesses which would tend to offset any benefit derived from the deduction. In any event, firms would be hesitant to choose a year end which is at high inventory levels as this usually denotes the "busy" season, one in which firms would be unwilling to stop and count inventory.

This is not necessarily true of INCO in Sudbury. Their inventory is in the form of ingots or concentrates which would not be difficult to maintain at very high levels for the purpose of year end accounting. The accountants at INCO are very competent in income tax matters. Their experts are a hell of a lot better than the government's. It would be very interesting to find out how much income tax they pay and how much profit they appear to accumulate. I would be curious to know whether the minister or his parliamentary secretary could tell me how much INCO has been able to save as a result of this particular change.

This student goes on to say:

> While this resolution is expected to provide an additional $300 million to business, there are no guarantees that it will be used for business expansion, although this may well be felt to be irrelevant.

This is really our objection to the whole bill. A concession of $300 million is no small indication that companies are being given an advantage. Today the "minister of unemployment" stood in the House and said that he was going to make a supreme sacrifice on behalf of the country to help the unemployed; he was going to give the unemployed a new program costing $100 million. Under this bill the minister is giving away $300 million. At a time when one out of every ten workers in Canada is unemployed the government gives the unemployed a concession of $100 million. Yet corporations and business in this country receive $300 million to do something which this young expert feels is probably irrelevant.

He continues in this way:

> In addition, there is some doubt whether there is, in fact, a liquidity problem facing Canadian businessmen, rather than excess capacity and no desire for expansion.

This student must have been reading some NDP speeches. In fact, he puts it probably better than we have put it. He goes on to express doubt whether this $300 million would ever be used for expansion purposes, or whether there is even any desire to expand. We are pretty sure, and so is every sane businessman, that when plants are operating at only 80 per cent a business would be very foolish to expand capacity to 120 per cent, having 40 per cent of the plant's capacity unproductive instead of 20 per cent. This does not seem to me to make much sense.

The last point he makes, presumably for the benefit of the minister and the civil servants advising him, is as follows:

> It is likely fair to say that the most important implication in this budget resolution is that it is a step towards accepting inflation accounting for tax purposes. The budget document implies that this is only an interim measure until an accounting system is found that fully recognizes the impact of inflation. However, due to the difficulties in finding a system satisfactory to all, this "temporary" measure is likely to be in effect for an extended period.

I should like to ask the minister one or two questions of concern to me which have been touched on by these experts in training at Osgoode Hall, who frankly, I think, have done a very good job. If they are able to make some sense out of the bill and all its amendments, then they are a lot more qualified than all the members of parliament put together. Certainly I have not heard too much which has impressed me either from the officials or from members of parliament.

My first question is this: do the minister and his officials disagree with the contention of this budding young citizen who says there is no guarantee that the $300 million to be provided to businesses is going to be used for expansion purposes, even though this may be irrelevant since we already have over capacity in the business world?

Secondly, what is the calculation of the department of the amount of money that INCO, and probably Falconbridge as well, will receive from maintaining an unreasonably high inventory, and what will be the effect of the inflationary factor for inventory purposes when that inventory may be worth less today than when it was accumulated and may be worth even less a year from now?

Lastly, has the minister taken into consideration the decrease which may be involved in the establishment of this inventory allowance? If there are serious downturns in the business community and we have this inventory allowance, will consideration be made for a decrease in the inventory?

● (1742)

Mr. Chrétien: Mr. Chairman, it is very difficult to determine the impact of this measure. I think the hon. member is in fact dealing with two different problems. When he talks about inventory allowance I should point out this is not really intended for the creation of more jobs, in a sense, but to help a corporation carry its inventory because of the inflation aspect. For the benefit of the member I could give him a more precise explanation.

The effect of inflation is to produce a very serious cash flow problem for business. Businessmen must replace existing inventories with ever higher priced goods. This measure responds to this cash squeeze. It makes it easier for companies to operate in Canada in the face of inflation.

The 3 per cent inventory allowance makes it easier for companies to carry inventories. The ability to finance inventories is directly related to jobs. The relevant question, which is obviously a matter of opinion, is how many jobs would have been lost if we did not have these measures? We think the answer is probably a very great many.

The inventory allowance is particularly necessary to maintain our competitive position while our inflation rate is above that of the United States and some other countries. I, too, wish we did not have to make concessions of this kind, but it is a simple fact of life that if we do not compensate to some extent for the effects of inflation we are going to lose more jobs. I see

this measure as extremely necessary and urgent in these circumstances and worthy of support from the entire House.

Let me now move to the hon. member's reference to INCO. INCO has been able this year to do something it has not done in the past. The problem arose because there has been a decrease in the market for nickel in the last two years. As a result, the company started to stockpile. This 3 per cent inventory allowance will help the company carry the cost of stockpiling. The company has never financed such a stockpile before. It has the equivalent of seven months' supply of nickel at this moment, and this allowance will permit the company to carry the cost of that stockpile even longer. This is probably one of the factors that allowed the company to postpone its decision to lay off some of the miners, and it has allowed them to carry the large inventory.

In fact, one of the propositions put forward by the hon. member for Nickel Belt was that the company should do even more stockpiling than it is at the present time. We discussed this with the company but felt it was not advisable at this time because, if the company were to stockpile even more, this would depress the market even more, and the prices the company would get from whatever sales it had would be lower and would diminish profits, eventually making life even more complicated for the company than it is right now. This 3 per cent inventory allowance has been of help to other companies, but especially INCO.

The hon. member has talked about tax credits. Of course if the companies do not invest for the creation of new jobs they will not have the tax credit. If a company does not have a tax credit it cannot be calculated as an advantage. It is a credit for people to invest in such a way as to create jobs. If they are not investing in Canada they will not be using the credit. Often the leader of the NDP refers to this tax bill as a rip-off for the corporations while some of the same corporations are ripping-off the people. That is not true. If a company is not investing in a way to create new jobs it does not have the advantage of the propositions we have before the House at the moment.

Mr. Peters: I thank the minister for his explanation, but I think he is confused about what we have asked in terms of the inventory at INCO. What we have suggested is that the government could hold an inventory of nickel, as it did in respect of uranium. In this way it would not provide the company with finances for inventory. Let us not fool ourselves, INCO is not a poor company. It is the major nickel producer in the world and controls the price of nickel. It does not control the market and that is why the difficulty arises. The consumption of nickel is not as high as it has been.

I am sure the 3 per cent inventory allowance to offset the affect of inflation has resulted in INCO and Falconbridge working overtime for the last eight or nine months in order that it could end the year with an inventory as large as possible, getting as much in the way of an allowance as possible.

When we talk about maintaining an inventory we are talking about the government stockpiling and maintaining control of that stockpile. The government might find itself, as it did in respect of agricultural products, in competition with other segments of the economy. In this way the government might find itself in competition with INCO, and I am not sure that would be such a bad thing.

As the young gentleman indicated, what the government is now putting into the law will stay in the law until another budget or financial bill is brought forward making the change. The government has not written into the bill any method of decreasing the inventory allowance when circumstances change. It has not spelled out why the inventory should be allowed to increase. In addition, as I understand it, the government has not written into the bill a year end basis for the taking of inventory. I suppose this will vary because of different fiscal year bases for different companies and other calendar year arrangements.

I am sure the minister will wish to consider the difference between the type of inventory or stockpiling by INCO and the inventories of other manufacturing sectors. Replacement costs represent a major factor, but INCO does not have such a replacement cost. It probably will not cost any more to produce nickel until the current contract runs out. It will not cost more to produce nickel this year than it did last year because the company has control. All it needs to do, as it has always done, is high grade. You always maintain the price of your product by the grade of ore you use. If you want to produce a cheaper product you use a higher grade, and if you want to produce at a more costly rate you use a lower grade. In this way the company has control. Is the minister giving consideration to other companies that experience a replacement factor in respect of inventory? Replacement will be a factor in—

The Chairman: Order, please. I interrupt the hon. member as his time has expired. He posed a question to the minister and the minister answered, and the allotted 20 minutes are ended. I will now have to go to another member, and perhaps return to this hon. member afterward.

● (1752)

[*Translation*]

Mr. Clermont: Mr. Chairman, when I mentioned clause 14 of Bill C-11 yesterday, as reported at page 1626 of *Hansard*, respecting a loan taken out by an insured against his policy I gave the example of a $3,000 loan. In view of the answer of the Minister of Finance (Mr. Chrétien) I believe he gave clarifications today when he answered other questions.

But if my loan is $3,000 and I have paid $3,200 in premiums so far, in the circumstances, Mr. Chairman, I do not have any amount to add to my income for the current year. Is this right or not?

Mr. Chrétien: Offhand, Mr. Chairman, I think the hon. member for Gatineau (Mr. Clermont) is right.

Mr. Clermont: Mr. Chairman, I think this is right because based on my questions and the answer this can be correctly interpreted as such although in the discussion yesterday I

believe the Minister of Finance gave clarifications in that respect. That is why I wanted to put the question directly to the Minister of Finance to correct the impression that might have been left by him or myself—myself in my questions and him in his answer.

Mr. Chrétien: Mr. Chairman, if the premiums paid by the insured exceed the amount of the loan, then no part of the loan can be considered as income. If, for example, it is less, it may be that part of the loan could be considered as income but in the case of small policies, as was explained this afternoon, 99 per cent are not covered. This is mainly to cover the case of single premium policies.

As I explained this afternoon, if someone had purchased a $100,000 insurance policy against payment of a single premium twelve years ago, his insurance policy would be worth $200,000 today, and he could borrow $200,000, so that there is an increase of $100,000 on which he would have paid no tax, and the only thing he would have to do to keep his insurance in force is to pay the interest. This could become a sort of loophole which he could use to circumvent the income tax legislation and we know people have used it as such in the past. That is what we want to prevent.

However, in the cases of most normal policies, people can rarely borrow less than the total value of their premiums.

Mr. Clermont: Mr. Chairman, while trying to catch 1 per cent of the people who borrow money on their insurance policies, is not the government overburdening the administration of insurance companies?

Mr. Chrétien: I do not think so, Mr. Chairman.

[*English*]

Mr. Stevens: Mr. Chairman, in response to the hon. member for Timiskaming I understood the Minister of Finance to say that the 3 per cent allowance which a company might receive on its inventory at the beginning of the year is something it would not be entitled to unless the money was invested. I am quite sure that is what the minister indicated. I know it is wrong, but I think the record should be corrected.

Mr. Chrétien: Mr. Chairman, I do not know whether I indicated that or not. If I did, it was inadvertently. The allowance relates to inventory and not investment.

Mr. Stevens: The minister was using INCO as an example at that time. He said INCO could not invest money in other countries because it would not be entitled to this type of allowance.

Mr. Chrétien: Mr. Chairman, I was referring to the investment tax credit at that time, and not only the inventory allowance. I was trying to deal with the totality of the arguments by the New Democratic Party on that issue. I was attempting to segregate that from capital cost allowance. Members of the NDP party claim that it is a rip-off and there is no benefit from it.

Mr. Stevens: When the previous minister of finance brought in the 3 per cent allowance with respect to inventory, he indicated that he was awaiting an acceptable inflation accounting system. Can the minister bring us up to date? I think most chartered accountants are familiar with this. They feel it is a lame duck, stop gap affair. What progress has the department made in getting an acceptable inflation accounting system with which businesses can live?

Mr. Chrétien: Mr. Chairman, I am informed that this is a very difficult technical problem. Work is ongoing in the department with respect to this, particularly with the Canadian Institute of Chartered Accountants. The department is endeavouring to develop a proper mechanism to alleviate the problems created by inflation in terms of holding inventory. I hope the department, in association with the institute, can arrive at a solution in order for us to move on it.

Mr. Stevens: When this scheme was first announced, the estimated cost to the Treasury Board was approximately $300 million. Is that still the situation eight months after the estimate?

Mr. Chrétien: Mr. Chairman, I am informed that we have no reason to change that estimate.

Mr. Stevens: As I understand it, this is a 3 per cent allowance regardless of the circumstances. A man may have $1 million worth of inventory on hand. For some reason he starts every year with $1 million worth of inventory. He receives a $30,000 deduction from his income per year. At the end of ten years he would have received the benefit of $300,000 because of that $1 million worth of inventory. Is my observation correct? Why is there no recapture provision if that person finally sells his inventory and receives $1 million? As I understand the present provision, it would be a complete windfall to the company under the circumstances I have just described.

Mr. Chrétien: Mr. Chairman, I do not see any benefit to that person holding the same $1 million worth of inventory year after year, because inflation continues. He would receive a $30,000 deduction per annum for that $1 million worth of inventory. Therefore I do not consider that to be a loophole or a bonanza. I should like to advise the hon. member that I will check into that to see if there is any validity to his argument.

The Chairman: It being six o'clock, it is my duty to rise, report progress, and request leave to consider the bill again at the next sitting of the House.

Progress reported.

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

At 6.02 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Thursday, December 8, 1977

The House met at 2 p.m.

● (1407)

ROUTINE PROCEEDINGS

[*English*]

EXTERNAL AFFAIRS

CONDEMNATION OF SOVIET UNION FOR IMPRISONMENT OF ANATOLY SHCHARANSKY—MOTION UNDER S.O. 43

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. My motion concerns the case of Anatoly Shcharansky, a citizen of the Soviet Union who has been held in a prison without trial in that country for almost nine months, because authorities allege that he was an agent for the United States Central Intelligence Agency. In view of the Prime Minister's refusal to take a strong stand in denouncing the government of the Soviet Union, I move, seconded by the hon. member for Edmonton Centre (Mr. Paproski):

That this House strongly condemns the government of the Soviet Union for violating the provisions of the Helsinki Accord in its imprisonment of Anatoly Shcharansky. This House further condemns the Prime Minister and his government for failing to show more concern for the rights of individuals in countries like the Soviet Union.

Some hon. Members: Hear, hear!

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

VETERANS AFFAIRS

REQUEST FOR RECONSIDERATION OF DECISION NOT TO INCREASE BASIC DISABILITY PENSION—MOTION UNDER S.O. 43

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, because the matter is urgent I ask leave, under Standing Order 43, seconded by the hon. member for Timiskaming (Mr. Peters), to move:

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

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

NATIONAL DEFENCE

ALLEGED EMBEZZLEMENT OF FUNDS AT OTTAWA NORTH BASE—MOTION UNDER S.O. 43

Mr. Tom Cossitt (Leeds): Mr. Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. It concerns the fact that Department of National Defence auditors are presently engaged in a top secret and classified investigation of alleged embezzlement of public funds of Canadian Forces Base Ottawa North, formerly Rockcliffe, such information having come into my possession and subsequently confirmed to me today by the base commander and the office of the Minister of National Defence. Therefore, I move, seconded by the hon. member for Elgin (Mr. Wise):

That the House be advised of full details of what has transpired, specifically including whether or not reports are correct that upwards of a quarter of a million dollars has already been found to be involved, and finally, that the House be assured that where necessary charges will be laid in a civilian court, rather than the matter being in any way hushed up by courts martial under military jurisdiction.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

THE MINISTRY

COMMENT ON POSITION TAKEN BY INDUSTRY MINISTER ON USE OF GOVERNMENT AIRCRAFT—MOTION UNDER S.O. 43

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. In view of the fact that the Minister of Industry, Trade and Commerce moved a motion under Standing Order 43, as reported in *Hansard* at page

1357 in 1976, that the whole matter "nannygate" be referred to the Standing Committee on Privileges and Elections for study so that the Minister of Transport's continued abuse of the public trust could be examined; and in view of the recent change of attitude of the Minister of Industry, Trade and Commerce with reference to abuses of the public trust, induced by his change of position, I move, seconded by the hon. member for York-Sunbury (Mr. Howie):

That this House regrets the attempt by the Minister of Industry, Trade and Commerce, before he discovered the secret of upward mobility into the cabinet, of attempting to ride into office on the back of a nanny.

Mr. Speaker: Order, please.

* * *

[*Translation*]

BILINGUALISM

PROPOSAL GOVERNMENT CONSULT FEDERATION OF FRANCOPHONES OUTSIDE QUEBEC BEFORE ADOPTING POLICY ON MINORITIES—MOTION UNDER S.O. 43

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, under the provisions of Standing Order 43, I ask for the unanimous consent of the House to move a motion dealing with an important matter.

The Secretary of State announced on October 27 that he would soon introduce a policy concerning minorities of both official languages. In a letter dated November 22, the Federation of Francophones outside Quebec stated that the government has not consulted them in the process of developing that governmental policy. I therefore move, seconded by the hon. member for Nickel Belt (Mr. Rodriguez):

That the House ask the government to consult the Federation of Francophones outside Quebec and other groups involved before setting their policy.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

AGRICULTURE

SUGGESTION RESEARCH BE CONDUCTED TO ACHIEVE GREATEST USE OF POWDERED MILK—MOTION UNDER S.O. 43

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, I rise under Standing Order 43 to request the unanimous consent of the House to move a motion concerning an issue of urgent and pressing necessity.

Considering that powdered milk surpluses are likely to have on the dairy policy an influence that would cause prejudice to dairy producers, and considering that many industrial milk producers will not have a production quota until April 1, 1978, a fact that will place them in a difficult financial situation, I move, seconded by the hon. member for Abitibi (Mr. Laprise):

[Mr. Crosbie.]

That the House urge the Minister of Agriculture to initiate research with a view to promoting greater use of powdered milk in the making of feed.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

● (1412)

[*English*]

TRADE

PROPOSAL THAT COMMITTEE HEAR REPRESENTATIONS ON TARIFFS FROM PRODUCERS—MOTION UNDER S.O. 43

Mr. Fred McCain (Carleton-Charlotte): Mr. Speaker, I rise to present a motion of urgent and pressing necessity under Standing Order 43. In view of the representations made by agricultural organizations and the associated food processors asking for changes in the recommendations of the Tariff Board as they relate to fresh and processed food, and in view of the strong representations made by other business organizations in Canada asking for a realistic trade policy which would allow Canadian product producers to have a reasonable sales opportunity in Canadian markets, I move, seconded by the hon. member for Halton-Wentworth (Mr. Kempling):

That a reference be made to a committee of the House to hear representations from all facets of Canadian economy to explain their needs to the Canadian GATT negotiations and members of this House.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

INDUSTRY

SUGGESTED STOCKPILING OF NICKEL TO PROTECT JOBS—MOTION UNDER S.O. 43

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, I rise under the provisions of Standing Order 43 to ask the unanimous consent of the House to deal with a matter of urgent and pressing necessity. In view of the fact that Falconbridge Nickel has today announced the lay-off of a further 750 people or 20 per cent of its work force in the Sudbury basin, and in view of the fact that this brings the number of lay-off notices in the Sudbury basin over the last few months to over 4,000, and in view of the fact that this government in the past has dealt with

such crises in other industries, such as the uranium industry, by initiating stockpiles to protect the jobs of the workers, I move, seconded by the hon. member for Sault Ste. Marie (Mr. Symes):

That this House instruct the government to immediately commence a program of stockpiling nickel to the extent which is necessary to protect the jobs of the employees of INCO and Falconbridge Nickel in the Sudbury Basin.

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

Some hon. Members: Agreed.

Some hon. Members: No.

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[*Translation*]

FINANCE

RECOMMENDED REVISION OF POLICY TO ASSIST MINORITIES—MOTION UNDER S.O. 43

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

In view of the fact that Francophone minorities outside Quebec are in a precarious situation, that they are progressively and irremediably assimilated in spite of federal financial assistance, that they might be less in need of money than of rights and privileges, and also that considerable amounts are being spent in Quebec to protect its Anglophone minority whose linguistic and cultural existence is not jeopardized at all, I move, seconded by the hon. member for Abitibi (Mr. Laprise):

That the Federal government streamline its policy of financial assistance to the minorities of Canada in order to render it more equitable and effective.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

HOUSE OF COMMONS

PRESENCE IN GALLERY OF DELEGATION FROM FEDERAL REPUBLIC OF GERMANY

Mr. Speaker: Order. Before beginning the oral question period I know that all hon. members would want to join me in welcoming in our gallery the delegation of the Federal Republic of Germany headed by the distinguished vice president of the Bundesrat, Dr. Bernhard Vogel.

Some hon. Members: Hear, hear!

Oral Questions

ORAL QUESTION PERIOD

[*English*]

RESOURCES

NICKEL MINES—GOVERNMENT ACTION TO AVOID LAY-OFFS—SUGGESTED CONFERENCE WITH NORWAY

Mr. Allan Lawrence (Northumberland-Durham): Mr. Speaker, in view of the deplorable fact that over 20 of the cabinet ministers are absent today, some of whom at least should realize, even if the Prime Minister does not, that out of town cabinet meetings should not be held while this House is in session—

Some hon. Members: Hear, hear!

An hon. Member: Where is Joe?

Mr. Lawrence: He is not attending an out of town cabinet meeting, I can tell you that. My question therefore is directed to the Minister of Energy, Mines and Resources. In view of the announcement this morning by Falconbridge Nickel Mines and of the fact that not long ago the minister had a conference with the chief executive officer of the corporation and that he has had a report in his possession dated at least a year ago prophesying exactly what would happen to the nickel industry, and because these matters were not unanticipated,—as a matter of fact, fairly well known—what specific steps is the government taking to alleviate the situation in the Canadian nickel industry, and what is the government going to do about the unemployed workers in the Sudbury basin?

● (1417)

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, I would like to reassure the hon. member that when the cabinet goes out of town it uses its time very effectively.

Some hon. Members: Hear, hear!

Mr. Gillespie: It deals with the nation's business. We do not spend our time raising money for our party.

Some hon. Members: Oh, oh!

Mr. Alexander: Even Allan smiles at that one.

Mr. Gillespie: Where is your leader today? I do not think the preamble to the hon. member's question was particularly helpful, but he did ask an important question, and I would like to deal with it, if his colleagues would just quiet down a little bit.

If the hon. member has informed himself about this situation, he must know that the nickel industry in Canada, and to some extent the rest of the mining industry in Canada, is facing a very difficult time right now because of a softening in our major markets. This is not a situation the companies have created. It is a situation which the government is trying to ameliorate in any way it can. There are a number of different programs which are aimed at ameliorating this painful situa-

tion. You know, Mr. Speaker, about this perhaps better than most of us because of your own particular interest in the area, but there have been a number of meetings with representatives of the company, the union and the community involved.

I think all hon. members recognize that this situation has not been created by the companies or as a result of any government policies. It was created as a result of a weakening of markets. We are trying through various measures, through the Unemployment Insurance Commission—and the Minister of Employment and Immigration can deal with questions on this—and through discussions with the industry and with the provincial government, to find some way of easing the situation. At the present time I am not in a position to indicate that we have any solution.

However, we have advised a number of Crown corporations that there are likely to be people looking for work in Sudbury. Syncrude, for example, has sent recruiting teams to Sudbury, and so has the Crown corporation, Eldorado. They have been actively looking for people who are looking for work and who have the trades these corporations are looking for.

Mr. Lawrence: Regardless of the admission that the minister and the rump cabinet which is left over here today have no solutions whatsoever and regardless of the minister's advocacy that perhaps this is more a provincial matter than a federal matter, has the minister taken any specific steps? The Falconbridge decision affects not only the economy of Sudbury and Canada but also the economy of Norway and the whole European market for Canadian nickel. This is something with which only this government can deal. Have any of the ministers who are left here today had any conferences, for instance, with any of the western European governments about the weakening position of the Canadian nickel industry and about products in Europe? Have there been any discussions with the Norwegian government about this matter? It affects Norway as well.

Mr. Gillespie: Mr. Speaker, I have not had a discussion with the Norwegian government, but I have had discussions with the responsible minister of the Ontario government, the government which I think is most intimately concerned with this question.

Mr. Lawrence: I am emphasizing that you should be concerned.

Mr. Gillespie: The hon. member seems to question whether the province of Ontario has any jurisdiction in this area. I point out to him that the provinces own the resources of this country.

● (1422)

Mr. Baker (Grenville-Carleton): Why did you intervene in the Supreme Court?

Mr. Gillespie: Hon. members opposite seem to find it to their benefit now to suggest that the federal government owns the resources of this country.

[Mr. Gillespie.]

An hon. Member: No we don't.

Mr. Gillespie: I remind them that not only do the provinces own the resources and set royalty rates, but the provinces also set the pollution control standards for the mining industry. It was against this kind of background that yesterday I contacted the mines minister for the province of Ontario to see if it is possible for him and his colleagues and I and my colleagues to meet in the very near future in order to prepare for a federal-provincial conference of mines ministers. I hope it will be possible to have a national conference of mines ministers in January. I have already sent out a telex to the ministers suggesting the date of January 20.

Mr. Lawrence: Mr. Speaker, what I am trying to emphasize to this particular minister and the other ministers present today is that this is not only a national problem, not provincial but is an international problem in which only this government, unfortunately, can act. Is anything being done in the international area on which this industry depends for markets? The government has been warned about difficulties on the international scene for over 12 months.

Mr. Gillespie: Mr. Speaker, I think it might be of interest to the hon. member and the House to know that I sent instructions to our ambassador in Jakarta, which is the host of a conference of copper producers taking place at the moment and suggested that they should take action—this is the CEPEC organization—to reduce production of copper. The copper industry could well face the same kind of situation that the nickel industry finds itself in today. I was pleased to read today that the majority of copper producers have taken the position of reducing production and to that extent their action should ease or stabilize copper production in this country.

LAY-OFFS AT FALCONBRIDGE MINE—CONSIDERATION BY ADVISORY COMMITTEE OF MINING INDUSTRY

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, may I put a supplementary question to the Minister of Energy, Mines and Resources. The minister has referred to a national conference of provincial and federal mines ministers to be held sometime next year. Is the minister aware of the meeting of the national advisory committee of the mining industry tomorrow? If so, could he inform the House if he has taken any steps to have that committee consider what might be done to relieve the situation that has arisen in the mining industry with not only the loss of jobs at Falconbridge but the other loss of jobs? Does he intend to put any proposal to that committee tomorrow that might help the situation?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, the purpose of the meeting of the national advisory committee on the mineral industries tomorrow is to prepare for the kind of round I have discussed with various provinces leading up to a federal-provincial conference. The meeting tomorrow will be focused primarily on the mining industry as a whole, not just the nickel industry though quite clearly senior representatives of that industry will be present.

We will be dealing with the industry as a whole. I will be seeking the advice and suggestions of the industry on how best to deal with this very difficult situation.

* * *

MANPOWER

REASON FOR SUSPENSION OF PUBLICATION OF LAY-OFF STATISTICS

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, may I put a supplementary question to the Minister of Employment and Immigration who apparently is another minister not needed in Montreal today. Is the minister aware that the monthly report with respect to lay-offs reported by Canada Manpower Centres has been suspended as of this month? I ask this in view of the lay-off situation we are dealing with. If he is aware that this report has been suspended, could he indicate to the House why this time has been chosen to suspend this monthly report bearing in mind that it reflected 61,000 lay-offs so far this year up to the last report which was in October?

● (1427)

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, let me say first of all that I was in Montreal and we received a series of excellent briefings from both management and labour, and other individuals. It was a very worthwhile operation. I thought it was appropriate that I return today. Some of the ministers are still there and participating in very serious government business.

Some hon. Members: Hear, hear!

Mr. Cullen: I don't know why the hon. member persists in the cheap kind of shot that he takes.

Mr. Alexander: Answer the question.

Mr. Cullen: Mr. Speaker, I would invite the hon. member for York-Simcoe to do a little studying to check what has been done on behalf of the miners in that particular region, as well as the services we have made available. At the same time we recognize the primacy of the union. We do not want to usurp their particular role. We met with the union and management and they said they wanted to have some time to see if they could work it out themselves as part of collective bargaining or part of an agreement. They are endeavouring to work it out, and they do not want us to move in to undermine the role the union has to play. Once we have the green light in that particular region we are prepared to move in and do that which is necessary to help those who are laid off.

Mr. Stevens: Mr. Speaker, my supplementary is to the minister of unemployment and immigration. The question relates to the report about which I asked the minister in my first supplementary. The report for November with respect to lay-offs in Canada has not been published. We understand it has not been published under the direction of a director within the minister's department. Would he indicate why that report is not being published, bearing in mind that it is extremely pertinent that the monthly lay-off situation in Canada be known not only to every member here, but to the Canadian public, so that we can judge the government's activities in trying to relieve this jobless situation in the nation. In other words, why is it not forthcoming? It looks pretty fishy.

* * *

RESOURCES

NICKEL MINES—GOVERNMENT ACTION TO AVOID LAY-OFFS AND AID COMMUNITIES AFFECTED

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, I was going to place my question to the Minister of Energy, Mines and Resources, but in light of his insensitive attitude to the unemployed workers in the Sudbury basin I will put my question to the Deputy Prime Minister and hope I receive a positive reply.

In view of today's announcement of 750 lay-offs by Falconbridge Nickel Mines—this brings to over 4,000, the recently announced lay-offs in the Sudbury basin, Thompson, Manitoba and Port Colborne—and in view of the fact that these lay-offs are precipitating an economic crisis within these communities as the thousands become jobless and find themselves with no alternative employment, contrary to the statements by the Minister of Energy, Mines and Resources, will the Deputy Prime Minister now give this House a guarantee that he will come before it within one week with a specific economic strategy to deal with the present crisis within the nickel industry; the crisis faced by the communities that house these corporations, and the crisis of unemployment faced by thousands of workers within this sector?

Hon. Allan J. MacEachen (Deputy Prime Minister): Mr. Speaker, a substantially similar question has already been addressed to the Minister of Energy, Mines and Resources. In my view he expressed the government's attitude with a good deal of concern and sympathy toward the workers in Sudbury. Of course, it is not possible for me to give an undertaking to the hon. member along the lines he put forward in the latter part of his question.

Mr. Rodriguez: In view of the fact that the unemployed workers in Sudbury cannot eat sympathy, and the fact that the government has moved in the past to protect industries and their employees when they are going through such a crisis—the most recent example of this was the stockpiling of uranium for seven years—and as well that economic forecasts, including those of the Department of Energy, Mines and Resources have predicted the probable recovery of nickel markets within one year, my question will be specific to the Deputy Prime Minister. Will he tell this House if he is prepared now, after today's announcement of still more disastrous lay-offs to finally take the necessary step of initiating a temporary stockpile of Canada's nickel?

Mr. MacEachen: That particular proposal has already been considered, and in view of the situation in the market and the very large supplies of metals available, it does not appear to be a workable or appropriate proposal to adopt in these particular circumstances.

● (1432)

Mr. Rodriguez: Remember what happened with uranium.

Mr. MacEachen: The uranium situation, I suggest to the hon. member, was quite different from the one that prevails at the present time.

NICKEL MINES—PROPOSAL TO IMPOSE IMPORT TARIFF ON NICKEL TO PROTECT EMPLOYMENT

Mr. John Rodriguez (Nickel Belt): A supplementary question, Mr. Speaker, and I shall be specific once again. In view of the fact that it is now known that a portion of the metal used by the Canadian Mint to make nickel is purchased from Sherritt Gordon and that this nickel is refined by Sherritt Gordon from nickel purchased from overseas, and in view of the fact that there is at least a seven month stockpile of Canadian nickel available for such usage and that refusal to use this nickel is costing jobs in Canada, will the Deputy Prime Minister state, either yes or no, if he is now prepared to act by initiating a temporary import tariff on unrefined nickel into this country?

Hon. Allan J. MacEachen (Deputy Prime Minister): Well, Mr. Speaker, I cannot understand exactly the way the hon. member brings together in his mind the two aspects of his question, but I will be happy to give more thought to this complex question and see whether his representations deserve further action.

* * *

[*Translation*]

GOVERNMENT ADMINISTRATION

INQUIRY WHETHER UNITS WILL BE TRANSFERRED TO ABITIBI-TÉMISCAMINGUE REGION

Mr. Gérard Laprise (Abitibi): Mr. Speaker, my question is directed to the President of the Treasury Board and it relates to the decentralization policy in the federal public service. Could the minister tell the House whether he considers moving administrative units in the Abitibi-Témiscamingue region and what are his projects for this region?

[*English*]

Hon. Robert K. Andras (President of the Treasury Board): Mr. Speaker, my colleague the Minister of Finance has announced all the planned decentralization moves presently being considered by the government. No further moves are being considered at this time.

[*Translation*]

NATIONAL FILM BOARD

REASON FOR FAILURE TO LOCATE OFFICE IN ABITIBI-TÉMISCAMINGUE REGION

Mr. Gérard Laprise (Abitibi): Mr. Speaker, I would like to direct a supplementary to the Secretary of State. Considering that the National Film Board has established regional offices everywhere except in Abitibi-Témiscamingue, could the Secretary of State tell the House why this region has been forgotten and whether he intends to establish one of these offices in this region as he did in the rest of Quebec?

Hon. John Roberts (Secretary of State): Mr. Speaker, I intend to meet the representatives of the National Film Board tomorrow and I shall draw the Chairman's attention to the hon. member's representations.

* * *

[*English*]

MANPOWER

REQUEST FOR ACTION TO DEAL WITH HIGH LEVEL OF UNEMPLOYMENT IN CERTAIN AREAS

Mr. James A. McGrath (St. John's East): Mr. Speaker, now that we know who the government's "second string" is, I should like to direct a question to a distinguished member of that second string, the minister of unemployment and immigration. To use his words, Mr. Speaker, now that the people of northern Ontario in the Sudbury basin have received another kick in the guts, since we can now identify serious critically high pockets of high unemployment, specifically in the Sudbury basin and in the five eastern provinces where 50 per cent of the one million unemployed Canadians reside, what initiatives is the minister taking, given the responsibility he has, to address himself to these specific and identifiable pockets of unemployment?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, at the end of the question period I will rise on a point of order to indicate why I did not respond to the hon. member for York-Simcoe. Nor do I intend to respond to the hon. member for St. John's East.

Mr. McGrath: A supplementary question, Mr. Speaker. On behalf of some of the one million Canadians who are unemployed and apparently living too high off the hog, I should like to ask the minister of immigration whether he is prepared to tell the House, given the responsibility he has in regard to manpower and unemployment, that he is going to take special initiatives to co-ordinate activities within the government with respect to addressing himself to identifiable pockets of critically high unemployment, such as the Sudbury basin, the five eastern provinces, St. Lawrence, Newfoundland, Thompson, Manitoba and Stephenville, Newfoundland? We know where the critically high unemployment is; what is the minister doing about it?

Mr. Cullen: Mr. Speaker, as Minister of Employment and Immigration—

Some hon. Members: Oh, oh!

Mr. Cullen: —let me just say that the initiatives recommended by the hon. member are not to be taken; they have in fact been taken. There is an interdepartmental committee established to study these specific problems and that committee has come up with some excellent representations. To give just one example, Mr. Speaker, under phase 2 of Canada Works 116,000 people were working in jobs who would not have been working without that particular effort. That is only one of a series of steps this government has taken to help the unemployed.

UNEMPLOYMENT—REQUEST FOR ASSURANCE PRIME MINISTER WILL MAKE STATEMENT IN HOUSE

Mr. James A. McGrath (St. John's East): A final supplementary question, Mr. Speaker, which I will address to the Deputy Prime Minister since we can get nothing but empty rhetoric from the minister of unemployment. Given the fact that the only response we have had from the government is Canada Works, and since barely 10 per cent of the unemployed in the province of Newfoundland, for example, are able to enjoy the benefits of phase 2 of the Canada Works program, can the Deputy Prime Minister assure the House that the statement promised by the Prime Minister for tomorrow on new employment strategies will be made in the House, that there will be an opportunity for members to respond on motions and that the members of the House will be given adequate opportunity to examine the Prime Minister's statement before it is made in the House?

Hon. Allan J. MacEachen (Deputy Prime Minister): Mr. Speaker, I am not aware of any promise made by the Prime Minister that a statement would be made in the House tomorrow. I noticed in a headline today that a statement from the Prime Minister had been expected but that was the first I had heard about it. I asked the Prime Minister this morning in Montreal, and it is not his intention and had never been his intention to make a statement in the House tomorrow.

* * *

POST OFFICE

WALKOUTS IN TORONTO—GOVERNMENT ACTION TO RESTORE SERVICE

Mr. Otto Jelinek (High Park-Humber Valley): Mr. Speaker, my question is for the Postmaster General. In view of the fact that postal walkouts in Toronto are increasing to the point where only 200 out of 800 employees showed up for work this morning in one location alone, would the minister report on these apparently illegal walkouts and advise the House what steps he is taking, (a) to return postal service in Toronto to at least the snail's pace to which we have become accustomed, and (b) to assure that this discontent does not spread to the national level?

Hon. J.-J. Blais (Postmaster General): Mr. Speaker, I want to correct the figures given by the hon. gentleman; I understand that sometimes communications can be difficult. In this instance, half of the regular employees are at work. Indeed, 900 of the work force of 1,400 are at work at the south central plant. In regard to the remainder of the force, we are now taking the necessary action through court injunctions to secure their return.

Mr. Jelinek: Mr. Speaker, I want to advise the Postmaster General that the figures I quoted I received from the head of his department in the Toronto post office. By way of a supplementary question, may I ask the minister whether he could ascertain if the operations which have caused the slowdown were alleged violations of the current CUPW contract which stipulates that part-time workers are not to use automatic equipment, or is this just another meagre excuse by the union to slow down mail service prior to the Christmas rush? Which is it, and what is the minister going to do to rectify the problem?

Mr. Blais: Mr. Speaker, I am pleased to advise the hon. gentleman that the dispute with the union relating to the use of mechanized equipment has been resolved. It was agreed by both sides that there was no conduct which was contrary to the collective agreement.

• (1442)

Mr. Jelinek: If the minister is so confident, can he assure this House and Canadians generally that they do not need to worry about the Christmas mail being stopped any time this year—or next year, come to that?

Mr. Blais: I am pleased to advise the hon. gentleman that we are doing everything in our power to ensure delivery of Christmas mail both this year and in the future. Discussions with the unions are proceeding at the present time. We are prepared to secure legal sanctions should those negotiations fail.

* * *

[*Translation*]

AGRICULTURE

MEASURES TO HELP FLUID MILK PRODUCERS

Mr. Roch La Salle (Joliette): Mr. Speaker, my question is directed to the Minister of Agriculture who is surely aware of the difficulties now being experienced by a high percentage of manufacturing milk producers because they have reached the limit of their quotas. In view of those circumstances and in order to prevent a large number of those producers from going under between now and April, has the minister discussed the matter with the federation of Quebec producers? If so, what steps does the federal government intend to take? If not, does the minister still intend to discuss the matter in view of its

importance and the insecurity of which those producers are the victims?

[*English*]

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, yesterday the Milk Supply Management Committee met in Ottawa. Both the dairy groups from Quebec, one from the fluid milk producers and one from the industrial milk sector, with Mr. Mailloux and Mr. St-Martin. Again, this morning in Montreal I met with the representatives of the UPA who made representations about the problem they face in the distribution of their quota within their province. The Co-op Fédérée and the UPA presented a joint brief to the members of cabinet on the panel. We had a lengthy discussion with them. The ones we met today are the ones who distribute the quotas within the province. They admit they are having some problems and the Milk Supply Management Committee which was here yesterday has promised to come up with what they hope will be a solution to this problem within two weeks. They will report back to me at that time. The Minister of Agriculture does not, as many people think, exercise total control. The farm organizations and the marketing boards within the provinces have authority over the distribution of the quota to the farmers in the area. The committee hopes to come up with a plan to solve the problem within the next week or two and it will be submitted to the Canadian Dairy Commission at that time.

[*Translation*]

Mr. La Salle: Mr. Speaker, on a supplementary. I find it very interesting to hear the minister speak of the meetings and discussions he has had. Because of the situation, the minister will understand that several dairy producers are extremely worried and ask us, as members of Parliament, what is going to happen to them. Can the minister at least assure the House that he is willing to co-operate in the study of any reasonable and acceptable proposal the producers' federation might make?

[*English*]

Mr. Whelan: I am sure even the hon. member will admit that the present Minister of Agriculture is probably one of the most reasonable that Canada has ever had.

Some hon. Members: Oh, oh!

Mr. Whelan: I am willing to meet any reasonable suggestion the producers put forward. I think I have been more than generous and I do not believe anyone could say I have been conservative with the dairy farmers. They could say I have even been very liberal with them.

Some hon. Members: Oh!

Mr. Whelan: The amount of money we have put into the program to make sure there was a healthy environment and a proper income for the work done is to be seen in the records. But they have some responsibility for administering the quotas. They have the responsibility of administering their share of the national quota which is provided for them. I know that approximately 90 per cent of dairy producers in Canada have no problem—

Mr. Speaker: Order. The hon. member for Grenville-Carleton.

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THE CANADIAN ECONOMY

UNEMPLOYMENT—POSSIBILITY PRIME MINISTER WILL MAKE STATEMENT ON JOB-CREATION PROGRAM

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, my question is directed to the Deputy Prime Minister. In answer to a question by the hon. member for St. John's East the hon. gentleman said there had been no undertaking given by the Prime Minister that he would be making a statement in this House tomorrow, nor was there such an intention on his part. My question is this: Is the Prime Minister planning to make a statement at a press conference outside the House tomorrow with respect to a job creation program as is mooted in the press today?

Hon. Allan J. MacEachen (Deputy Prime Minister): I cannot preclude the possibility of the Prime Minister meeting the press tomorrow, but that was not the question which was put to me by the hon. member for St. John's East. Nevertheless, I can say specifically, I think, that the Prime Minister will not be making a statement in the House or elsewhere tomorrow on the subject of a job creation program.

Mr. Baker (Grenville-Carleton): Is the Prime Minister planning to make a statement outside the House tomorrow in respect of any program involving the Canadian economy? If the answer to that question is yes, would the Deputy Prime Minister instruct the Prime Minister—

Some hon. Members: Oh!

Mr. Baker (Grenville-Carleton): —that with television in this chamber, because members opposite insisted on it, the Prime Minister ought to make his statement here or else he will be judged accordingly.

Some hon. Members: Hear, hear!

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CRIMINAL CODE

REASON FOR DELAY IN IMPLEMENTING GUN CONTROL PROVISIONS

Hon. Stanley Haidasz (Parkdale): Mr. Speaker, I have a question for the Minister of Justice. Bearing in mind frequent incidents of hostage-taking and other acts of violence carried out by the use of guns, I should like to ask the minister what is preventing the implementation of the gun control laws which were passed last session?

Hon. Ron Basford (Minister of Justice): I have signed an order for the proclamation of many of the sections of the Act effective January 1, 1978. We are continuing to hold discussions with provincial attorneys general in connection with the acquisition certificate system. The provisions which will be coming into effect on January 1 relate to search and seizure, and the increased penalties in connection with the possession or use of guns in certain circumstances.

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EXPORT DEVELOPMENT CORPORATION

REASON FOR FINANCIAL SUPPORT FOR CANADIAN SUPERIOR OIL TO DRILL IN DOMINICAN REPUBLIC

Mr. Cyril Symes (Sault Ste. Marie): Mr. Speaker, my question is addresed to the Minister of Industry, Trade and Commerce. In view of the government's stated policy of moving toward self-reliance in energy, can the minister explain how he reconciles such a goal with today's announcement that Canadian Superior Oil Limited, a subsidiary of the American company, Superior Oil, has been given $25 million in insurance support by the Export Development Corporation to cover exploration for oil in the Dominican Republic?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): This is a very interesting venture by the Export Development Corporation. For the first time it has supported in this way the oil industry engaged in a drilling venture in another country. For that service the corporation is, of course, being paid a premium. Besides that, Canada gets the right of first refusal on any oil found in surplus to the requirements of the Dominican Republic. So, we are looking to the future and providing a means of sourcing our future requirements.

Mr. Symes: I would have thought self-reliance would be better achieved by encouraging the Canadian industry to explore resources in this country more energetically. Might I call attention to a statement the minister made, according to today's issue of Ottawa *Today,* in which he expressed the view that, having regard to the projected scarcity of oil supplies it would be wise to have a guaranteed source of imports. I should like to ask the hon. gentleman this question: if this oil is assured to Canada why is it necessary to give Superior Oil a $25 million guarantee against the interruption of supply due to political interference? Surely, the loan is made on the assumption that there is a political risk involved and, this being the case, Canadians could end up with no oil and a loss of $25 million in public funds.

Mr. Horner: I am certainly glad the hon. member misunderstands the position to the extent he does, since he has given me the opportunity to explain it. First, we are encouraging oil exploration in Canada. All drilling rigs are very busy and hard to obtain. Superior decided it wanted to venture into the Dominican Republic, where it will drill its first exploration well. It has indicated that seismographic exploration would be in the neighbourhood of $4 million. If it does not find oil it will not cost the federal government one cent. If it finds oil but is not able to recover the money in hard currency from the Dominican Republic, then it will collect from its insurance funds. If the company finds oil and is able to bring hard currency out of the country then nobody loses. The insurance premium, though, is paid every year Superior Oil is in the Dominican Republic.

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● (1452)

TRADE

POSSIBILITY OF NEGOTIATIONS WITH UNITED STATES FOR EXPORT OF NATURAL GAS

Mr. Arnold Malone (Battle River): Mr. Speaker, I should like to ask the Minister of Industry, Trade and Commerce whether Canada had or presently has a delegation in the United States to negotiate the terms and conditions for additional gas exports from Canada?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, this subject has been a matter of discussion between the two governments during most of last fall, but any application would have to go through the normal regulatory bodies.

Mr. Malone: Mr. Speaker, in view of the fact that a November 1 release indicated that the United States was willing to accept more gas in return for trade concessions, and that it depended upon the initiative of the Canadian government, why is it that the Canadian government has not taken that initiative to have those ongoing discussions for gas sales to the United States?

Mr. Horner: Mr. Speaker, the hon. member did not hear me. I said that discussions did take place from time to time all fall, but first of all there has to be an application. That application has to go before the National Energy Board, and that board has to declare that a certain amount of gas is surplus to Canada's needs before we can export additional amounts to the United States.

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AGRICULTURE

VETERINARY COLLEGE FOR ATLANTIC REGION—INQUIRY AS TO COMMITMENT TO FINANCE—REFERENCE OF HOWE REPORT TO COMMITTEE

Mr. J. P. Nowlan (Annapolis Valley): Mr. Speaker, I should like to ask the Minister of Agriculture whether the government has made a commitment to finance the establishment of a veterinary college in Atlantic Canada, notwithstanding the fact that the Atlantic provinces may not be able to agree on the site for that college.

Hon. E. F. Whelan (Minister of Agriculture): No, Mr. Speaker, we have not made any decision to establish a veterinary college. I think the hon. member is well aware of the proposal the premier of Prince Edward Island has put forward. As I understand it, he has even gone so far as to advertise for a dean for the school. We have made no decision or commitment at this stage of the game. We are hoping there can be that harmonious relationship that is the desire, I am sure, of even the hon. member and myself, between those great Atlantic premiers and provinces.

Mr. Nowlan: It must be the spirit of Christmas, Mr. Speaker, as I do agree in part with the Minister of Agriculture, which really leads me to my supplementary question. In order to get this off dead centre and remove it from the obvious provincial conflict of interest I go back to a question I asked last week or the week before: will the minister use his good offices, along with the Deputy Prime Minister and, I guess, the present government House leader, to have the Howe Report on the establishment of this college referred to the committee on agriculture in order that the various people interested in the establishment of this college, including Dean Howe, could come before a non-partisan body like that committee on agriculture and have this whole matter ventilated so that something can be done?

Mr. Whelan: Mr. Speaker, the provinces themselves agreed to this educational commission, I believe it was called, composed of highly learned and skilled people who made an inquiry, talked to the people of the provinces, made surveys, and I understood the provinces were to accept that commission's recommendations. I am sure that if the commission had said Nova Scotia in its recommendation the hon. member would not be asking these questions.

* * *

INDUSTRY

PLASTICS—REQUEST FOR MEASURES TO AID

Mr. P. B. Rynard (Simcoe North): Mr. Speaker, I should like to direct a question to the Minister of Industry, Trade and Commerce regarding the plastic industry of Canada which is experiencing difficulties. There are 1,400 manufacturing establishments which have a market of $2.6 billion, of which only one-third is supplied by imports. The industry covers and affects a huge sector of the market place and represents more than six per cent of the total manufacturing industry. This industry is operating at an estimated disadvantage in respect of raw materials and manpower of approximately 22 per cent. What proposal does the minister have to offset this destructive 22 per cent disadvantage which in the long run will put many of these establishments out of business?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, I am not as pessimistic as the hon. member. For one thing, I think the 90 cent dollar will help the Canadian plastics industry, and the ability of Canada to supply raw materials to the Canadian plastics industry should stand it in good stead. We have a number of specific projects which will help specific manufacturers in the industry at any time they want to apply to the department.

Mr. Rynard: Mr. Speaker, would the minister consider a monetary proposal such as a reduced interest rate to offset capital costs?

Mr. Horner: That is an interesting thought, Mr. Speaker, but if we reduce interest rates that will cost the federal treasury some money.

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PUBLIC SERVICE

INDEXING OF PENSIONS—DATE OF PUBLICATION OF STUDIES

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, I would direct my question to the President of the Treasury Board. If he answered this question in the last while I would apologize to him. Can he tell us what progress is being made in the filing and studying of actuarial studies for indexing of public servants superannuation, and, if progress has been made, when does he anticipate being in a position to release both the government study and that study which has been commissioned by independent actuaries?

Hon. Robert K. Andras (President of the Treasury Board): Mr. Speaker, I anticipate that the report will be in my hands very shortly, perhaps within a matter of days. I have been away for a day or so and it might even be in my office now. I anticipate being able to table it, providing that it may be translated, perhaps before Christmas, but if not it will be upon resumption of the session after the Christmas recess.

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MANPOWER

BILINGUAL POSITIONS—REASON SOME EMPLOYEES DO NOT RECEIVE BONUS

Mr. Hal Herbert (Vaudreuil): Mr. Speaker, my question is addressed to the Minister of Employment and Immigration.

An hon. Member: Unemployment.

Mr. Herbert: I would like to ask the minister whether he is aware of a situation in offices in the Montreal region of the Department of Employment and Immigration in which, because of percentage limits on the number of designated positions, there are persons working in both languages who cannot receive the bonus for bilingualism, whereas in the same offices, because the language of work is French, there are unilingual Anglophones who do receive the bonus for bilingualism?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, with respect I would suggest that this

problem might more properly be directed to the President of the Treasury Board, but I will say, because it is our office, that in other areas we have similar problems—

Mr. Baker (Grenville-Carleton): It exists all over the public service.

Mr. Cullen: —where an individual who speaks both languages but is in a designated unilingual position does not get the benefit of the bonus, but performs that particular service. I think it is appropriate that we should be looking at the situation. I think we should do everything we can to help our civil servants, not what the hon. member across there is doing.

Mr. Baker (Grenville-Carleton): Why don't you repeal the damned thing and help the whole country.

* * *

INDUSTRY

PLASTICS—SUGGESTION INDUSTRY BE EXEMPTED FROM TARIFF CUTS

Mr. W. C. Scott (Victoria-Haliburton): Mr. Speaker, I have a supplementary question for the Minister of Industry, Trade and Commerce. It has to do with the proposed tariff cuts under the current round of GATT negotiations. As Canada is already the world's largest per capita importer of plastic products, and actually imports more than are imported by the entire population of the United States, will the minister consider exempting the plastic fabrication industry from the tariff cuts at this time in order to protect our own Canadian native product?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, in the tariff negotiations going on now we hope to be able to deal on a sector basis with non-ferrous metals, and that may well include plastics.

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NORTHERN AFFAIRS

REQUEST FOR TABLING OF REPORT OF RULES COMMITTEE OF YUKON LEGISLATURE ON REFUSAL OF ASSENT TO CERTAIN BILL

Mr. Erik Nielsen (Yukon): Mr. Speaker, in the absence of the Minister of Indian Affairs and Northern Development I should like to direct my question to his parliamentary secretary. On December 2 I asked the minister if he would table the report of the standing committee on rules, elections and privileges of the Yukon House dealing with the refusal of assent to a bill that had passed all three stages of that House, and the minister said he would be pleased to look at that suggestion. I would ask whether that will be tabled and, if so, when?

Mr. Ross Milne (Parliamentary Secretary to Minister of Indian Affairs and Northern Development): Yes, Mr. Speaker, it is the intention of the minister to table it as soon as translation is completed, very possibly tomorrow.

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PRIVILEGE

ANSWERS BY MINISTER RESPECTING UNEMPLOYMENT

Mr. Speaker: Order, please, Yesterday a point of order was raised by the hon. member for Egmont, contributed to by other hon. members, including the hon. member for Saskatoon-Biggar, having to do with the position of the Minister of Employment and Immigration in respect of a reference he made during the course of answers in the question period.

● (1502)

During the exposition of the question of privilege and the speech an application was made. Consistent with previous practices, the minister, having made reference to a document, would be required to table it. The relevant references appear in May's nineteenth edition at page 431, and in citation 159 of Beauchesne's fourth edition. Both references make it clear that the documents which ought to be tabled when cited in debate, in accordance with precedents referred to, are "public documents", "dispatches" or "state papers". Clearly, these citations refer only to official documents.

There is a British case cited in May's eighteenth edition in which a minister was asked to table a written statement and a letter to which he had referred on a previous day in answering a question. The minister replied that he had made the statement on his own responsibility, and he was not obliged to table the document. The Speaker made a ruling accepting that argument. Accordingly, that sets a precedent as well.

In the case presently before us, the hon. minister has been asked to table a transcript of a speech which he gave outside the House. He has given the House, on his own responsibility—to quote from previous precedents—the contents of the speech, which the House must accept. Since the transcript is not a state paper or an official document in any sense, my view today is the same, after referring to the precedents, as it was yesterday. We ought not to extend that precedent to cover the particular situation involved.

During the question period the minister indicated that he would rise on a question of privilege at three o'clock.

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, I rise on a point of order. The hon. member for York-Simcoe referred to me by something other than the title of my department. I represent approximately 25,000 people in that department. I hope they are as proud of the department as I am. If members opposite want me to answer questions on behalf of the department, I think it is a small courtesy to those 25,000 people, who are working hard, to address me correctly. I am not sensitive as a politician—

Some hon. Members: Oh, oh!

Mr. Alexander: Cry baby.

Mr. Cullen: I am proud to represent the department. In future I will answer questions, no matter how hon. members opposite address me. I had to make this representation on behalf of the 25,000 public servants I am proud to represent.

Some hon. Members: Hear, hear!

Mr. Stevens: Mr. Speaker, with regard to the point of order raised by the hon. minister, I wonder if he would be less tender if we referred to him as the minister of employment and immigration responsible for unemployment?

Mr. Sharp: Mr. Speaker, I rise on the same point of order. Being no longer a minister, no one can accuse me of being sensitive on this issue. When I was a minister, I was attacked on many occasions. I never resented that; it was what I expected. I am sitting here, as a member of parliament, listening to the question period and it seems to me it is courteous for members to address ministers by their official titles. This is creating a very bad impression throughout the country. I hope I will not be in a position of having to tell members opposite that they are being dishonourable.

Mr. Lawrence: Mr. Speaker, with regard to this rather frivolous point of order raised by the minister, I merely ask: Is it out of order to call a spade a shovel in this House?

Mr. Speaker: The hon. member for Northumberland-Durham is asking me if it is in fact out of order. I am not altogether certain. It may well be. I hesitated to intervene. I am aware that this has happened several times in the past and I wondered if it would be raised in any way. Perhaps I ought to examine the question and make a definitive expression as to whether it is out of order to make that kind of misdescription of a minister when asking a question. I really do not know. Now that the hon. member has asked me to examine the question, perhaps I should, to see whether it is unparliamentary language. I do not know. I will take a look at it and see.

[*Later:*]

Mr. Alexander: Mr. Speaker, I will not be too long. I just want to register my concern about the sensitivity of the hon. Minister of Employment and Immigration whom I have shadowed for a considerable time. I would ask him to keep in mind the old statement: If you cannot stand the heat, get out of the kitchen. As a result of his activities in the House during the past couple of days, all I can say is that he should get out of the kitchen, because now he can be called one of the biggest cry babies who sit on the treasury benches.

* * *

Mr. Ellis: Mr. Speaker, my very brief point of order is with regard to a scurrilous Canadian Press article which appeared in many metropolitan newspapers today. This article would seem to indicate that the people of Belleville are racists and anti-French. This is a totally untrue picture of life in Belleville. It affects my ability to fairly represent these people. I want to clear the record and disavow any such prejudices.

Some hon. Members: Hear, hear!

BUSINESS OF THE HOUSE

WEEKLY STATEMENT

Mr. Baker (Grenville-Carleton): Mr. Speaker, I should like to direct a question to the government House leader concerning the business of the House. On other occasions we have discussed the legislation he was proposing to bring forward. Can he confirm today the order in which legislation will be brought forward when the House has concluded its consideration of Bill C-11?

While he is doing so, I wonder if he could tell the House about the pipeline legislation, which has been the subject of questions in the House, and also the contracts that are important to Canadian industries? What is the government's intention with respect to introducing the pipeline legislation into the House? Is it the intention of the government to introduce that bill into the House prior to the Christmas adjournment? If the answer is yes, I would appreciate receiving that answer. If the answer is no, can the government tell us when that piece of legislation will be coming forth, so that those interested in it can study it after it has been printed?

Mr. MacEachen: Mr. Speaker, in connection with the pipeline legislation, it was my expectation that the legislation would be introduced prior to the Christmas break. Now there is no possibility for it to be passed. The intervening period would give all of us more time to work on what is a very complex piece of legislation. Certainly, it is the intention to bring in the legislation immediately upon the resumption of the House in January of next year.

The list of business is the same as was indicated last Thursday when the hon. member for Grenville-Carleton asked the question. I should add that if the elections bill now in committee comes out, it is my intention to call it as a priority item.

Also, I should like to refer to a comment made by the right hon. member for Prince Albert yesterday with respect to a debate on foreign affairs. Is there any way to accelerate the item now before the House, and the elections bill, in order to have a day or so on that subject before the Christmas adjournment? I put that forth as a possibility.

● (1512)

Mr. Baker (Grenville-Carleton): I think we are making progress, Mr. Speaker, and I hope the government will take it upon itself to set aside the period of time it has in mind after the normal discussions have taken place with respect to a very important debate on that matter. But that is something we can discuss, as time goes on, in the usual co-operative way.

I want to raise one other important matter with respect to the business of the House. The hon. member for Eglinton touched upon it. I know people will remember that the hon. member for Eglinton, aided by others both on the government side and on this side of the House of Commons, worked hard and long to bring the electronic *Hansard* and television into the House of Commons, and as a result of that it was the hope

of all hon. members of the House that parliament would become more accountable in terms of the people of Canada and more relevant to their need to understand public affairs. We had hoped as well, that the government would not continue the practice of making announcements outside the House of Commons where television cameras were used exclusively, although they are now, here.

We had hoped there would not be a continuation, if an announcement were made outside the House—particularly now—of what would be an affront to parliament and to the people of the country. I raise the matter quite seriously. I looked upon the bringing of this great innovation in parliamentary reporting—I hope the view was shared generally by members of the public—as something that could involve the House of Commons and the utilization of the procedure with respect to statements on motions on important government matters.

I just want to say to the government House leader that I think the Parliament of Canada would be very greatly disturbed if tomorrow, or at any other time, ministers did not take advantage of the existence in this chamber of an electronic *Hansard* which is made available every day to a wider and wider group of Canadians, at great public expense, so that the people of Canada could see important statements made in the setting of the House where members have the opportunity to question government members through the electronic *Hansard*, as representatives of the people, about what the government intends and expects from the various policies it announces.

I ask my colleague, the House leader of the government, to bring to the attention of the Prime Minister and his colleagues in the cabinet the very high importance that all members of the House attach to the provision in our rules with respect to statements being made here. If a statement is made outside the House tomorrow, now that statements can be made publicly in the House, I think parliament will have been let down by this government and the people of Canada will be affronted.

Some hon. Members: Hear, hear!

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, on the assumption that we are still on the question of House business, I have two questions I should like to put to the government House leader. In the first place, will the government shortly be introducing bills to replace the two items in the supplementary estimates that were struck out of that bill, procedurally, yesterday? I refer to an item having to do with DEVCO and to another item having to do with VIA Rail.

My second question has to do with the future business of the House. In view of the fact that the government did not provide us at the beginning of this session, as is frequently done, with a list of the measures it intended to place before parliament could we be provided with such a list before the Christmas recess?

Mr. MacEachen: I do not see very much hope in bringing legislation on VIA Rail or the items that were struck out of the supplementary estimates providing relief to a number of municipalities in Cape Breton if there is no chance of having the legislation passed. Almost nothing has been passed in this session, and it is already December 8. Therefore, I do not see much point in trying to bring in items on these two matters in light of the pace legislation is being dealt with.

In reply to the other part of the hon. member's question, I will attempt to provide an advance forecast of what legislative items will be attempted in this session, but there has not been much encouragement to prepare a legislative program—although we have been working on it—in view of the present situation in the House.

Mr. Knowles (Winnipeg North Centre): Would the minister permit a question on what he has just said, before he goes on to another subject? The minister may be right about VIA Rail—I do not know—but I am thoroughly satisfied that all members of the House will readily grant a bill with respect to the money that was intended for Devco. That was said very clearly by those who raised the procedural objection. I was on the other side of the argument; I did not join in the procedural objection. I put this question to the minister: Will he canvass the possibility of getting at least the Devco bill passed without debate?

Mr. MacEachen: I think it is the responsibility of hon. members opposite, who put procedural niceties ahead of the hard-pressed needs of the communities in industrial Cape Breton—

Mr. Knowles (Winnipeg North Centre): Don't look at me on that one.

Mr. MacEachen: —and not plead now, having struck out the item on a procedural subtlety, and come to me and say, "Do something about it", as a result of the very misguided and unwise intervention made by members of the official opposition.

Some hon. Members: Hear, hear!

Mr. Knowles (Winnipeg North Centre): I rise on a point of order, Mr. Speaker. It may be that the last two or three words of the government House leader will meet my point of order, but I suggest the minister has no right to suggest that I had raised a procedural nicety about the Devco matter. He knows I fought very hard, in procedural terms, for the regularity of that item which I thought was in order.

Mr. MacEachen: Obviously, I agree with the comments made by the hon. member for Winnipeg North Centre, and I did not have him in mind when I referred to the rather bewildering action that was taken by the official opposition in light of the very severe unemployment situation which exists in industrial Cape Breton.

The hon. member for Grenville-Carleton raised a matter with respect to ministerial statements. He is dealing with a purely hypothetical situation. He is saying that if the Prime Minister were to make a statement tomorrow, then he would

like to raise a question in advance to make sure that the Prime Minister will not make it tomorrow. I think that is not a valid point of order. But the hon. member does give me an opportunity to tell him and members of the opposition that we on this side do not think that that proceeding has been working very satisfactorily.

If you look at the Standing Order and see how it has been applied, you will see a very vast difference between the rule and the application, because instead of commenting directly—as is required under the rules—members of the opposition have taken the opportunity to discourse on a variety of subjects and bring up criticisms relating to the government that are not involved in the original statement. So it is not a very satisfactory proceeding from our point of view, but we have used it frequently under that disability. However, I would tell the hon. member for Grenville-Carleton that I am surprised he would use the introduction of television as a way of persuading us that the traditional procedures of the House should be changed.

● (1522)

As the hon. member knows, there is no obligation on a minister or on the Prime Minister to make every single statement on policy in the House of Commons. If we did that, we would be taking up a great deal of time in the House of Commons. So it has become the practice to make statements in the House under that proceeding only on relatively few occasions. If hon. members want the practice to be extended any further, I think we will have to come together and improve it somewhat. I just wanted to make that comment.

Mr. Speaker: We have to clarify the basis upon which hon. members are participating. We have recognized, as a point of order, something which is not—in the pure sense of the word—really a matter of order; but after the question period on Thursday of every week we recognize, under the general heading of inquiry about House business, points which are taken by way of points of order. I do not see any way in which I can limit unduly the participation of hon. members. The matters which have been raised do relate to House business or to anticipated House business, but are not strictly connected to the point of order. If there are hon. members who want to participate in the discussion as it relates to House business, I think I have to permit that to be done.

Mr. Muir: Mr. Speaker, I am glad you clarified the situation, because we were getting a little fuzzy and ranging from one point of order to another. I hesitate to disagree with my good friend and colleague from Cape Breton, the government House leader, but it was not worthy of him to make the statement which he did make. We know the purpose for which he made that statement was purely political. When the hon. member for Calgary Centre raised his point of order, he specifically stated—and it is recorded in *Hansard*—that we were absolutely in favour of vote 31a for Devco. A little later the hon. member said we would have to increase it so we could open new mines and provide employment in Cape Breton.

[Mr. MacEachen.]

The government has not been willing to do that, has not been doing it, and is not yet prepared to do it. The reason the hon. member for Calgary Centre raised the point was that the government is trying to sneak in a legislative item with a vote for a specified amount. Your Honour corrected that. Your Honour is the first commoner in this House, and any reflection on what was said yesterday is a reflection upon you. I think Your Honour brought in the right decision. As has already been stated, if the Deputy Prime Minister would like to bring in a bill this afternoon to cover these moneys for municipalities in Cape Breton, I can assure him that no member of this party would debate it: we would vote for it as a whole. I am sure members of the New Democratic Party and members of all parties in this House would be quite happy and willing to go ahead unanimously, without one word being said.

Some hon. Members: Hear,hear!

Mr. Muir: Far be it from me to get involved with points of procedure in this House. That is one thing I do not believe in—not too much, anyhow. Many things happen which should not happen. But in this instance I ask the Deputy Prime Minister to get on his feet and say he will bring a bill in Monday afternoon when we meet, or tomorrow—whenever he wants to bring it in—and it will go flying through very quickly. At the same time, he might add another $20 million, $30 million or $50 million, whatever is required. It seems we have $100 million here, $50 million there and $70 million somewhere else, to go all around the world. All we want is enough money in Cape Breton to open at least two mines to put some people back to work.

The Deputy Minister knows that there are between 3,000 and 4,000 applications for work in the coal mines now, despite the fact that the Minister of Industry, Trade and Commerce says derogatory things about Cape Breton coal miners and their work ethics. Bring in the funds and we will vote for them unanimously.

Mr. MacDonald (Egmont): Mr. Speaker, if I had had the opportunity before the government House leader spoke, I would have liked to have risen on a point of order affecting the business of the House and sought an assurance that statements made about the economy and employment be made here, so that hon. members could question the Prime Minister or the relevant minister.

Unfortunately, I am called upon, now, to rise on a question of privilege because I was, quite frankly, astounded at the remarks of the government House leader when he indicated that now the government apparently is taking the position that it does not like the way in which one of the procedures of the House operates. In this regard, he seems to reflect on the judgment of the Chair with respect to the relevance and the importance of matters which are raised in terms of responses on motions and questions which are asked.

I am disturbed and offended that the government House leader takes the position, on behalf of the government, that major statements will not be made in the House because that

offends the government's sense of order or because it takes time. That deprives hon. members on both sides of the House of the right to question and examine the specific initiatives which are being taken by the government. That is a considerable affront to our responsibilities as parliamentarians. I find it inexcusable that the minister, who normally stands for the rights and privileges of members of this House, would simply waive aside this particular area of initiative which is one of the areas of responsibility we have here, that is, to hear statements on motions on initiatives taken by the government and to have an opportunity to make statements in reply, or to question.

Apparently, a new principle is now being enunciated by the government House leader, that because this particular procedure is not satisfactory to the government, on future occasions these statements will not be made in the House. I find that unacceptable and feel that it very much affects the privileges of all members of this House.

Mr. McGrath: On the same question of privilege, Mr. Speaker—

Mr. Speaker: Order, please. I will recognize other hon. members, but we have been through this before; it has a familiar lyric. We have argued on previous occasions, both under existing procedures and under previous procedures, whether the making of a statement outside the House constitutes a question of privilege. It has been ruled consistently that it does not. I do not know how the general proposition can be any different from the specific one. But in any case, I will hear the hon. member for St. John's East.

Mr. McGrath: Mr. Speaker, I offer a suggestion to the government House leader because this matter is in his hands. If he finds the present procedure for ministerial statements provided for under the new rules which provide for relevant responses, and only Your Honour can rule whether responses are relevant, not the government House leader, and for questions unsatisfactory—and I suspect he finds it unsatisfactory because it cuts too much into his time—why does he not bring a motion to refer this matter back to the Standing Committee on Procedure and Organization so that we can have a look at it?

Mr. MacEachen: Mr. Speaker, I do not want to precipitate a question of privilege today, especially inasmuch as this discussion is eating into the time reserved for the opposition, which I always protect diligently. Therefore, I will make my remarks briefer than usual. All I am saying is that, under the Standing Order on statements by ministers, we find the following:

> On motions, as listed in section (2) of this Standing Order, a minister of the Crown may make an announcement or statement of government policy.

It is an option that is open to a minister which is provided in the Standing Order. It is not a breach of order or a breach of privilege if the option is exercised one way or another. I have said—and it is not intended to be a reflection on any ruling made by the Chair—that from the point of view of the government, the procedure has not been working satisfactorily. That is all I have said, and I think hon. members have found from time to time that certain other procedures in the House are not working satisfactorily. This procedure is not working as satisfactorily as we expected; that is all. As ministers, we will continue to make statements on motions. There is, obviously, no indication that that is to be changed, but I suggest that when a minister makes a statement outside the House he is not in breach of order or in breach of the privileges of any hon. member.

Mr. McGrath: He is in breach of our practices.

Mr. MacEachen: In fact, I believe that if ministers exercised this option as often as they could exercise it, it would be a very chaotic situation because hardly a day goes by but ministers issue information which could be put together in the form of a statement. I believe that this proceeding has to be looked at again to give proper satisfaction to hon. members in the way it used to give proper satisfaction.

● (1532)

The appeal of the hon. member for Cape Breton-The Sydneys is very touching. He asks me to move quickly to restore the Devco votes. I enjoyed the public penance. It has moved me greatly, but I am not so sure I will take the political chestnuts of the Tory party out of the fire on Monday.

Mr. Knowles (Winnipeg North Centre): What about your own?

ROUTINE PROCEEDINGS

[*English*]

ANTI-INFLATION ACT

TABLING OF REFERENCE SENT TO MINISTER BY BOARD

Mr. Ed. Lumley (Parliamentary Secretary to Minister of Finance): Mr. Speaker, pursuant to subsection 17(2) of the Anti-Inflation Act, I wish to table, in both official languages, a copy of a reference sent to the minister by the Anti-Inflation Board.

* * *

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today: 99, 202, 243, 320, 339, 367, 553 and 557.

Order Paper Questions

[*Text*]

BORDEN-CAPE TORMENTINE FERRY SERVICE—TYPE AND SIZE OF SHIP

Question No. 99—**Mr. Macquarrie:**

1. Have final decisions been made on the type and size of ship to be added to the Borden—Cape Tormentine Ferry Service?

2. What is the vehicle (passenger cars, trucks, etc.) capacity of the new ship?

3. How many railway cars will the new ferry be able to carry?

4. What is the total estimated cost of the ship?

5. On what date (a) will tenders be called (b) is it estimated that the ship will be in service?

Hon. Otto E. Lang (Minister of Transport): 1 to 5. Money has been allocated for design only.

NUMBER OF PERSONS UNDER CONTRACT TO CANADIAN TRANSPORT COMMISSION

Question No. 202—**Mr. McKenzie:**

1. What is the total number of persons under contract to the Canadian Transport Commission and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Hon. Otto E. Lang (Minister of Transport): The Canadian Transport Commission advises as follows: 1. Eight persons under personal service contract. Four retired public servants.

2. (a) $121,483; $26,444 to retired public servants. (b) $132,533; $87,738 to retired public servants.

NUMBER OF PERSONS UNDER CONTRACT TO ST. LAWRENCE SEAWAY AUTHORITY

Question No. 243—**Mr. McKenzie:**

1. What is the total number of persons under contract to the St. Lawrence Seaway Authority and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Hon. Otto E. Lang (Minister of Transport): The St. Lawrence Seaway Authority advises as follows: 1. Nil.

2. (a) 1975, $2,266 to one retired employee. (b) 1976, nil.

NATIONAL ARTS CENTRE—PERSONNEL OBTAINED FROM PRIVATE EMPLOYMENT AGENCIES

Question No. 320—**Mr. McKenzie:**

1. Has the National Arts Centre obtained (a) part-time (b) full-time employees from private employment agencies in (i) British Columbia (ii) Alberta (iii) Saskatchewan (iv) Manitoba (v) Ontario (vi) Quebec (vii) New Brunswick (viii) Nova Scotia (ix) Prince Edward Island (x) Newfoundland and, if so, in each case, how many?

2. Are such employees paid from supplementary estimates and, if not, from what estimates are they paid?

3. By province, what was the (a) average hourly rate paid to employment agencies (b) average hourly rate paid to employees (c) total amount paid by the National Arts Centre in (i) 1975 (ii) 1976?

Hon. John Roberts (Secretary of State): I am informed by the National Arts Centre as follows: 1. The National Arts Centre Corporation has engaged part-time employees only through private employment agencies in Ottawa during 1975 and 1976. In 1975 a total of 14 persons were so employed and 25 persons in 1976.

2. The cost of engaging these part-time employees was defrayed through Main Estimates.

3. (a) The average hourly rate paid to the employment agencies was $6.15 in 1975 and $5.92 in 1976. (b) Employees engaged were paid directly by the agencies and amounts are not known by the Corporation. (c) The National Arts Centre paid a total amount of $4,672.79 in 1975 and $7,851.35 in 1976 for part-time staff engaged through private employment agencies.

AIRPORTS—OPERATING SURPLUS OR DEFICIT

Question No. 339—**Mr. Stevens:**

For each year 1972 to 1976 and the nine months ended September 30, 1977, what was the operating surplus or deficit for the (a) Toronto International Airport at Malton (b) Montreal International Dorval Airport (c) Vancouver International Airport (d) Calgary International Airport (e) Winnipeg International Airport (f) Montreal International Mirabel Airport (g) Ottawa International Airport?

Hon. Otto E. Lang (Minister of Transport):

Operating Surplus (Deficit)
1971-72 to 1976-77
($000's)

	(a) Malton*	(b) Dorval*	(c) Vancouver*	(d) Calgary**	(e) Winnipeg**	(f) Mirabel*	(g) Ottawa**
1971-72	3,521	3,953	(227)	73	(1,455)	—	(1,965)
1972-73	3,591	5,035	302	174	(1,811)	—	(2,178)
1973-74	540	5,847	635	42	(1,726)	—	(2,497)
1974-75	4,675	6,706	1,257	488	(2,882)	—	(2,725)
1975-76	15,288	9,669	1,845	3,263	(880)	(18,382)	(2,040)
1976-77	22,389	1,983	5,722	4,468	2	(49,821)	(787)

*These airports are in revolving fund, financed with interest-bearing loans. Other airports are financed with budgetary appropriations.

**The surplus or (deficit) for these airports has been re-calculated for each year to exclude any return on investment or capital charge.

The deficit at Mirabel Airport in 1976-77 is largely due to interest on loans of $29 million and depreciation of $16 million. For 1975-76, the period covered is December 1, 1975 to March 31, 1976.

Data for the period April 1, 1977 to September 30, 1977 is not available at this time.

[Mr. Pinard.]

POST OFFICE DEPARTMENT—COMTEAMS

Question No. 367—**Mr. Dinsdale:**

1. Do COMTEAMS currently form part of the Post Office Department and, if so (a) what is the description of the term (b) on what date and for what reason were they established (c) what are their functions?

2. (a) What component or components of the Department in Ottawa is/are responsible for matters relating to COMTEAMS (b) what is the composition of a COMTEAM (c) how many are in existence across Canada (d) at which postal headquarters/facilities have they been established?

3. (a) Which categories of postal employees normally form part of a COMTEAM (b) to which unions do they belong (c) how frequently are they rotated?

4. (a) Do COMTEAMS hold regular or periodic meetings with local union officials (b) does the (i) Canadian Union of Postal Workers (ii) Letter Carriers Union of Canada generally accept the concept of COMTEAMS (c) do senior officials of the Department in Ottawa and senior officials of Regional/District Headquarters generally consider COMTEAMS an essential element of the postal organization?

5. Are official directives disseminated to COMTEAMS by the Public Affairs Branch of the Department in Ottawa and, if so what is the nature of the information?

6. What is the nature of information disseminated by COMTEAMS at subordinate levels of the postal organization?

7. Will COMTEAMS cease to be a part of the postal organization and, if so, on what date?

8. Has provision been made in the Main Estimates for COMTEAMS and, if so, since what date?

9. What has been the cost to the public for COMTEAMS since their inception?

10. As of what date were the answers to the above question prepared?

Hon. J.-J. Blais (Postmaster General): 1. COMTEAMS as outlined do not exist. (a) COMTEAM is a contraction of "Communications Team" and is the term applied to an internal information process. (b) They were established in October 1976 as one result of the present Postmaster General, the Hon. Jean-Jacques Blais' recognition of the need to stimulate two-way communications within the Post Office Department. (c) The COMTEAM process is intended to stimulate two-way communications within the Post Office Department.

2. (a) The Promotion of the COMTEAM principle is the responsibility of the public affairs and personnel components; it also involves every functional group. (b) Not applicable. (c) Not applicable. (d) Not applicable.

3. (a) See 2 (a) above. (b) Members of all unions representing Post Office Department employees would be involved in the process in one way or another. (c) Not applicable.

4. (a) No. (b)(i) No. (ii) Yes. (c) As explained, COMTEAM is not an element of the postal organization; however, the Postmaster General and senior postal officials are pleased with the way the COMTEAM process has assisted in keeping employees at all levels informed. Strong and effective communications among members of an organization are essential if people are to be fully informed and to act soundly on facts and data about the business. COMTEAM is a process for opening up the channels of communication within Canada post and is therefore essential to the organization's effectiveness.

5. No.

6. COMTEAM information covers a wide variety of topics of interest to all employees and is often in response to request for clarification.

7. COMTEAM is more concept than a group, and is considered as ongoing.

8. The main estimates contain general provisions for communications, of which COMTEAM is simply a process.

9. Since COMTEAM is made up of existing personnel and functions through existing communications channels, there have been no additional man-year costs to the department.

10. The government takes responsibility for the answers it provides to questions and for the process involved in replying to such questions. It is not appropriate therefore to provide information about internal administrative arrangements.

DEPARTMENT OF FISHERIES AND THE ENVIRONMENT—NEW BRUNSWICK EMPLOYEES

Question No. 553—**Mr. Howie:**

How many persons were employed in New Brunswick by the Department of Fisheries and the Environment to protect the fisheries resources from illegal activities in (a) 1975 (b) 1976 (c) 1977 to date?

Mr. Hugh A. Anderson (Parliamentary Secretary to Minister of Fisheries and the Environment):

Year	No. of Persons
1975	199
1976	188
1977	185

SUBSIDIES TO FERRIES OR FERRY SYSTEMS

Question No. 557—**Mr. McKinnon:**

1. How much did the government pay in subsidies to ferries or ferry systems on the (a) East Coast (b) West Coast in December 1976?

2. How much does the government plan to pay in subsidies to ferries or ferry systems on the (a) East Coast (b) West Coast in 1977?

Hon. Otto E. Lang (Minister of Transport): 1 and 2. The government of Canada provided the following assistance to water transportation during 1976 and is presently budgeted for 1977:

Subsidies	1976	1977
(a) East coast	$13,028,110	$14,368,678
(b) West coast	2,654,046	8,230,000
Deficit Payments		
In respect of Constitutional Services to P.E.I. and Newfoundland	$85,863,184	$101,990,000
Other East Coast Services	2,701,081	3,705,000

The 1976 subsidy figures are not final since existing contracts contain profit limitation clauses and all excess profit recaptures have not been completed.

The above figures were provided by Transport Canada and the Canadian Transport Commission.

[*Translation*]

QUESTION PASSED AS ORDER FOR RETURN

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, if question No. 63 could be made an order for return, this return would be tabled immediately.

[*English*]

Mr. Speaker: Is it the pleasure of the House that question No. 63 be deemed to have been transferred as an order for return if the return is tabled forthwith?

Mr. Paproski: I rise on point of order, Mr. Speaker. It is my understanding that the question was going to be No. 367, but the translation said No. 316.

Mr. Pinard: Question No. 367, Mr. Speaker.

Mr. Speaker: Is it agreed that question No. 63 will be deemed to have been made an order for return?

Some hon. Members: Agreed.

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

Some hon. Members: Agreed.

[*Text*)

DEPARTMENT OF MANPOWER AND IMMIGRATION—CONTRACTS LET FOR STUDIES AND SURVEYS

Question No. 63—**Mr. Orlikow:**

1. For the fiscal year 1975-1976, what contracts for professional services were let (a) for studies, surveys and analyses into present or future policies, programs or information analysis, and their efficiency and effectiveness (b) into the examination of the administration or internal operation of the Department of Manpower and Immigration?

2. How much was committed on each contract and to whom?

3. What were the comparable figures for the fiscal year 1973-1974?

Return tabled.

* * *

[*English*]

LABOUR CONDITIONS

LAY-OFF OF WORKERS BY FALCONBRIDGE NICKEL COMPANY—PROPOSED MOTION TO ADJOURN UNDER S.O. 26

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, I ask leave, seconded by the hon. member for Winnipeg North Centre, to move the adjournment of the House under Standing Order 26 for the purpose of discussing a specific and important matter requiring urgent consideration, namely, the announcement today by Falconbridge Nickel that it intends to lay off 750 workers, or 20 per cent of its work force, in its Sudbury operation in addition to the 500 already laid off since July of this year.

It is noted that today's Christmas present from Falconbridge to the Sudbury community aggravates an already serious situation there caused by Inco's cutback, not to mention the problems created in Thompson and Port Colborne by Inco and in St. Lawrence by Alcan; and it being further noted that at the same time the employment picture in the mining sector is deteriorating and is threatening to worsen appreciably, according to the government's own figures. Inco, Alcan and Falconbridge have committed large amounts of capital to foreign investments in Guatemala, Indonesia and Chile, Ireland and Chile, again, respectively.

It is noted, finally, that these lay-offs, among others, clearly demonstrate the government's failure to pursue its intention to increase diversification and growth of national and regional economies based on minerals, which I submit constitutes a crisis and an emergency situation.

Mr. Speaker: Order, please. As I think all hon. members will agree, it is proper that this chamber ought to have machinery for bringing to the attention of the House matters of serious importance which would not otherwise come under our consideration in our regular practices or procedures. That has been the general purpose for existence of Standing Order 26. I think it is appropriate, therefore, to read parts of the Standing Order. Subparagraph (1) reads as follows:

> Leave to make a motion for the adjournment of the House for the purpose of discussing a specific and important matter requiring urgent consideration must be asked immediately before the calling of government orders.

I think it is appropriate to read two other subparagraphs. Subparagraph (5) reads as follows:

> In determining whether a matter should have urgent consideration, Mr. Speaker shall have regard to the extent to which it concerns the administrative responsibilities of the government or could come within the scope of ministerial action and he also shall have regard to the probability of the matter being brought before the House within reasonable time by other means.

Finally, I should read subparagraph (16):

> The right to move the adjournment of the House for the above purposes is subject to the following conditions:
>
> (a) The matter proposed for discussion must relate to a genuine emergency, calling for immediate and urgent consideration—

I think the Chair has, for those reasons, recognized that matters of crisis ought to be brought before the House in this way if they are not going to have the attention of the House in any other way. On the other hand, the Chair is naturally reluctant to take individual problems in individual constituencies—even when they are very close to home—as representing qualification under this Standing Order. The obvious would follow: every member who had anything of critical proportions affecting his constituency would want to bring it forward for the same emergency treatment.

In this situation, there have already been extensive discussions both in this House and in the Ontario legislature, as well as ongoing meetings at every level, to discuss the situation which has been precipitated in the nickel mining industry and expressed by lay-offs at the International Nickel Company. Indeed, the very language of the motion put forward by the hon. member indicates that the situation that Falconbridge announced today aggravates an already serious situation.

I am also influenced by the fact that the announcement by Falconbridge Nickel Mines today allows for some six months before the lay-offs are to take effect, in order to continue the kind of discussions that are already going on between the company and the union and government at the provincial and federal levels.

To a certain extent, I am also influenced—although I put this at the end of the list—by subparagraph (5) of the rule and by the language of the supply motion for this afternoon. This is a rather wide-ranging motion having to do with industrial strategy in Canada and is critical of the government, including in its terms the resource industries. I am sure that those participating in the debate this afternoon will have an opportunity to express themselves on the subject either incidentally or entirely and will still be relevant to the motion now before us.

I want to stress however, that this is not my main reason. My main reason is that which I set out before, that this is a situation which is under considerable negotiation. Meetings and discussions are taking place, and I think it would be inappropriate to grant an application under Standing Order 26 at this time. I do not rule out the possibility of a further application at a later date which might receive different consideration if the circumstances vary. Orders of the day.

GOVERNMENT ORDERS

[*English*]

BUSINESS OF SUPPLY

TRADE—ALLOTTED DAY S.O. 58—ALLEGED GOVERNMENT FAILURE TO ESTABLISH INDUSTRIAL DEVELOPMENT POLICY

Mr. John C. Crosbie (St. John's West) moved:

That this House condemns the Liberal government and in particular the Minister of Industry, Trade and Commerce and his predecessors from 1963 onward, for their failure to develop an industrial strategy to govern industrial development in Canada, their failure to develop adequate policies to assist export trade and to improve the domestic market in Canada for Canadian goods and services by strengthening the Canadian manufacturing industry, and their failure to provide a mechanism for effective consultation with Canadian manufacturing industry, and their failure to provide a mechanism for effective consultation with Canadian manufacturing and resource industries, including the fishing and agriculture sectors, in the Tokyo Round of the GATT negotiations under way now in Geneva and during 1978.

Mr. Speaker: Order, please. The Chair notes that not later than 9.45 o'clock p.m., every question necessary to dispose of proceedings shall be put forthwith in accordance with Standing Order 58(10).

Mr. Crosbie: Your Honour has just read the motion which I hope the House is going to adopt today. If we adopt this motion, I imagine it will terminate the life of the government—which is a desirable move. This is a serious motion because the manufacturing industry of Canada is in a serious condition. There will be at least four other speakers, besides myself, from the official opposition who will speak on different aspects of the motion.

When I was asked to become critic of the Department of Industry, Trade and Commerce by our leader in September, I had to confess that I was by no means an expert in the field, particularly in view of the fact that the part of the country I come from is not heavily industrialized. I have had to do considerable homework over the last several months to try to find out the condition of Canadian industry and what the prospects are for trade and commerce. Unfortunately, Mr. Speaker, I have discovered that the state of our industry and our prospects in the negotiations at Geneva are shocking.

● (1542)

Some hon. Members: Hear, hear!

Mr. Crosbie: I regret that the new minister appointed in September is not improving matters which were left in pretty poor shape by his predecessors. Mind you, he has had a lot of predecessors. This department, like many others of the government, has had five ministers since 1972. In November, 1972, Mr. Pepin left the portfolio at the invitation of the Canadian electorate in his district. Then the present Minister of Energy, Mines and Resources (Mr. Gillespie) took over for two years and ten months. Then came the present Minister of External Affairs (Mr. Jamieson) for a year, and then came the present Minister of Finance (Mr. Chrétien) for a year. Finally, in 1977, came the present minister.

Mr. Speaker, no minister can do justice to a department if he is there for only 12 months. It takes 12 months to understand what the department is all about. This is an example of how little the Prime Minister (Mr. Trudeau) cares about how well his ministers in the department perform. He has this whirling dervish fancy of changing ministers every year. I note his predecessor, the late Mr. Pearson, did not do that. In the Department of Industry, Trade and Commerce for example, the present member from Montreal, Mr. Drury, was five years in that portfolio. This department has not had a real star as a minister since our member for Prince Edward-Hastings (Mr. Hees) left the portfolio in February, 1963. He was the last Minister of Industry, Trade and Commerce in Canada who made any impact on the world—or Canada—and he is the gentleman I am so proud to sit with here on the Progressive Conservative side of the House.

Some hon. Members: Hear, hear!

Mr. Crosbie: Our present minister is apparently sanguine and satisfied with the present state of affairs of our Canadian industry, our trade and commerce. He is soporific about them. He is not worried. He is steer-like in his attitude toward his portfolio. He is contented. I asked him the other night whether

he had read the report which I am going to refer to in a few minutes. It is a report prepared by the Science Council of Canada on the uncertain prospects of the Canadian manufacturing industry, showing that our industry is in an extremely grave state, with poor prospects at the moment.

At the finance committee meeting on Monday night, the Minister of Industry, Trade and Commerce said he was familiar with the report, and did not accept it. He told me why he did not accept it. He felt the Canadian manufacturer has tough competition, but that he is not that pessimistic about his opportunities. The minister is not pessimistic. It is great not to be a pessimist, Mr. Speaker, but we have to face reality. The Minister of Industry, Trade and Commerce is not facing reality when he looks at the state of Canadian industry today and is sanguine about our prospects in negotiations at Geneva. If this debate does anything to prevent his continuing being content, satisfied and steer-like, sanguine and soporific, it will have done some good. A rolling stone gathers no moss. A rolling minister develops no new policy.

Mr. Hees: Right on.

Mr. Crosbie: He appears, Mr. Speaker, not to understand the problems. Not only that, he is doing nothing about them. I have two quotations giving examples of the minister's attitude toward Canadian industry. According to a report in the *Globe and Mail* of November 25 from Brussels, the reporter, Mr. Ian Rodger—covering Mr. Horner—said:

> Mr. Horner said businessmen seem most concerned about the prospect of Canadian tariff barriers being lowered in the Tokyo Round, leading to more import competition. But he showed little sympathy for that concern.

Imagine, our Minister of Industry, Trade and Commerce shows little sympathy for the concern of the Canadian businessman! He went on to say, quoting Mr. Horner:

> The Canadian businessman perhaps isn't as aware of the changing world market patterns as, say, the Europeans.

A gratuitous insult to the Canadian businessman—that he is not supposed to be as aware of world market patterns as the European. He does not hold much regard for the Canadian businessman's astuteness. In fact, he infers they are stupid. Further in the same interview, the reporter says:

> Nor is he much worried about dislocations in Canadian industry that might be caused by freer trade.

This is the Minister of Industry, Trade and Commerce.

Some hon. Members: Shame.

Mr. Crosbie: He is not worried about dislocations that might be caused by freer trade.

Some hon. Members: Shame.

Mr. Crosbie: The 1.9 million people who work in the Canadian secondary manufacturing are concerned.

Some hon. Members: Hear, hear!

Mr. Crosbie: The people who work there and who have businesses are concerned.

[Mr. Crosbie.]

Mr. Hees: Right.

Mr. Crosbie: Then he quotes the minister as follows:

> It's a funny thing. It may create some dislocation of specific jobs within the manufacturing industry, but I see tremendous growth because the Third World countries require our technology and our manufactured products. I don't see the manufacturing sector failing as much as many of the Canadian businessmen do.

The minister is indeed very sanguine. The Third World countries and every other country of the world—Germany and Japan, etc.—will be competing for business. What makes us think that Canadian industry is in such a state today that it can compete better than the Japanese, Germans and the European Common Market? Manufacturing employment now is 6.3 per cent below its peak level of September, 1974. That is something the minister should be concerned about. He should be trying to increase manufacturing employment in view of our situation. I do not have time to dwell on this, but the minister is travelling so much that he does not have time to attend to the concerns of Canadian business.

The Retail Council of Canada and various sectors of that industry have been asking for a decision for some months from the minister's department, and from the minister, respecting import quotas for the second half of 1978 with respect to clothing, textiles and that kind of thing. The council has pointed out to the department that they have to order eight to ten months in advance. They have to order now; they cannot wait until the end of December for a decision. If it is going to be that late, they are going to be risking loss of trade and loss of merchandise. They will lose money. There has been a series of letters to the minister from the Retail Council to the minister asking him for a decision in this area. As yet, the minister has not yet replied. They were apparently promised a decision in August, according to a letter of November 3 sent by the Retail Council to the minister. As yet, however, the minister has not replied.

Mr. Speaker, what kind of behaviour is this? The whole retail industry of Canada, some wholesale and even the manufacturing part of the industry of Canada, is involved in selling clothing and textiles. They want a decision concerning quotas for the last half of 1978. They cannot get it. The minister is not worried whether they get it, but they themselves are worried. One would think a minister of this department would be very concerned about that kind of thing and quick to give an answer. If he is unable to give an answer, he should explain why. If it is because some kind of negotiations are going on bilaterally with certain other countries—unsuccessful to date—or there is a good or convincing reason, he should say so. Even so, I doubt whether it is justified that our whole retail industry should be in a state of uncertainty as to what they can order, what they cannot order or import for the last half of 1978.

The first part of the motion deals with our industrial situation. I can quote any number of sources. For example in the November 17 edition of the *Globe and Mail*, Ronald Anderson, a business columnist, wrote:

Ministers of industry, trade and commerce for the past half-dozen years have been talking intermittently, but without concrete results, about developing an industrial strategy for Canada.

Further, he said:

Now, Jack Horner, the new Minister of Industry, Trade and Commerce, has returned to the attack and has promised to announce some form of industrial strategy before the end of 1978.

The head of the manufacturing industry says, "Better late than never." But are negotiations under way now, Mr. Speaker, to reach a serious point in January at the GATT negotiations in Geneva? We should have had our industrial strategy many years ago. But for the purposes of these GATT negotiations, certainly a year ago—not that the industrial strategy is going to come at the end of 1978 when the negotiations are completed and the decisions made—what kind of a way is this for the government of Canada to do business? You might excuse them if they only came into office three months ago or six months ago, but they came into office in 1963, and the present lot in 1968.

I now turn to the report of the Science Council of Canada, which is an independent body formed by the government of Canada, financed by the government of Canada, commendably given freedom to express its opinions uncensored. I trust that will continue. What do they find, in their report of October, 1977, to be the prospects for our manufacturing industry? In discussing the first stage of a long-range industrial program which they are undertaking, they say:

● (1552)

Canadian industry is chronically and gravely ill. Indeed, the country, industrially, is rapidly falling behind other nations, and, by default, placing its hopes for the future on a resource sector, which, in its present form, is inadequate to the task of raising or even maintaining the standard of living which most Canadians take for granted.

That is the conclusion of the Science Council of Canada study. When I asked the minister what he thought of it, he said he did not accept it. It was surprising enough that he did not accept it, Mr. Speaker, but he did not give any convincing reason for his non-acceptance. However, later on in the same meeting of the finance committee, when I pointed out that this was a body financed by the government of Canada which had no axe to grind, the transcript of the committee proceedings has the minister saying, "not the best businessmen in the world though". So he denigrated and insulted the people on the Science Council of Canada. This was an observation which demolished their report. I do not know whether they are the best businessmen in the world, but they are a very impressive group of businessmen and university graduates, and it ill behooves the minister to shower them with a gratuitous insult of that nature.

Let me go to the report of the Science Council of Canada, which is not all that long. At page 2 they point out that it is apparent that the technological capability of Canadian industry has not improved, but has in fact deteriorated. They say exports of technology-intensive goods have fallen in relative terms, and many of the industries which produce them are unable to meet foreign competition in the domestic market, much less export, Mr. Speaker. They point out that job opportunities for scientists, engineers, MBAs, executives and other specialists are scarce and non-existent.

They conclude that almost every branch of Canadian manufacturing shows signs of weakness. The mature technology industries, such as textiles, clothing and leather goods, are succumbing to fierce foreign competition in the Canadian market. The resource sector, they say, may also be faltering. These conclusions are reached after an intensive study by a group of intelligent people. They go on to point out that in 1975 we experienced a record deficit of $5.1 billion on current account of the balance of payments. I checked the figure today, and the latest adjustment showed a $4.78 billion deficit. In 1976, the figure was $4.19 billion. For the first three quarters of this year the adjusted figure estimated is now $4.63 billion. I suggest that is a pretty grim record.

At page 5 of the report it is pointed out that industrial capacity in Canada fell to a low of about 81 per cent in the third quarter of 1975. In the first three quarters of 1977, the figure has gone from 81.4 per cent to 84.3 per cent to 83.4 per cent. In other words, Canadian industry is working to only 83 per cent of capacity. According to the report, employment prospects in 1976 were the worst confronting graduates from universities or people joining the labour force since the depression of the 1930s. These are not partisan statements, Mr. Speaker, but conclusions reached by the Science Council of Canada report.

The report goes on to list various industries where difficulties are apparent. There is a lack of competitiveness in our manufacturing industries. On page 6 reference is made to the productivity gap between Canada and the United States and the rapid increase in wages and salaries. In 1975, for the first time since 1960, Canada had a deficit on our merchandise trade account of $639 million. I believe that figure has now been adjusted by StatCan to $534 million. We had a $1 billion surplus in 1976, and it is projected to be $2.8 billion this year, though that is less than the surpluses we used to have, particularly when you take into account inflation over the last three or four years. So we see nothing to be optimistic about anywhere in this document. At page 8 of the report the following statement appears:

Canada's share of world exports has fallen from 5.4 per cent in 1970 to 3.8 per cent in 1975. During the same period, imports (expressed as a percentage of the domestic market) moved from approximately 26 per cent to 33 per cent—

There has been a rapid rise in imports of clothing. In 18 of 19 higher technology groups, Canada has experienced growing deficits since 1970. I have not the time to refer to them all. These are some of the problems we are facing, Mr. Speaker. Certainly, this is not a situation which would lead one to be sanguine, soporific or steer-like.

The only answer that the minister has given to the questions we have asked both in the House and in committee about our economic situation is that the fall in the value of the Canadian dollar to 90 cents has been a good thing. He has been ecstatic that it has dropped in value, and he would brutalize it down further if he could. Today it stands at approximately 91 cents

American. He says it is the answer to all our ills. The only strategy adopted by the Minister since taking over his portfolio has been to believe that the fall in value of the Canadian dollar would solve all our problems.

Other people do not think so, Mr. Speaker. For example, Mr. George Post, acting chairman of the Economic Council of Canada, does not think so. In a recent speech to the Canadian Men's Club, he said that the recent depreciation of the Canadian dollar was only a temporary remedy for the country's trade problems and should not be relied upon to correct underlying inflationary tendencies in the economy. That gentleman has no political axe to grind, and I will take his word over that of the minister every time. I can quote dozens of similar opinions, but I will not.

In the November 25 edition of the Toronto *Globe and Mail* there is a report of a study conducted by the Conference Board of Canada on the competitiveness of Canadian industry. Between 1966 and 1975 the competitiveness of Canadian industry, compared with that of the United States, has deteriorated. This confirms the present state of Canadian industry. The president, Mr. Rene de Cotret, said in an interview:

—another devaluation of the Canadian dollar "is not the answer to the problem". He stated that the behavioural and structural elements that led to the deterioration in cost competitiveness remain in place and that a further devaluation "would just set us up for a continuation of cost deterioration, but at a lower exchange rate." This would bring Canada close to the British disease of a devaluation-inflation spiral, as rising import prices boosted the Canadian inflation rate, he explained.

Again, Mr. Speaker, I will take the explanation of Mr. Rene de Cotret before that of the minister. At least the Conference Board of Canada know their subject. I should also like to point out that in the report of the Science Council of Canada exactly the same conclusion is reached at page 11. I quote:

The depreciation of the Canadian dollar will provide Canada with a short-lived and limited economic respite arising from a temporary boost in export earnings and a tendency for the volume of imports to be cut back. However, as the experience of Britain and other countries whose currencies have been depreciating has shown, a falling exchange rate tends to start a self-perpetuating slide.

They go on to say a falling exchange rate is inflationary because it raises the costs of imports, and so on. At page 12 in this statement:

One wonders just how much depreciation of its currency Canada will have to experience before recognition is given to the most fundamental problem—structural weakness in Canadian industry.

I do not have time to quote further from this report, Mr. Speaker, but anyone who has looked at the situation objectively concludes that Canadian industry is in very poor shape at the moment. Canada has no industrial strategy. We were promised a series of sector studies and strategies when the Minister of Energy, Mines and Resources headed the Department of Industry, Trade and Commerce, but these have not yet been completed. Therefore, we are groping around without any strategy. That is, unless the minister introduces one this afternoon. We will be very interested to see just what he comes up with.

Suggestions for what our strategy should be have been put forward. The Science Council of Canada, as quote in the December 6 *Globe and Mail*, put forward a possible strategy, according to the column of Mr. Anderson to which I referred previously, Dr. Kates, chairman of the Science Council of Canada, suggests that a strategy should include Canadian ownership of companies in key areas; that government policies should support technical advances in those areas. The government has not yet decided what these areas are. There should be a "Buy Canada" policy and development of a small number of technology-based firms of international stature. There should be a range of innovative firms and the establishment of minor technology-oriented programs, such as in the field of liquefied natural gas carriers with ice-breaking capacity. These are areas in which Canada should be pre-eminent because they are suited to our geographic location.

This is the kind of strategy suggested for Canada, Mr. Speaker. We must decide what we, as Canadians, are best at and concentrate on those matters. That is what we are not doing at the moment. If we continue conducting unstructured negotiations in Ottawa, then we will be unable to determine what is going to happen to our industrial sector.

● (1602)

In connection with the negotiations in Geneva, every industry, every manufacturers' association that I know of, complains there is no feedback from the government, no mechanism by means of which they can find out from the government what is happening. They will not be involved in decisions made at Geneva; they will not be asked for their views on the negotiations from January on. I could cite instance after instance; the electronics association, the manufacturers' associations, the plastics industry—the list goes on and on. They are not being consulted.

In the United States, representatives of trade and industry are accompanying the delegations to Geneva. They will be there when decisions are made. Industrialists in this country want to know about these things now. They want to know what assistance they are likely to get in case of certain decisions being taken, certain adjustments being made. These are questions which have not been answered. As far as I know, members who sit on the opposition side of the House have been allowed no input. I wrote the minister asking whether we would be briefed and allowed to know what is happening, but so far I have received no answer from him.

The President of Privy Council (Mr. MacEachen) has, it is true, indicated that we shall be briefed. I imagine this will be done in a casual manner. We have not been consulted or told how this is being done. As I say, Mr. Speaker, there is a great deal of uncertainty in Canadian industry today.

We want to know what strategy, if any, the government has decided to follow. We want to know what are its goals for industry. Every other country which has advanced and prospered in the last 15 years—I think of France, Germany and Japan—has designated certain areas, more or less specific, in which it was their intention to become competitive. In Japan, for instance, it is electronics; Japan is making computers which compete with those of IBM. It will not risk the success of that

industry by permitting the import of IBM equipment. France and Germany decided to concentrate their efforts on the manufacture of certain products and to protect the industries concerned until they become sufficiently strong, on the basis of a domestic market, to compete successfully with the rest of the world. The Canadian government has made no decision along such lines. What is our defensive strategy? We know other countries will want us to drop our tariffs, and that in return we shall ask them to drop their non-tariff barriers.

We also know there are a thousand ways of increasing non-tariff barriers. Our industrialists know they cannot get a chance to compete in a number of markets where they might otherwise be successful. How is this to be stopped? Canada does not impose many non-tariff barriers, yet we are faced with non-tariff barriers put up to protect other countries. What is the minister's industrial strategy? He should be addressing himself to the state of the electronics industry. The plastics industry is another industry we should be helping, especially since the petrochemical industry is the base from which the plastics industry gets its supplies. But the chemical producers are in a state of alarm, as our correspondence indicates. These industries should be brought into the dialogue.

We realize that everyone was allowed to submit a brief to the committee on tariffs and trade; but there has been no feedback. There is, I believe, a tendency in the department to regard spokesmen for industry as not being sufficiently in the real world, not sufficiently in favour of free trade. Mr. Speaker, we are not against the concept of free trade when it can be implemented fairly around the world. It is a question of degree. We have to protect our interests, too. No other country is going to sacrifice its national interests because of the holy slogan "Free trade". The other countries around the bargaining table will protect their interests as far as they can and, hopefully, lower trade barriers too. Who will be sacrificed? Who will lose their jobs? How many exemptions will be allowed at Geneva and on what percentage of our trade? Perhaps the minister does not have the answer to these questions.

I do not believe we need to be pessimistic about Canada. There is nothing which cannot be remedied, provided the government goes about its business correctly, gives out the appropriate information and squares with the industries involved. Surely, the hon. member who heads this department and who was in opposition for 14 or 15 years should be one whose desire it is to involve industry and the resource sector in these negotiations. He might at least let them know what is happening.

The same applies to agriculture and to the fishing industry. We have to get trade barriers lowered in these cases. What does the minister hope to accomplish for them? What will he be obliged to give up if he is to accomplish anything for them? Wherever we look in the business sections of our newspapers, we are reminded of the difficulties presently faced by industry. One independent and objective study shows that in the 1960s, when we thought we were well off, Canada's position vis-à-vis the rest of the world was deteriorating. The report even says Canada might become—

Mr. Deputy Speaker: I regret to interrupt the hon. member, but the time allotted to him has expired. Of course, he may continue with unanimous consent. Is there unanimous consent?

An hon. Member: No.

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, I should like to take this opportunity to thank the opposition for enabling me to put a few facts on the record and set aside what appears to be their growing fear.

I listened very closely to the speech of the hon. member for St. John's West (Mr. Crosbie), but I failed to find in it any indication of the direction in which he thinks Canada should be going, though he did express a host of fears. One moment I thought he was in favour of greater protection, and the next I thought he was in favour of free trade. At any rate, he did seem to play around a great deal with the term "industrial strategy" and read something out of the report of the Science Council which he felt constituted an industrial strategy. It certainly did not, to my mind. An industrial strategy has to take into consideration a whole variety of matters, including taxation policy, what markets in the world are we capable of meeting, what proportion of the domestic market is to be reserved as far as possible, what kinds of goods and services we are best fitted to produce for sale abroad. One element should include a policy of upgrading as many of our own resources as possible.

To my mind, the word "policy" means a plan of action. Around here, the word "policy" has always fascinated me. In my interpretation, "policy" means a plan of action, and "industrial strategy" means several plans of action. Certainly, there are several plans of action in place right now, and I will enlarge upon them during my remarks.

● (1612)

It is true to say that politics for industrial development must be rooted in a realistic assessment of Canada's strengths and weaknesses and in the context of a dynamic world environment. On the positive side, this country has a lot going for it. We are among the most favourably-endowed nations in terms of natural and human resources. Our labour force is growing more rapidly than it is in some other developed countries and, while relatively small in the numerical sense, it is among the best educated and most highly skilled anywhere. Our industries enjoy strong technological interrelationships with those of other industrial nations, so we have access to the most scientific advances that occur throughout the world. Therefore, we do not have to be as pessimistic about Canada's future as some people would like.

What are we doing about meeting with and aiding industry within Canada? Just recently, the Department of Industry, Trade and Commerce reorganized several programs—I think they number about seven—into one called EDP. We have set

up provincial boards in every province. These boards will have jurisdiction to underwrite credit at a chartered bank up to as much as $200,000, and that may well be increased to $300,000. The national board will have jurisdiction to underwrite credit to the extent of something in the neighbourhood of $300 million in loans.

These boards will assess, first of all, whether a business is viable and should be retained in Canada. If it reaches the conclusion that it should be, then the board will take a look at management and, thirdly, at equity. A chartered bank takes a look at the situation in the direct reverse: it looks at equity, then management, and then, I suppose, at the business. The EDP will look at it in completely the opposite way, with the hope it can maintain permanent jobs in Canada and create more permanent jobs here. It certainly has a very good record in creating and maintaining many industries that may well have folded had they not received a last resort line of credit through EDP.

Having regard to export trade, the department does many things. I might point out that in 1976 we had a surplus in export trade of $1.1 billion, after a deficit in 1975 of $640 million, and in 1977 we expect to have a surplus of $2.5 billion. To me, that is a strong indication that we can, and are, competing in world markets.

Mr. Stevens: In respect of manufactured articles?

Mr. Horner: I will come to manufactured articles later. We have bilateral agreements with a whole host of countries, including Poland, Israel, Saudi Arabia, Brazil, Iran, China and the U.S.S.R. These involve major contracts which will assist us in selling a whole host of commodities, mostly manufactured, to these under developed countries. The bilateral economic agreement with Poland, for example, was a $300 million business deal. Just recently, about a year ago, we carried out a framework agreement with the EEC. That framework agreement is an industrial agreement through which I am certain there will be a continued expansion of our trade with the European Economic Community.

Having just returned from Brussels, with 164 businessmen, I can certainly vouch for the fact that they returned to Canada far more enthusiastic about their ability to do business in Europe than when they left. It is easy to say that you cannot do business with Germany and Japan because they are too keen and too sharp as businessmen. I do not think we should accept the fact that we cannot do business with any country. We can, and should, be prepared to compete with any country. I priced many articles in Europe and decided in my own mind that we can compete with them quite well.

We have 89 offices, in 63 countries, aiding foreign trade. There are 300 foreign service officers, 170 of whom are engaged in assisting commercial trade. The idea that this department has not done much to serve Canada's domestic export trade in the past 13 years, or during the life of this resolution which began in 1963, is really quite ridiculous because many promotional trade projects have gone forward with fairs, missions and export market programs, expending something in the neighbourhood of $13.8 million in support of export trade and resulting eventually in increased trade in the neighbourhood of $640 million.

There have been many turnkey projects in which we have assisted in getting contracts for Canadian businessmen, such as the Venezuelan railway project and the hydroelectric project in Brazil for which we are competing right now. The Export Development Corporation has been a boon in assisting Canadian businessmen to get their exports abroad and get paid for them. In 1969, the EDC was empowered to undertake direct and contingency liabilities totalling $1.6 billion. It is currently empowered to undertake direct and contingency liabilities totalling $6.8 billion. The annual level of loans provided by EDC in support of Canadian capital goods exports has increased from $98 million in 1963 to $784 million in 1976.

Mr. Stevens: To set up steel mills in the United States and pulp mills in Poland.

Mr. Horner: I do not know what is wrong with a pulp mill in Poland.

Mr. Stevens: Ask our pulp and paper producers.

Mr. Horner: I imagine they can read, too. The EDC has done a tremendous job promoting the export of Canadian goods in many innovative ways, one of which was mentioned today in the question period. It is an interesting one which will encourage the export of oil exploration activity and technology. This is a major step and I think it is just the beginning of that concept. Much has been said about the manufacturing trade and exports. I should just like to give the House some figures. Domestic exports have increased at an annual growth rate of 4 per cent in live animals; at 9.3 per cent in food, feed and beverages; at 13.7 per cent in crude materials, inedible; and at 10.7 per cent in fabricated materials, inedible. That is an annual increase in our export of these commodities.—

Mr. Hees: Over what period?

Mr. Horner: From 1962 to 1976, the period of this resolution.

Mr. Stevens: What will be the deficit this year?

Mr. Horner: There will be a surplus this year.

Mr. Stevens: In the manufacturing trade?

Mr. Horner: Just let me finish. In end products.

Some hon. Members: Oh, oh!

• (1622)

The Acting Speaker (Mr. Turner): Order, please. The hon. Minister of Industry, Trade and Commerce (Mr. Horner) has the floor.

Mr. Horner: The annual average increase of end products from 1962 to 1976 was 23 per cent, which is an amazingly large increase. The average annual increase of total exports has been 13.7 per cent.

Mr. Hees: What will be the deficit on fully manufactured goods this year?

Mr. Horner: I will get to that.

Mr. Hees: Well, get to it now.

Some hon. Members: Order.

The Acting Speaker (Mr. Turner): Order, please. I suggest we will be here all day and all night listening to the various speeches, if the interruptions continue. The hon. minister has the floor.

Mr. Horner: In 1962—

Mr. Stevens: This is 1977.

Some hon. Members: Order.

Mr. Horner: I did not draft this resolution. The resolution commences in 1962. Perhaps the hon. member can keep quiet, if he does not want to listen to the figures. His party asked for them. In 1962, approximately $68 million worth of livestock were exported. By 1976, that was doubled to $119 million worth of livestock.

Mr. Stevens: Is that manufactured goods?

Mr. Horner: I will get to manufactured goods.

Mr. Hees: We are interested in fully manufactured goods.

Mr. Gillies: Is that in real terms?

Mr. Horner: If hon. members opposite want to hear those figures now, I will give them. In 1962, we exported $654 million worth of end products. In 1976, we exported $12,539,-232,000 worth of end products. That is a substantial increase.

Mr. Horner: Yes, it is real terms; it is real dollars.

Some hon. Members: Oh, oh!

Mr. Horner: Mr. Speaker, I should like to ask the consent of the House to table this document, since hon. members opposite do not want to hear the figures. It can be appended to today's *Hansard* and then hon. members can read and study the figures themselves.

The Acting Speaker (Mr. Turner): Is it agreed that it be printed as an appendix to this day's *Hansard*?

Some hon. Members: Agreed.

The Acting Speaker (Mr. Turner): Agreed, and so ordered.

[*Editor's Note: For text of document, see appendix.*]

Mr. Horner: It is obvious that hon. members opposite do not want to hear the figures.

Mr. Hees: Give us the import figures.

Mr. Stevens: That is what we want.

Some hon. Members: Order.

The Acting Speaker (Mr. Turner): I realize there is a long list of speakers who want to deal with this matter. Some are on this list, and will have their turn to speak.

Some hon. Members: Hear, hear!

Mr. Horner: We have heard a lot about manufacturing trade, shipments and the Canadian market. In 1976, our exports were $25 billion and our imports were $30 billion. Thus, the trade balance was minus $5 billion, which I have acknowledged. The shipments, as a share of the Canadian market, were 95 per cent. That indicates that we were not far off our total percentage.

Mr. Stevens: What was the deficit?

Mr. Hees: What was the deficit in fully manufactured goods last year?

Mr. Horner: Minus $5 billion. Much has been said about the Kennedy Round in tariff negotiations and the entire Canadian economy. With those trade figures, the gross merchandizing trade surplus will be $2.5 billion. Our labour negotiations are in far better shape than they were some years ago, with the average settlement down at 7 per cent instead of 14 per cent. In the last third quarter, the growth in productivity in Canada went up 4 per cent, whereas it went up only 2 per cent in the United States. Thus, one can see that our loss in competitive ability is narrowing. In fact, the growth in the third quarter in the gross national product was 5.2 per cent.

It is all well and good for the hon. member for St. John's West to suggest that we should return to being hewers of wood and carriers of water, in agreement with the hon. member for Don Valley (Mr. Gillies). Certainly, that would not be my concept and it is not the attitude of the Canadian delegation in GATT. We want to maintain a strong industrial industry, and will do so. In the 1963 GATT negotiations, the cutting of tariffs and the improvement of the anti-dumping legislation was mainly dealt with. This round will cut tariffs and deal with the non-tariff barriers. The non-tariffs barriers are far more important than the tariffs. The hon. member can suggest that there are millions of ways to create a non-tariff barrier, but in my study with the delegation in Geneva, I was greatly pleased to speak to Oliver Long, the secretary-general of GATT.

Also, I spoke with the American, Japanese and other delegations who were there. I was pleased with the calibre of the man the Canadian government sent there. He was fully knowledgeable in trade and tariffs. The suggestion that Canadian manufacturers should know all about it all the time would be disclosing to the entire world Canada's deck of cards. I am sure no one would want that done.

Mr. Crosbie: What is the United States doing?

Mr. Horner: I will deal with the United States in a minute. In our trade today with the United States, 66 per cent is moving there at something like 5 per cent or less. With the suggested cut in tariffs something like 90 per cent of our trade would move into the United States with 5 per cent or less tariff. Thus, we have to concentrate on the non-tariff barrier.

On November 11 Canada tabled a long list of non-tariff barriers and restrictions to trade with regard to agriculture and fish. The Americans were not particularly pleased with that because it indicated to the world that they were not "Mr. Clean" in the world of trade. It indicated to the world that Americans were not the great free traders that they were professing to be. Much of the items tabled dealt with commerce moving from Canada to the United States. There is no doubt the proper strategy was adopted when that long list was tabled at Geneva. The United States tabled a small list, and after Canada tabled its list they realized their list should have been longer.

With regard to the non-tariff barriers, seemingly Japan, the United States, the European Common Market and the Swiss are prepared to agree on the setting up of a series of conduct codes for governments to adhere to. These codes would specifically address themselves to four areas. The first area would be government purchasing practices. Government purchasing practices have been one way in which non-tariff barriers have effectively prohibited penetration into some markets. One could list a number of countries which have government purchasing practices that prohibit our sales into their markets. If something can be done to set up a standard code of ethics for governments to adhere to, certainly it would remove many of the non-tariff barriers dealing with that subject and in my opinion help particularly the electronics and the electro-cable industries.

The second area would be subsidies, countervailing duties and restitutions in the European community. In my opinion there is not much difference between a tariff and a subsidy. I am pleased that subject matter will be dealt with and considered in the non-tariff barriers code of ethics. Custom valuation is certainly very, very important. Quite often it is used between Canada and the United States. It delays the shipment of goods. Technical barriers with respect to the trades, such as product standards, is another way in which non-tariff barriers are developed. With regard to the setting up of a code of conduct for nations, it is widely believed that a surveillance team would have to be set up to make certain that all nations adhere to that code of conduct, nations which have signed the GATT treaty.

● (1632)

Also, some thought is being given to the changing of article 19 in GATT. Article 19 now deals extensively with industries which are severely hurt by imports. Under article 19, these industries could be protected, but action must be taken indiscriminately and must apply to quotas on all nations importing to a particular country. The thought was expressed in Geneva that article 19 should be amended to allow countries to move discriminately in protecting a market which appears to be threatened. In my talks with Mr. Long, he assured me that if countries were allowed to move discriminately under article 19, a strict set of procedures would have to be established and would have to be tried out before action could be taken discriminately because, as can be readily seen, if one were allowed to move discriminately without following a particular procedure, the whole movement toward the liberalization of trade could be harmed.

An hon. Member: What did you say?

Mr. Horner: If the hon. member does not know the meaning of the word, he should look it up in the dictionary. The hon. member spoke about the textile industry and professed not to know why the Retail Council of Canada was in a quandary with respect to the purchase of textiles. As I have explained many times, in accordance with the international fibres agreement we, as Canadians, should attempt not to keep global quotas any longer than necessary. In an attempt to free ourselves of the global quotas which are now in effect in the textile sector, we would have to negotiate bilateral arrangements with the countries importing into Canada. This fall it was our hope that we could get seven of the major countries importing to Canada to agree to some bilateral arrangements. I told the Retail Council of Canada and the Textile Council that we would attempt, until January 1 at least, to establish bilateral agreements.

An hon. Member: Far too late.

Mr. Horner: That is a discretionary opinion. I believe it is not too late. The textile people believe that they must start purchasing now for next fall. I think they can start purchasing on January 1 for next fall from abroad, or they can purchase here at home for next fall. We just moved under article 19 to protect the shoe industry in Canada. We have made considerable inroads in the protection of the textile industry. Many people in that industry have been very grateful for the action which the government took to protect their industry. The shoe industry has been severely hurt in recent years. In 1970, Canadian producers had around 79 per cent of the market. In 1976, they had 58 per cent of the market. In the first seven or eight months of this year, their percentage of the market dropped to 41 per cent. That is why we had to move under article 19 to bring about some kind of stop to the flooding of Canadian markets by imports.

Before concluding, Mr. Speaker, I would like to make a few comments regarding the over-all concept about the strength of the Canadian economy and the 90-cent dollar. I know that hon. members opposite refer to the drop in value of the Canadian dollar as an indication of the weakness of our economy. I suppose that now it has gone back up to 91.2 cents, they will say it is not an indication that our economy is strengthening.

Mr. Stevens: You like the 90-cent dollar?

Mr. Horner: Yes, the hon. member is right that I like it. Anybody who is an exporter or believes in exporting should like it. It does something to the price of cattle, to the price of wheat, to the price of oil, to the price of gas, to the price of pulp, paper and timber products—all the products we export.

Mr. Stevens: What does it do to our inflation?

Mr. Horner: It has an effect on inflation, but not nearly equal to the benefits gained.

Mr. Stevens: Four per cent is a pretty telling figure.

Mr. Horner: That is your figure, not mine.

Mr. Stevens: It is Dr. Hood's figure.

Mr. Horner: But not mine.

An hon. Member: What about farm machinery?

Mr. Horner: The hon. member is worried about farm machinery. If you manufacture farm machinery in Canada, it should not affect you too much. In any case, I would like to see the Canadian economy take advantage of the 90-cent dollar to push our exports into foreign markets. If we are careful and do not allow excessive prices and excessive wage increases to swallow up the advantage we have gained, we should be able to make substantial gains in markets of the EEC, the United States and even in Japan if we are successful in overcoming their trade barriers.

Certainly, it is my belief that the multilateral trade negotiations which are in progress now will succeed. If they do not, the tendency toward protectionism in this country, in the United States and in the European Common Market, will affect world economy detrimentally because if the multilateral trade negotiations fail and protectionism wins, one country will move ruthlessly against another, costs will soar, the economic balance of countries will be disrupted and everyone will suffer as a result. I do not want to see that happen. It is my belief that we as a nation should work toward greater liberalization of trade. If you study any figures with respect to trade, you will find that as world trade increases, the economy of our country improves.

In my recent travels to the industrial community of Germany, and in my talks with the chairman of the chamber of commerce in Germany and people in Geneva and Brussels, I found that they all assured me that without doubt the future of Canada looks brighter than that of any other nation in the industrial world because we have the ability to become self-sufficient in energy, we have high technology available to us, and we have a highly educated and capable work force.

An hon. Member: And a lousy government.

Mr. Horner: We also see the government cutting down on its growth, with growth in the civil service this year of less than 1 per cent.

The Acting Speaker (Mr. Turner): I regret to interrupt the hon. minister, but the time allotted to him has expired. He may continue with unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

● (1642)

Mr. Max Saltsman (Waterloo-Cambridge): Mr. Speaker, in listening to this debate, my Francophone friends remind me of a phrase which goes like this, "plus ça change, plus c'est pareil". Translated into English, that means "same old gang". I am glad that this portion of the proceedings of the House of Commons has only limited exposure on television, because I fear for the nation trying to understand these kinds of peregrinations, as a former prime minister used to describe them. At one time, the government which friends on my right used to represent devaluated the Canadian dollar and defended that in growing terms. Members on the other side denounced that as the worst thing which ever happened to the Canadian economy. Now the roles are reversed and we are getting the same conversation but from different people.

I have had the pleasure of listening to the minister in many previous incarnations, and I must say that I enjoyed his speeches more when he wrote them himself rather than having them written for him.

Mr. Horner: I assure you that no one wrote this one for me.

Mr. Hnatyshyn: I can believe that.

Mr. Saltsman: I detected a somewhat different style and tone from the intervention which took place today. I also suspect that I have heard this speech before. In the Department of Industry, Trade and Commerce there is a standard speech which comes off the shelf, depending upon which minister comes in. It is dusted off, changed a little bit and then paraded before the House as a new policy. Because I am going to be so negative in this speech, I think I should say at least something positive. The positive thing I want to say about the minister's intervention today is at least we have some inkling of the thinking which went on at the trade conference in Tokyo. However, I would be far more confident about the state of negotiations and the outcome of the negotiations if we laid our negotiators on the table rather than papers.

There is something incredibly naive in the position which is being advanced. Tariffs are something we can deal with. Tariffs are something we can argue about if they are transgressed or if they are not honoured, but when it comes to things like non-tariff restraints, how can we really police them? What good is an agreement which is signed respecting something like that? There are many ways by which these things are contravened. For instance, we know that in a number of countries in the world with which we trade and which have non-tariff barriers which are direct government policy nobody, either at the government level or at the business level, will admit that they are practising these things. Somebody has to admit that. Bids are simply lost; something happens which is wrong. The thing is laid out in such a way that we cannot get to anyone in order to talk or to decide.

How can people be taken to court on something like this? How can we make a case if these things are working against

us? I think it is naive to believe that we can sign an agreement, knowing the policies of various countries to protect specific industries they feel are sensitive, and come away with some assurance that we have accomplished something, if this is what our negotiators are doing. I agree with the minister and his advisers that the most serious barriers are those invisible, implied non-tariff barriers. They cannot be dealt with. If we are going to give away something and make the position of our industry worse in return for somebody's promise to drop his non-tariff barriers, I think we are going to be the laughing stock of the world. I wish I had more confidence in our negotiators, but I do not, based on past experience.

I have had a lot of experience with the Department of Industry, Trade and Commerce. I have had two kinds of experience with the department. One has been good. When I deal with the department on the basis of a fire brigade on an emergency, I have nothing but the highest commendation for the kind of help which has been given to industries in my riding which have been in danger of folding up or which have needed assistance. There are excellent people in the department, and it is unfortunate that they always have to operate in this fire brigade atmosphere. At the last desperate moment they come to an industry's assistance.

However, when it comes to forward-planning or ideas about the future, the performance of the arson squad of the department has been absolutely pathetic. The planning in that department has to be the worst in the government, if there is such a thing as the worst. Perhaps I am being unkind but, frankly, I do not know whether the officials in the department are giving bad advice to the government or whether the officials of the department give the government good advice and it is rejected. In fairness, I suppose we have to hold the government responsible for the things which go wrong.

Minister after minister—and there have been many of them in the Department of Industry, Trade and Commerce—has come before this House and pooh-poohed the whole notion of industrial strategy. I am at least glad to say that as inadequate—and I will come to that—as the minister's suggestion for industrial strategy has been, there is at least some recognition that we need an industrial strategy. What is the sense of going to Tokyo to negotiate concessions when we do not even know what is good for us and when we do not even know the consequences of those negotiations? It is like making love in the dark. I am sure the people who are taking part in the activity are probably aware of what is going on, but nobody else knows what is happening.

Mr. Nystrom: With all these bugs around, are you sure of that?

Mr. Saltsman: We do not know what is going on. We do not even know which industries should be developed and encouraged. Our industrial strategy, to the extent we can say it exists at all, has simply been for the government to say it has done certain things and agreed to certain things, and that is the strategy. It is strategy by accident. But that is not strategy; that is not planning. I think that accounts for the terrible state we are in.

I understand it to be the minister's responsibility to put the best face forward on Canada's trade position. He gives us a list of statistics about increases in the amounts of exports in every single area, but he very carefully omits mentioning imports because that would destroy his whole argument. How much we export is not important; the only things about trade which are important are terms of trade. Are we getting any benefit from our trade? To give an indication of the kind of deep thinking which has always gone on in the Department of Industry, Trade and Commerce, I remember one minister who congratulated himself one day and said that we increased our exports by 17 per cent. That was wonderful. But we also increased imports by 18 per cent. That minister could not understand that we had suffered a net loss. It was like a potlatch: we were giving commodities away all over the place, but there was no net benefit.

Why do people bother to trade at all? They trade because they want to get something more or, hopefully, something they want for the things they exchange. They hope for some benefit. We have been trading in a vacuum. We take pride that we are one of the great trading nations of the world, but trade itself is not important; the only things which are important are terms of trade. The United States trade less than 5 per cent of their gross national product. Does that make the United States any less a great nation? We trade infinitely more than that, yet the more we trade, the more we lose in many ways. The minister carefully avoided explaining that kind of equation to this House, because he could not explain it. If he tried, it would be obvious that we are going deeper and deeper into a deficit position, particularly in sensitive employment-creating industries. We have one of the worst records in the world. We have the pattern of an underdeveloped country rather than that of an industrially developed country.

● (1652)

The excuses put by ministers before this House for the absence of an industrial strategy have been of a number of kinds. They always laugh at it, saying it cannot be done and that we do not need it. If pushed hard enough by the opposition, they occasionally talk about sectorial strategies and about a study of the textile industry or the furniture industry, without understanding the role of either in the economy. They go on and on like that, but occasionally someone is honest and straightforward enough to admit that it is politically difficult.

I can understand that argument. The moment you start to plan and design, you create difficulties. The easiest thing is to do nothing. That is what this government has done—it has taken the easy way out and done nothing. It has said that Canadians are spoiled rotten. It is this government that is spoiled rotten, Mr. Speaker. It has done nothing in this area, and then expresses surprise that the economy is in the shape it is.

From what we have heard, it seems to me that in some ways the government is moving in the direction of freer internation-

al trade. They are doing what was done in England when the government there found it could not manage the economy. They wanted to move into the common market, not because of the obvious advantages but because they saw it as a way of disciplining their economy. This government is talking about moving in the direction of freer trade despite the alternatives that are open to it. It is admitting it does not know how to handle the situation and that perhaps if Canadians are thrown to the wolves—kicked in the gut, sort of thing—they will find some way of surviving. In other words, the government will get the international community to do the things it is afraid to do and cannot accept responsibility for. The fact that a kick in the gut hurts, or that it may be pretty deadly, is overlooked.

The minister accuses friends on my right of talking out of both sides of their mouths—not that they are not capable of doing it, for all of us are capable of doing it sometimes, but he does not understand that by and large people have a commitment to free trade. Most people want to see trade liberalized around the world. We do not want a situation that does not benefit us. However, particularly when this government does not have a clue where it is going and what constitutes benefit, this is the real dilemma. I wish we had some sense that the government has done some planning and studying. Perhaps it has, but if so, we certainly do not know about it and there has been no indication of it.

A few years ago I participated in an experiment at the University of Waterloo through a course on designing an industrial strategy. The university decided on this because the minister of industry, trade and commerce of that time kept insisting it was not possible to have an industrial strategy, and that it was a laughable concept—just for kids. Now, of course, the government is a little more amenable to the idea. There is a way of planning an industrial strategy, and we did it; but not in the vague way the minister put before the House today.

We are not a stupid people, Mr. Speaker. A lot of people in this country could assist the government to design an industrial strategy if they cannot do it themselves. A great deal has been written on the subject. The Science Council of Canada has done excellent work. The Economic Council of Canada has done excellent work, and even Mackenzie King, following World War II, put out a good development paper on full employment. The foreign policy review for Canadians also put forth an industrial strategy.

What is important is that all industrial strategies have to start with some objectives. You do not start in a vacuum; you have to ask what we are trying to do for the country. One of the things that runs through the four studies I mentioned is full employment. This has been a constant Canadian goal and a constant Canadian failure. Despite every commitment to full employment, except for very brief periods we have not been able to achieve it because nobody followed through on the political objectives set out in the study papers.

In developing an industrial strategy, you ask questions about what industries would best survive in the kind of Canada we see, and what kind of industries would meet your objectives. If you are looking for full employment, it does not make sense to pursue the policies this country has pursued almost from its inception of encouraging vast sums of money into resource development. There have been tragic failures when those resource developments are depleted and promises are not kept, as was the case in the province of my friend.

It would cost almost $1 million today to create one job in those gigantic resource developments, so when you need 300,000 jobs in a year these gigantic projects are not going to be very fruitful. You have to concentrate on more labour-intensive industries.

Mr. Speaker, my guide, mentor and leader is indicating to me that I have two minutes left. I have an amendment to move. With your permission, Mr. Speaker, I should like to move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That the motion be amended by changing the period at the end thereof to a comma, and by adding immediately thereafter the following words:

"and this House expresses its concern at the apparent strategy being used at the current GATT negotiations, which will sacrifice some sectors of our manufacturing industry, and the jobs associated with them, in return for increased export opportunities for unprocessed and semi-processed raw materials, thus condemning Canada to remain as an exporter of raw materials to more industrially developed nations.".

● (1702)

[*Translation*]

Mr. Charles-Eugène Dionne (Kamouraska): Mr. Speaker, if we consider all the debates that we have about the industrial sector, it is apparent that there is a real problem in this area. Last week, we of the Social Credit Party of Canada proposed a motion in this regard. Today the official opposition has also moved a motion related to the possibility of developing our Canadian industries so as to create more jobs and to stabilize the industrial sector.

I do not want to criticize simply for the pleasure of criticizing or to condemn the present administrators more than necessary, but I would like to tell the House how the industry should be organized and what means we should take to try to put some order where disorder now prevails, and mostly much concern on the part of Canadian manufacturers. The representations that we make regularly and the practical suggestions that are sometimes made show that the federal government should consider the suggestions of the people who are familiar with this area.

I remember quite well that at the beginning of the present session, on October 18, 1977, the Speech from the Throne said that high rates of unemployment and inflation were clear signals of the inadequacy of economic strategies appropriate to simpler times. They are also signals of the urgent need for important structural adjustments in the economies of Canada and other industrialized countries. Also according to the Speech from the Throne, they are the symptoms of an illness which can be cured only by a re-adjustment of our values, and by a rediscovery of the merits of self-discipline and fair sharing. During another debate, I said that the intentions of the federal government to re-adjust the economic situation should result in legislation better adapted to present needs.

All hon. members are aware that much time has been lost in useless discussions; because of the installation of a television system many of us have tried to get more coverage without giving enough thought to the serious attitude which should prevail in this Parliament so that we may find real solutions to the many difficulties facing Canadians.

There are many problems and it is quite difficult to choose one that should be given priority: unemployment is increasing continually as is inflation created by a financial system in constant contradiction with present economic realities. The control methods implemented have shown that it was easier to control wages than prices. As we approach the decontrol stage, let us wish that results will be better. There is also the problem of distributing quotas to dairy producers and the delay in payments to fluid milk producers. The farming industry is a very important sector. Those who are responsible for that distribution have certainly been very careless in coming to grips with that kind of problem.

We all know that Canadian manufacturers have many difficulties to orient their production in an economically efficient way considering the inconvenience of the competition which is often unfavourable to them on several aspects. In the field of textile and footwear particularly, the government will have to make a decision and it is urgent, to find something else than slowness, inefficiency or motherhood statements which until now did not give Canadian manufacturers the guarantees needed to contribute positively to maintain and create the jobs so badly needed at this time of chronic unemployment.

A paper entitled Action Program submitted by the Canadian Manufacturers Association to the right hon. Prime Minister of Canada (Mr. Trudeau) and all hon. members of the House pointed out the main factors of the productivity unsteadiness of manufactures. The contents of that paper is a recapitulation of valuable and practical suggestions made by people who have to face the day to day problems caused by international competition on the Canadian market which is too often directly responsible for lower employment in Canada. I shall quote clause 5 of part 1 of that action program which draws to the legislator's attention what could be done to improve the situation. I quote:

> The competition policy should be enshrined in our statutes. It should promote the dynamic trends of the market and allow the interference of government only in cases where the abuse of the market power is a barrier to the realization of actual cost savings. To that end, Bill C-42 should be significantly changed particularly as concerns amalgamations, joint monopolies, price differentiation and indirect actions as we pointed out in our separate paper on that bill.

As a matter of fact, they were saying that they had already mentioned the delay which may result from Bill C-42. The November 26, 1977 edition of *Le Devoir* featured a large size advertisement which was paid by the Canadian Federation of Independent Business and which indicated that some 45,000 medium and small size businesses in Canada are demanding a reorganization of our economy. The purpose is to develop a system of free competition in Canada and obtain for independent businessmen a greater say in the administration of the legislation which governs business and the nation.

[Mr. Dionne (Kamouraska).]

Those who are in favour of restricting the imports of clothing in Canada argue that keeping people at work is better than paying them unemployment insurance and other welfare benefits. Our textile industry generally meets the international standards of productivity; it should not have to compete unfairly with an industry situated in world areas which are providing special tax concessions as well as cheap labour.

The establishment and expansion of an industry in any region will never take place by chance. The establishment of an industry requires several favourable factors: first of all the entrepreneur, manpower and capital. Those are the three main factors, but several others are needed to ensure the survival and expansion of an industry; a climate of security and stability is sought by any industrialist.

It is obvious that the serious entrepreneur wants to be sure that the investments in a new industry will be secure and stable. In our ever changing world, small and medium-sized industries are faced with problems of adaptation, the solution of which is closely related to their survival. The vulnerability and fragility of small and medium-sized industries are facts which have to be taken seriously, first of all by governments and also by employees who owe their subsistence to the jobs thus created. The present circumstances are well suited to show that the private sector's role is not to deal with and settle all the society's evils. It does not exist to do that. There are some who ask for the suppression of private enterprise and its replacement by state enterprise, under the pretense that private enterprise has not been able to solve the problem of the fair distribution of goods and services. It is not the duty of private enterprise to see to it that the goods which it produces be fairly distributed. Such is the role of the government which is endowed with all the powers to act in the distribution of goods. The prime function of enterprise is to provide goods and services at the cheapest possible cost in order to satisfy the existing needs.

It is not by entrusting to state enterprises the role which is presently played by private enterprise that the issue of distribution will find its solution. The same problems will keep existing because, in fact, only the name and the owners of these enterprises will have changed but the root of the problem will have been left intact. The distribution of goods is a role which belongs to the state. And so long as the state will not decide to assume such a role, there will still be problems of distribution. Modern production capacity is practically unlimited, with regard to both volume and diversity. Usually when we do not choose to carry out massive destructions, such as in war-time, or by creating artificial shortages, products are offered or can easily be offered in great supply to answer the needs of consumers. The economic issue of modern times is not therefore a problem of production but a problem of distribution.

The final objective of production must not be profit, but the satisfaction of human needs. However, profit is an incentive which has proved itself and to suppress it completely would result in taking the chance of considerably reducing the production output and thereby frustrating consumers by imposing

a shortage. If it is necessary to denounce abuses committed by certain enterprises which are monopolies, it is not by replacing them with state corporations which are in fact another type of inefficient monopolies, most often running large deficits, that consumers will find their advantage, no matter how small it is.

An economic system capable of maintaining a reasonable profit incentive while ensuring a fair distribution of produced goods would serve the interests of both producers and consumers. Instead of criticizing private enterprise, let us see what can be improved in it. By trying to get private enterprise to accomplish things beyond its realm of competence, all levels of government have surrounded it with a stiffening bureaucracy which prevents it from functioning well and providing all the output it is capable of. It should be more appropriate to howl against the bureaucracy which has everyone at wits' end instead of criticizing private enterprise. Furthermore, the cost of that inefficient bureaucracy is tremendous and increases every day. So it is not surprising that government budgets should constantly go up without an expansion in services. The cost of the bureaucracy is added to the cost of goods, and in the final analysis the consumer and the taxpayer must foot the bill.

Quite regularly, Canadian businesses call to the attention of the government, through briefs or other means of pressure, the amendments they would like to see brought in to the legislation to ensure the development of existing industries and the creation of new ones. It would be absolutely necessary that our administrators take into account the representations made by industry leaders and fashion their legislation so as to allow those concerned to contribute more to the improvement of economic conditions and reduce the rate of unemployment which has become the number one problem in Canada.

Most of the over one million small, independent businesses in Canada are small operations and many are sole proprietorships. In numerical terms, they form the greater number. Although 90 per cent of Canadian companies employ more than 200 people each, collectively, they account for 65 per cent of the country's labour force. To say that small businesses are the backbone of Canada's economic life is not a banal thing—it is a fact. Outside its impact in terms of employment, as we just saw, small businesses can offer solutions to socio-economic crises such as the migration toward urban centres or the quality of life.

An article published in the newspaper in my area, the *St-Laurent* dated February 9, 1977, under the heading:

Industrialization, maturity and moderation—

—pointed out various factors that contribute a great deal to the establishment of new industries.

In these circumstances some reference to that article are in order. Here is the first quote:

Advantages include a climate of security and stability under which the firm can feel it is making a safe and lasting investment.

A welcoming spirit in the community, both municipal authorities and the people; a perception by community leaders and citizens of the contribution made by a firm to the local economy; the desire among the industry's workers to ensure not only good performance but also expansion, through a sense of responsibility and understanding going sometimes to the extent of voluntary sacrifice are also worthy of consideration, especially in the current circumstances where job opportunities are getting scarce.

In areas where it is desired, industrial development is also a matter of maturity and restraint.

Maturity means a sense of realities which, among citizens and leaders and government authorities may be described as a pragmatic, serious approach under which discrimination is made between wishful thinking and reality, between those things that can harm the common good and those that must rationally be accepted in a common betterment perspective.

On the restraint theme at the national level, the article goes on to state, it has often been indicated:

That in a number of areas excessive union claims as to industrial wages and fringe benefits are mainly responsible for the excessive costs of production making our products less and less competitive on the international market place.

Further on, coming back to the local aspect of the situation, we read, and I quote:

. . . not only is it important for industrialists to feel that they are welcome in the area, in addition the work force must understand that excessive wage demands can at times impede the expansion of the industry and its competitiveness in the markets where the goods it produces are sold.

The problem of the salaries the employer must pay his employees is the key problem of any industry. It is the cause of its success, of strikes and a constant source of difficulties. Too often we forget that salaries are a flexible tool, always perfectible, with which an able manager can win the good services and the respect of his employees. Management, through it, can avoid having to deal constantly with the touchy problem of discipline and thus considerably decrease maintenance costs and losses. Often wise administration of salaries, plus the competence of the manager, guarantee a company a dynamic management.

If seems difficult at times to inspire the employees the interest they should have in the industry on which they depend for their livelihood; yet, it is quite normal to have some interest, even as an employee, since the daily bread served on the family table depends on its revenue. Unfortunately, today the attitude it very often quite different. In some cases, people do no more than what is necessary to keep their jobs. Yet, the workers do determine what salaries will be since they are the ones who keep the business or the industry operating. Often the financial success of a business depends on their behaviour. In fact, it would seem that when once we have managed to make the worker wholly responsible for his salary, and that of his fellow workers, the problem will have been solved.

Mr. Deputy Speaker: Order. I am sorry to interrupt the hon. member, but the time allotted to him has now expired.

● (1712)

[*English*]

Mr. Bill Kempling (Halton-Wentworth): Mr. Speaker, I am not surprised that in his remarks this afternoon the Minister of Industry, Trade and Commerce (Mr. Horner) chose to put on the record only one side of the equation when talking about fully manufactured products. While we gave the trade figures for exports over a span of years, he failed to indicate what were the import figures and what was the surplus or deficit

during that period. Therefore, I thought it might be interesting to read into the record the various trade balances between the period 1970 and 1976. In 1970 the trade deficit on manufactured products was $2,973 million; in 1971 it was $3,232 million; and in 1972 it was $4,613 million. In 1973, it was $6,188 million; in 1974 it was $8,796 million; in 1975 the deficit was $9,812 million; in 1976 it was just under $10 million; and for the first six months of 1977, Canada is showing a trade deficit in fully manufactured products of $5,484 million. If this is placed on an annual basis, the result will be a trade deficit of $10,968 million and some people in industry say it will be $11.5 billion. Mr. Speaker, that is a deplorable record, and I suggest it is deplorable for any minister to try to defend it.

● (1722)

Our second concern—and it is one of the main reasons for the initiation of this debate today—relates to unemployment consequent upon industrial weakness. As we know, the total number of unemployed, according to figures released the other day, is some 900,000. Relating the figure directly to the manufacturing industries, we find there are 295,000 unemployed in the major manufacturing areas of Quebec and 235,000 in Ontario. In the manufacturing area directly in this past year, employment in Ontario has fallen by 18,000 jobs and in Quebec it has fallen by 25,000 jobs. So it is frightening for a minister to stand in his place and tell us things are rosy or that he is really not very much concerned about what is going on in Geneva.

We on this side are very concerned about the GATT negotiations, mainly because representatives of the manufacturing industries have contacted us to ask what is going on. We get back to them and say, "You should know, through the tariff board or through your trade associations. After all, you submitted a brief, along with other Canadian industries." They say, "Yes, we did all that, but we cannot find out what is going on."

Every time members on this side ask a question about what is happening, all we hear from whichever minister chooses to answer is, "We cannot reveal our negotiating position." Mr. Speaker, our party went so far as to send one of our own members to Geneva a couple of years ago to try to find out informally what was happening. He did his best to do so, but eventually he came back and said, "All I got was the usual PR briefing which is given to the press." To my mind, the best thing would be to have Mr. Gray or Mr. Ward go there and let members of parliament talk to them. I should like to see a wide open meeting at which we could talk to them for a day, if we wanted to do so. This might give us a chance to learn what is going on. I am sick and tired of getting back to people in the manufacturing industry, presidents of companies, and telling them, "I don't know what is going on any more than you do, because I cannot find out from the ministers concerned."

One manufacturer and I tried the unusual route of getting in touch with Washington to see if we could find out, through the Americans, what Canadians are doing. I suggest this

[Mr. Kempling.]

reflects a sad state of affairs. I do not accept that we ought not to be told what is going on. The way this government operates as far as secrecy is concerned, about the only piece of paper which is not labelled "secret" or "confidential" is what we find in the washroom. I apologize to the hon. member for Winnipeg North Centre (Mr. Knowles); sometimes I get a little wound up on these matters.

The Minister of Industry, Trade and Commerce recently returned from a visit to Brussels. Members will recall that the Prime Minister (Mr. Trudeau) was there a few years ago for what were known as the "contractual link" meetings. A document was signed and everything looked great—links with the ECM were to be strengthened and things were to be great for Canadian suppliers. I happened to be in Brussels about a month after the Prime Minister was there. I have some friends who work in the ECM office in Brussels, and I asked them what went on. They said, "Our position is very simple. What the Community wants is a long-term agreement with respect to certain basic raw materials produced in Canada, principally iron ore and uranium. We want them with no strings attached. We want a long-term supply at fixed prices, and if you are prepared to negotiate this with us, we are prepared to give you some special status as far as the Common Market is concerned." That is the position in reality, Mr. Speaker, and very little has happened since.

Now the new minister has given us the same platitudes. We are told, "There are great plans afoot. A lot of things are on the drawing board. Other prospects are coming up." These words should stick in his throat. I have heard this kind of thing from four or five ministers of industry, trade and commerce—and nothing comes up. The ECM is a private community dedicated to free trade for manufactured products within its own members. There is a prohibition on the import of all food products which compete with those of its own farmers. I am interested in what the government intends to do beyond going cap-in-hand to the ECM. Surely, there is some other position Canada can take.

Speaking recently in western Canada, Ambassador Enders proposed a package deal between Canada and the U.S. under which the U.S. would be prepared in certain circumstances to offer substantial tariff cuts. I happen to think this is a good starting point. But what is Canada's position? Do we have a clear idea of where we wish to go and what we want from the Americans? I do not think we have.

● (1732)

I thought I noted a glimmer of hope in the comments of the minister today. The hon. member for Waterloo-Cambridge (Mr. Saltsman) commented on the quality of the minister's speech, so I will not say very much about it. Like that hon. member, I have heard it all before. There was very little new in it. We could probably go through *Hansard* and pick out most of his comments from speeches made by previous ministers of that department. Perhaps a good part of it was from a pat speech that lies on the shelf over in that department which the

officials pull out and hand to a new and inexperienced minister so that he can retread it all over again.

I noted a little glimmer of hope in the minister's speech when he began to speak of industrial strategy. I am really sorry that he did not continue. I think he might have made a considerable contribution to this debate today had he expanded his remarks about an industrial strategy.

The minister began to talk about taxation and tariff policies, and said a little bit about co-ordination of taxation policies. Herein lies many of the difficulties we face. I do not know how much co-ordination there is between the Department of Finance and the Department of Industry; between the Minister of State for Science and Technology (Mr. Buchanan) and the Department of Industry, Trade and Commerce; between the Department of Consumer and Corporate Affairs and the Department of Industry, Trade and Commerce, but can you imagine at a time when our industry is producing at about 73 per cent or 80 per cent capacity this government introduces competition legislation?

An hon. Member: It is ridiculous.

Mr. Kempling: Can you imagine that?

An hon. Member: It is very Liberal.

Mr. Kempling: Can you think of a more ridiculous position at this time? It is very Liberal, but it is a very ridiculous position. Any number of people in business have said that this is the last thing we need.

Any industrial strategy that is put forth has to reflect and deal with co-ordination of government departments. We see this sort of thing going on continually. One of my colleagues was speaking yesterday on Bill C-11 and referred to the difficulties one of his constituents is having with the Department of National Revenue. This gentleman manufactures a wood burning heater almost identical to a unit imported from the United States. The one manufactured in Canada is classified differently by National Revenue from the imported unit, consequently its price is 12 per cent higher in Canada by reason of some bureaucratic decision. The Minister of Finance (Mr. Chrétien) did not really answer the question, but suggested to the hon. member that he would have to wait until the next budget before any change could be made to the regulations under which the gentlemen of the Department of National Revenue are working. That is a lot of nonsense. Somebody in the Department of National Revenue made an assessment of this piece of heating equipment which was wrong. We do not require an act of parliament to change a regulation set in place by a bureaucrat, let me assure you of that.

An hon. Member: Just one word from the minister is required, that is all.

Mr. Kempling: All we need is one word from the minister; that is correct, as my colleague suggests.

If we look broadly at Canadian industry I think we can divide it into five rather distinct groupings. First we have natural resource development and production. The second group would fall under basic manufacturing of resource products, that is, oil, natural gas, raw metals, pulp and logs—into fuels, plastics, textiles, sheet metal, wire, tubes, paper and lumber. The third group would be product manufacturing, such as automobiles, tractors, computers and appliances. You could break that down into probably three subgroups of component manufacturers who manufacture clothing and special assemblies and controls for large component manufacturers. The fourth group would be public utilities, that is, regulated natural monopolies such as hydroelectric commissions. And the fifth group would be services.

It seems to me, having these five groups, it would be relatively simple to look into the tariff structure and taxation policies within these groups and make some adjustments. My colleague has reminded me that I have only five minutes left so I want to get to another thought, but as I said earlier, I wonder what we have beyond GATT and an attempt to get into the EEC with hat in hand.

My colleague, the former leader of our party, the hon. member for Halifax (Mr. Stanfield), suggested in a speech some while ago that perhaps we should be taking a hemispheric approach to our trade. It is my hope that we are not going to hang all our hopes on negotiations at Geneva, because I do not think we will get very far.

In spite of what has been done so far I believe there is a feeling of protectionism around the world. All European countries are concerned about unemployment, just as we are in this country. I think it is only natural to be somewhat protective. I do not think this country or European countries can afford to be expansionary, going into freer trade. Probably some concessions can be made, but I think we must have another bargaining position. I hope members opposite will consider very seriously the proposition put forward by Ambassador Andrews, as well as by the former leader of our party, that we should take a hemispheric approach to trade.

We should look at North America first, Canada and the United States. We should then consider Central and South America. Following that we should perhaps see if we can encompass New Zealand and Australia, and, if they get their problems worked out, perhaps we could encompass South Africa as well. In this way there is a tremendous avenue for trade, and we talk of trade not only in terms of manufactured products but in terms of some of our raw materials as well. If we limit ourselves in future to the one approach to trade for our manufacturing industry we will not be doing a service to the citizens of Canada or, of course, to solving the immediate problem of unemployment here.

We have to look beyond GATT and beyond the European Economic Community. We must ask ourselves what happens if GATT negotiations continue for another year. We must ask ourselves what happens if this feeling of protectionism continues; where do we go from there and what alternatives have we? Are we going to do anything to reduce the tremendous

trade deficit which now exists? Where are we going if the market for basic materials continues to be soft? If the pulp market continues to be soft in future, what do we do then? How will we compete with the pulp production that will be coming from Brazil, and the great increase in pulp production from Indonesia and the southern United States?

What strategies should we develop to overcome these situations, and should we be looking at a little different approach and a little different market? Perhaps we should be suggesting that our place is not in the European Economic Community as a major trader, but rather we should be developing a trading zone or area of our own. It would be proper, in my opinion, for Canada to develop this theme at this time because of the situation in Europe now. Unemployment is very high there, as you know, and those countries are very concerned and protective. I do not think we are going to get very far with them. It would be a good lever for Canada to have another approach to the idea of how and where we are going to place our products in future. We must have an industrial strategy. Certainly we are not going to find continuous markets for our resource products. We will have to develop more manufacturing in this country in order to employ our people. We have a good labour force which is experienced, intelligent, and which I know can produce.

Mr. Bob Kaplan (York Centre): Mr. Speaker, I am very pleased to be able to participate in this debate and I want to get as quickly and as directly as I can to the subject of the motion. However, I cannot resist the temptation to comment on a suggestion made by the hon. member for Halton-Wentworth (Mr. Kempling) in the course of his remarks, that this is not the time for Canada to seek to improve its competition policy. Why is it not the time for Canada to seek to improve its competition policy? He says it is because any number of businessmen in this country will indicate that this is the wrong time to do it, with unused capacity in the economy. Perhaps there are businesses that do not want to see the competition policy in this country improved, but those are the big businesses in our society. They benefit to an extreme degree by being able to concentrate their production.

● (1742)

There is more concentration in the Canadian industrial economy than in any other industrial country in the world. This is a very serious problem. It is not something, as has been suggested, about which we should be patting ourselves on the back. It should not be allowed to persist, because at this time there is a 70 per cent or 83 per cent unused capacity in our economy.

Recently at Queen's Park there was an example raised of coffee being produced and processed in Canada. That very product sold for nearly double in Canada the price it sold for in the United States. There are various reasons for this. There is sales tax, which is different in both countries. There is a difference which relates to the size of the store concerned. One of the reasons that the prices to the consumer are higher in Canada is the higher degree of concentration which exists in the Canadian marketplace. Perhaps that means someone in this country is making profits. I am in favour of profits. Profits is not a bad word; but higher prices do not necessarily mean higher profits. Companies can be less efficient, which is the trouble with having inadequate competition in the Canadian economy. There is not the same efficiency which would be produced if competition were taken more seriously and improved.

[Mr. Kempling.]

The competition bill has had first reading. It has been reviewed by committee. I am disappointed the hon. member opposite is not in favour of seeing that bill coming forward as quickly as possible, because it does and will improve the state of competition in our economy.

An hon. Member: How many jobs will it create?

Mr. Kaplan: The question raised by the hon. member opposite has been asked before. It is relevant to discuss the concept of creating jobs. Many members have suggested ways of creating more jobs in Canada. I should remind hon. members that if the problem were simply finding work for people, it would be easily solved. It is possible to introduce programs which would have everyone in Canada working tomorrow, or one week from now. But, what would they be doing?

Members opposite have suggested various programs which should be created, particularly members of the New Democratic Party. These programs would result in everyone working, but they would not be producing things which people want to pay for, either to pay for themselves, to pay for on the part of consumers in other countries, or to pay for within our own economy as taxpayers.

People in my constituency have reminded me about the war experience. They have said that during the war it was easy, and the government had no difficulty finding jobs for everybody. In fact there was a shortage of labour even though we were a newly industrializing society with many unskilled hands around. These people ask why we cannot have programs like that now. There is a very big difference. During the war, while everyone was working, this country was getting poorer and poorer. If the wartime economy had continued, the shortages of goods and services would have continued, and the country would have continued to get poorer and poorer, as we were making things for which price did not matter, because the items were required, sent across the sea, and destroyed in war. There is little to learn from an experience like that.

What would be achieved if work is created for people by implementing some of the suggested programs? Perhaps these things would benefit or improve Canadian society or the economy, such as make-work projects, environmental clean up projects, and capital works projects. In a sense those things are beneficial, but they are not things Canadians are willing to buy and pay for. They are not things Canadians are willing to see their governments increase public spending to pay for, and certainly they are not things foreigners want to buy.

The hon. member for Waterloo-Cambridge (Mr. Saltsman) dismissed the resource industry. He indicated that the trouble with the resource industry as a creator of jobs, as an economic

factor, and as one of the bases of the Canadian economy, is that it costs $1 million to create one job today. How far off the mark can one be? The jobs which have been created historically in that sector, since this country was formed, are the source of the standard of life of Canada today. More than any other sector, the resource sector has been the one which Canadians can thank for the major contribution it has made to our way of life, for giving us the industrial tools to open up new parts of this country, and for holding this country together as a viable economy.

I wish the hon. member for Nickel Belt (Mr. Rodriguez) had been present in the Chamber when his hon. colleague was writing off the resource business and indicating that it was not a business for Canada to be involved in, Mr. Speaker. The hon. member for Nickel Belt has been on his feet continuously asking the government to support the resource industry in his constituency. He has suggested some proposals which were sincerely motivated, but some of which were unrealistic. These proposals were an attempt to make sure Canada remained in the resource industry. There is nothing wrong with the resource industry. If it costs $1 million to create one job, one must remember we simply do not want the creation of one job. We want the creation of jobs which enrich the standard of life for Canadians. The resource sector has produced that type of job for Canadians and will continue to do so, unless the philosophy being advocated by members opposite is adopted by the government.

Our objective is to get Canadians working at doing things which are valuable to them, saleable in foreign markets, and which will give us the necessary foreign exchange in order to purchase things being produced in other countries.

Turning to the concept of free trade, I should like to put forward some thought about that in the remaining time I have. Canadians, perhaps more than anyone else in the world, are attached to the idea of free trade. It seems to be more than simply an economic theory, as far as Canada is concerned. When free trade is mentioned as a concept, it has an ethical value. Canadians feel free trade is correct. There is a great deal in that. It is a philosophy which leads to a better international community which gives opportunities to developing countries to climb on to the engines of prosperity and do the various things other countries have done themselves. Some underdeveloped countries have developed to the point where they are able to give their citizens a high standard of life.

Developing countries have been too literal in their search for models and have tended to copy the example of eighteenth century and nineteenth century England. At that time the United Kingdom went through its industrial revolution, which was built on the textile business. Later it was developed into the shoe business. In various developing countries the literal message taken has been, "let us get into the textile business because it worked in England in the nineteenth century. Let us get into the shoe business—it worked in England in the late nineteenth century." The result of all that has been a glut in those two industries, which has caused serious problems for the textile and shoe industries in all developed countries, in ours perhaps more than others.

● (1752)

I do not know very much about the textile and shoe business in other countries, but in Canada I know that these industries are in very serious trouble because of the glut that has been created by the developing countries copying that model. In a sense I do not think I have heard anyone in the House attack the government measures that have been designed to support these industries, but those measures adopted by the Canadian government for these industries—which, incidentally, I support as well—are not consistent in the long term with the kind of free trade goals for which most Canadians stand. So we have responded in the way that other developed countries have responded, with some kind of anti-free trade temporary measures.

There are other measures that operate against the goal of free trade which, as I indicated, is generally supported, as a concept by all Canadians. There are all kinds of non-tariff barriers which have been developed, and I think that in Canada perhaps the non-tariff barriers are far less significant as a block to imports than they are in any other country.

I heard last night from one of my constituents that his neighbour is an importer of cocoa mats. He told me that the importer was very unhappy with the government and that he would never vote Liberal again because of his experiences recently. I asked my friend for details, and it turns out that a shipment of cocoa mats from India arrived at the customs in Canada. This man had ordered the mats. He went down to start processing them. Incidentally, these cocoa mats are one third the price of the rubber doormats that are manufactured in Canada. They are not nearly as durable, but they are far less expensive.

He tells me that, in his opinion, the officials of the Canadian government were deliberately delaying releasing those cocoa mats so that he could bring them into Canada and sell them. "Is this the kind of thing for which the Canadian government wishes to claim responsibility, to make it more expensive for consumers to buy these cocoa mats, because it costs me $50 or $60 a day to be there every day, fighting to get the cocoa mat documentation approved to get the mats into the country?" he asked.

I did not know whether in fact the delay which he encountered was really caused by deliberate stalling as a kind of non-tariff barrier, but I was able to tell him some of the adventures which the Minister of Agriculture (Mr. Whelan) had related in the House about the difficulty Canadian farmers have met in getting products into the U.S. market, about how trucks full of strawberries and tomatoes going down to the U.S. market from Canada in the summer will be kept sitting for days and days while they rot, while documentation is examined and they are searched for marijuana and other products that are not on the list, in other words, by a whole variety of measures whose purpose, at least to the exporter from Canada, appeared to be to slow down trade.

We know very well that there are a great many non-tariff barriers which have to be addressed. If anything, Canada has been a boy scout with respect to non-tariff barriers. You do not see that anywhere as markedly in Canadian society as you do in government procurement. I noticed that this government seems ready to accept foreign goods virtually on the same terms as Canadian goods, provided of course that the price is lower. I recall hearing about the turbines purchased recently from the Soviet government by B.C. Hydro.

An hon. Member: Alberta Hydro.

Mr. Kaplan: Or was it Japanese turbines purchased by B.C. Hydro, when we have perfectly good industries which are, unfortunately, in central Canada. Perhaps that was held against them in B.C. I am not certain if that was the objection to them, but it is obvious that these non-tariff barriers will make it very much more difficult for us to approach the goal of free trade that I think we would find to be in our own best interests.

It was argued from the other side that free trade is not really the goal of the other industrialized countries but that, for example, the EEC countries, as the hon. member for Halton-Wentworth said, want free trade in manufactured goods within their own territory. I think he is wrong about that. I would not want to guess what the public opinion in EEC countries is, but I know that protectionism is a very easy option for the man in the street who feels his job is threatened or who finds his son or daughter has difficulty getting a job.

The problem of the high number of unemployed in Europe will not be solved by increasing protectionism and closing the doors tighter, except at the price of reducing the standard of living of the people in western Europe, and I do not think that is a desirable option for them. Their leaders know that, and they know that opening their doors in return for having increased access to other markets would bring more benefits to them.

Then there is the problem of Japan. Japan wants increased access for its own goods, but so far it has managed to keep its doors shut relatively tight to make it very difficult for Europe, for Canada and for the United States to have the opportunity to get into its markets. What a shot in the arm it would be for the economy of Europe, of the United States and for our economy, to have a chance at an open door into Japan on the same kind of terms that Japan has had here!

The hon. member member for Waterloo-Cambridge said a moment ago that his past experience with tariff negotiations had made him very pessimistic. He said that our record in the past justified a lack of confidence in how successful our negotiators at Geneva will be in this round. I do not know what experience he is looking at, but if he is looking at the Kennedy Round, the last liberalization of tariffs, he would have to concede that that particular venture was extremely beneficial to Canada. Canada came away from the Kennedy Round with many more opportunities than it had before, and with relatively fewer sacrifices by its industries than were made other countries.

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

Mr. Deputy Speaker: It being six o'clock, I do now leave the chair until 8 p.m. this day.

At six o'clock the House took recess.

● (2002)

AFTER RECESS

The House resumed at 8 p.m.

Mr. Jack Murta (Lisgar): Mr. Speaker, it is with a great deal of pleasure that I speak tonight on this opposition motion. I consider this to be one of the most important debates we are going to have in this House in this session because the government has not really addressed itself to the question of the GATT negotiations at Geneva. It is also one of the most important issues which will affect Canada not only at the present time but also well into the 1990's and possibly beyond. I think that can be borne out by the number of questions which have been asked by members of the opposition over the past few months. I would like to deal tonight with what I consider to be the most important parts of the GATT negotiations at Geneva, and also to deal at some length with agriculture as it pertains to GATT and with what we in Canada would like to see in terms of our negotiations.

The long-term goal for the Canadian economy still should be one of free trade. That should be something to keep in the back of our minds. I believe it should also be in our minds when any policy is formulated, but the reality in Canada today is such that to pursue a free trade policy at this time would be in my opinion—and I think this is emerging as the consensus in the Canadian community—sheer madness. The following illustrates this point.

In terms of our total merchandise trade our country has had a surplus since the early 1960's, with the exception of 1975 when our exports were severely curtailed by the recession in the United States. On the face of this evidence one might conclude that we really do not have a trade problem at all. Unfortunately, this long string of surpluses in total merchandise trade has tended to obscure some of the rather alarming trends in the secondary manufacturing sector, and this is the area to which I would like to address myself tonight.

All during the 1960's there was an annual trade deficit in manufactured products of about $3 billion. This deficit has been growing larger since the beginning of this decade, and last year it was well over $10 billion. This worsening trade deficit in manufactured products cannot be attributed to just one or two areas. The sad fact is that Canada's trade deficit in manufactured products is getting worse in every single commodity group and with every important country with which we trade. Up until just a few years ago we were content to let our exports of natural resources offset the growing deficit in manufactured products, and this has certainly been well docu-

mented. However, in the past few years we have been jolted into a realization that our resources are not infinite.

The question which must be asked is: how much longer can we continue to rely on our exports of raw materials and semi-processed goods to offset our inadequate performance in our secondary sector? How much longer can we continue to ignore the number of lost job opportunities resulting from this inadequate performance? In very rough terms, last year's $10 billion trade deficit in manufactured goods translated into somewhere in the neighbourhood of 200,000 jobs for the Canadian economy.

The federal government's rationale appears to be that Canadian manufacturing companies are not competitive because the market is too small to provide economies of scale in manufacturing such as those available to companies in Europe, Japan and the United States. Therefore we should seek access to those markets, and the mechanism to achieve this is a reduction of tariffs and the removal of non-tariff barriers. This philosophy, in my opinion, is based on theoretical consideration, and it ignores the reality of world trade as it functions, and the realities of the economic environment in which we operate here in Canada. Canadian companies are not competing with French, British or Japanese companies but against the combined efforts of those companies and the governments of the countries in which they operate.

The negotiating strategy of those countries at Geneva are part of the industrial strategies of the countries, and those industrial strategies reflect the philosophy that a strong domestic base for industry is a necessary prerequisite to a competitive export position. However, in Canada we do not have that equivalent, articulated industrial strategy. In addition to this we do not have a competitive and economic environment from which to operate.

● (2012)

Trade issues for Canada are very complex but there are two outstanding matters that must be given serious consideration. First is the cost crisis, and second our proximity to the United States. I should like to deal with both very briefly.

Dealing first with cost, we find that material costs in Canada are in general higher than they are in countries with which we compete—those being the EEC, the United States and Japan. While the basic raw materials may not carry substantially higher costs, the semi-processed materials going into manufacturing carry the higher cost of wage rates, taxation, interest rates and social programs that are in advance of those in other countries with which we compete. That is one of the reasons why it is extremely difficult for Canada to attain a comparable standard of efficiency. Secondary manufacturing, in turn, has the higher cost of plant construction, equipment costs, labour rates, interest rates, and social programs.

The average labour rates in manufacturing in Canada are now about 65 cents per hour above those in the United States. Particular rates show an even greater spread depending on the various commodities and areas about which we are talking. We are therefore vulnerable to lower cost imports, and the $10 billion deficit in manufactured goods is a tangible manifestation of our problem.

In short, we are in no position to take advantage of the access we are trying to negotiate, and we are vulnerable to the further access we are prepared to grant.

Cost regulations on such matters as packaging and minimum wages, the cost of running the public service, the rapid and accumulated moves to enrich social programs, are all problems that we, as a country, must face up to and try to solve if we are to be competitive.

What is really being said is that we must get our house in order before seeking access to lower cost markets and before granting easier access to Canada for producers in those markets.

This brings us to the matter of Canada's proximity to the United States. We cannot talk about our economic position or the GATT negotiations without talking about Canada vis-à-vis the United States. In recent months several studies have been made on the cost of manufacturing in the United States relative to such costs in Canada. They all indicate that the cost to manufacturers in the United States is 20 per cent to 25 per cent lower than in Canada, and it is not the scale of manufacturing that determines the difference, as the government would have us believe. The difference is in the cost of plant construction, cost of equipment, cost of labour, cost of capital, and cost of many forms of taxation. The scale of manufacturing does have an effect but it is certainly not as drastic an effect as the above-mentioned factors.

If we were to seek a greater share of the United States market with the greater access that is being negotiated, I do not believe that we would be able to compete from Canada. The threat we face is that large, efficient, low-cost manufacturing exists today in the United States, and a significant cut in tariffs will make it just that much easier for it to sell in Canada.

In summing up our negotiating position, I do not believe that the government has conducted adequate studies of the impact on unemployment and on investment that will arise from the result of the current round of trade negotiations. This is one of the things that makes the Canadian public so uneasy when we talk about these negotiations and where they may lead us. What is of concern to most Canadians is that government policy appears, at this time, to pursue maximum across the board reductions in tariffs.

In the area of agriculture it should be noted that nothing has been done—no policy put forward, no idea about where we are going. The Canadian agricultural community is truly concerned that it could be traded for some industrial concessions. The agricultural community is also concerned that time will not be available for the government to put forward a meaningful proposal.

Time and time again members on this side of the House have asked the Minister of Agriculture (Mr. Whelan) for a clear indication of what the government is preparing to do. I should like to examine a few agricultural commodities because

I think it is important that we review the situation in its proper context. I should like to start with that very important industry, the horticultural industry.

As expected, imports of horticultural products in 1977 will be over $1 billion, with further decreases in the degree of protection offered the industry due to the inflationary factor and our specific rate of duty. This is truly shocking for an agriculturally enriched country like Canada. Many Canadians do not realize the importance of Canada's fruit and vegetable processing industry which is part of the total horticultural industry, the one most concerned in our trade negotiations.

Although the total value of processed fruit and vegetable products in Canada in 1975 was $981,885,000 it was only 1.1 per cent of the total gross national product. To put this figure in perspective, it should be pointed out that the economy of such regions as the Okanagan and the Fraser Valley in British Columbia, southwestern and central Ontario, the Niagara region, and Prince Edward and Hastings counties in Ontario, the eastern townships of Quebec, the Saint John River Valley in New Brunswick, and the Annapolis Valley in Nova Scotia are, to a large degree, dependent on the horticultural industry.

In fact in British Columbia fruit production accounted for 36 per cent of the total receipts from all crops, and 12 per cent of all cash receipts in 1975.

The vegetable industry accounted for 53 per cent of the 1974 total farm value cash receipts from crops in the Maritime provinces and 45 per cent in Quebec.

It has been proposed on various occasions that Canada should concentrate on those agricultural crops with which it can compete on world markets, such as wheat, oilseeds, white beans, apples, and perhaps potatoes. It should be pointed out, however, that the agricultural industry in Canada is, by its very nature, regional, and only certain crops can be produced economically in specific areas and under certain conditions.

Before I leave the horticultural industry I should like to state that what it is really asking for is a degree of protection so that it could develop increased production and supply a greater portion of the domestic market. It is asking for fair tariffs, an equalization of tariffs. If this were granted and there was increased production, the industry would become more competitive on the export market.

The dairy industry is looking to the Geneva talks in the hope that fairer tariffs will be negotiated. The meat industry is seeking better access through negotiations to the United States markets and lower tariffs on processed and semi-processed meats. We would like to see greater access to the European Common Market for oil seeds, barley, and wheat. In terms of pork we would like greater access into Japan. These are all areas of concern to agriculture in the trade talks that are continuing. Up to this point, Mr. Speaker, nothing has been done.

● (2022)

What should our policy responses be in terms of our GATT negotiations? In evaluating the present government's policy response, the conclusion must be a somewhat blind move to significantly lower tariffs. I would like to deal with two or three areas that the government has been looking at, and come up with what hopefully would be a conclusion.

If we move during these negotiations to freer trade, which means lower tariffs, it is my contention that many industries in the country would not survive. Among the ones that would survive would be most resource industries, any industry producing on a world scale, and some agricultural production—grains and oil seeds. While the above mentioned areas of the economy are important, they constitute only a small portion of our total economy.

The second option would be if we, as a country, move to a more protected market or increase our tariffs, and this would also be unacceptable. The eventuality of increasing tariffs would be that the tariffs would have to be increased from time to time to keep up the protection that many industries would become used to, and while this would benefit some industries, for the whole country it would be incorrect.

The third option would be a move to adjust our tariffs to be nearer to our competitors' level and, if needed, use the proper sections of GATT to stop dumping from other countries. In other words, what we should be looking for in Canada is not freer trade but fairer trade. This approach would place agriculture and industry on a similar tariff basis to that of other countries. While no one would deny that our long-term goal should be freer trade, it would be politically and economically stupid to lower tariffs significantly at this time. As an example, our horticulutre industry would be virtually wiped out.

The approach most appropriate should be an equalization of tariffs where necessary, coupled with a commercial policy to assist industries that need help, or to help industries relocate, if that need should arise in the coming year. A commercial policy that recognizes the burden of social programs, excess taxation, labour rates, interest rates, etc., is absolutely critical at this particular stage in our history.

In conclusion, I have proposed no profound economic theories, or no quick cures. What I have tried to state tonight is that the government must first inform the Canadian people as to what is taking place in terms of our international negotiations because they are so important, and then move in a realistic manner to deal with our tariffs as they apply to Canadian industry—agriculture and manufacturing. If this is done, Canada could move with certainty into the 1980's with a positive trading position on which we could build sound, constructive policies here in this country.

Mr. Ralph E. Goodale (Assiniboia): Mr. Speaker, this evening we have a very general motion which really seeks to cover the whole waterfront in relation to a wide variety of domestic and international economic affairs.

It is difficult, in reading the motion, to distil from it its essentials. I shall not attempt to cover all of the issues raised by it. I do note references in the motion to world trade and to agriculture. That brings me immediately to a very crucial

matter, the development of a new world agreement on wheat marketing, including economic provisions affecting both grain reserves and prices. It will be useful this evening to spend some time on this subject. It is an important part of Canadian trade policy in so far as western Canada is concerned, and it is especially important for prairie grain producers who are facing a very serious cost-price squeeze situation, who are concerned about the development of proper and effective measures to strengthen their grain income positions.

Some very useful measures are already on the books in this connection, for example, the Western Grain Stabilization Plan, the two-price system for wheat, and the action taken this year to hold this year's initial payment at the same level as that existing for the last crop year. There are a number of others as well. The list of modifications and improvements in our grain production, handling, transportation and marketing operation in the past decade or so is extensive and remarkable when you take the time to consider it.

Taken together all of these changes give us a rather effective package of policies to assist prairie producers in coping with what otherwise could be an extremely difficult income situation. But one useful addition to that over-all package of policies which I would like to see, and which undoubtedly would provide Canadian grain producers with the most comprehensive protection against adverse market conditions internationally, would be a new, effective, and workable arrangement on world wheat marketing. Traditionally the development of such an agreement, including economic terms, has been a part of Canadian trade policy.

Sometimes our trading partners have agreed with us and sometimes some of them have not. Probably Australia has been one of our most consistent allies in this regard. In the United States the attitude has varied from time to time, but the present administration and the present United States secretary of agriculture, Mr. Bergland, have been positive, helpful and enthusiastic.

From a domestic point of view Canada's starting point in these discussions is important, and our first concern is the position of the Canadian grain producer. The farmer's opinions and aspirations are crucial. While the Government of Canada must formally be the international negotiator, the negotiation will be done directly on behalf of producers, and any world agreement we sign must be acceptable to and supported by Canadian grain producers.

Our basic idea is first and foremost the establishment of a range of prices which would be regarded as sound and reasonable by both exporters and importers around the world. To keep prices from falling below the lower end of that agreed range we would want to have a mechanism for accumulating excess stocks in a world reserve which would be stored off the market and not over-hanging the market in order to keep the downward pressure off the price.

Secondly, we would want all participants in such an agreement to help bear the costs of that storage because it is an advantage not only to exporters such as Canada, which would want to have an inventory on hand in order to be able to meet the various exporting opportunities that present themselves, but it is also a very real and practical advantage to the importers of this world to benefit from a fundamental security of supply. Up to now North American farmers have essentially borne the world's storage costs. We believe that is unfair. We want to see the burden of those costs shared around the world among the grain trading nations.

Of course, at the upper end of the agreed price range which I described earlier, as we see the proposed agreement, the reserve stocks could begin to be released into the world's markets once again. That is the gist of the kind of agreement toward which we should be working. I suppose the fundamental question at this stage is—can we achieve it? I believe so. I am optimistic about our prospects in that connection. We made substantial progress in this past year.

The interest of the present minister responsible for the Canadian Wheat Board in a new and workable international wheat agreement goes back many years, to the late sixties and early seventies, just after he was first appointed. Unfortunately, some other major grain exporters at that time were not as enthusiastic. Early this year the minister responsible for the Wheat Board had occasion to discuss the situation once again with the new United States secretary of agriculture, Mr. Bergland. Mr. Bergland and the Canadian minister were largely in agreement about the desirability of a new world wheat accord and on the fundamentals upon which it could operate effectively. The ball finally was rolling in a positive direction after a good many years.

● (2032)

The next step was to have informal discussions with the Australians and the Argentinians to confirm a common view among the world's major grain exporters. Then the focus shifted to the sessions of the International Wheat Council in London. That council is composed of some 45 to 50 nations, the world's major importing and exporting grain nations. All the major international interests are represented there, with the one major exception of the People's Republic of China. It has proven, this year particularly, to be a very useful forum for the preparatory talks which have been going on toward what we hope will be the successful negotiation of a new world wheat accord.

For some weeks now officials of the International Wheat Council countries have been working to assemble the fundamental international basis upon which a formal agreement might proceed. It is Canada's hope that those talks will bear fruit within the next couple of months or so, in order that a final formal round of negotiations could be held in the late winter or early spring, probably in Geneva under the auspices of the United Nations. Canada is determined to do everything it can to help resolve any international differences which may exist so that these world discussions can prove, in the final analysis, to be successful.

In this effort it is useful to bear in mind that the sucessful negotiation of a new world wheat accord, which would bring a new measure of stability to world wheat prices, would also

make it easier for some countries to implement certain other commitments with respect to international trade which might be under negotiations in the MTN. The MTN and the international wheat talks are, of course, quite separate items, but if we are able to negotiate the new international wheat agreement successfully, that could have, in addition to its obvious direct impact, a positive bearing on the MTN discussions, making certain trade undertakings of certain countries somewhat easier to accept and to fulfil.

There is one further aspect of Canada's initiative toward a new world wheat agreement which deserves attention, Mr. Speaker. I refer specifically to the Canadian trade and diplomatic mission led by the minister responsible for the Wheat Board, which visited a number of Pacific rim countries in September and October of this year.

Mr. Kempling: Who went with him?

Mr. Goodale: Work on the international wheat agreement was a priority agenda item for Canada to discuss in Australia, China and Japan in particular. In answer to the question just asked from across the way, I was indeed pleased and honoured to have an opportunity to participate in those talks.

A whirlwind tour like that one was, covering many thousands of miles in just a few days and including a heavy schedule of serious discussions, is an exhausting experience, to say the least, but at the end it is gratifying to be able to report positive progress in the work that has been undertaken. Our talks with senior representatives in the countries which were visited were encouraging and productive, particularly with respect to the development of a new international agreement on world wheat marketing. I believe we are closer now than ever before to the successful negotiation of a fair and workable grain arrangement, including provisions affecting price ranges and reserves.

In Australia we met with the deputy prime minister and minister for overseas trade, the right honourable Douglas Anthony, and also with the minister of primary industry, the right honourable Ian Sinclair, and senior Australian trade officials. In these talks we wanted to review with them the major elements of proposals for a new world wheat accord in preparation for the international talks involving both importers and exporters which are taking place this fall in London. We believe that it is important for Australia and Canada, two of the world's leading grain sellers, to have a consistent fundamental approach in this matter so as to ensure the best possible arrangement for our respective grain producers and the greatest beneficial impact resulting from the enthusiasm in the United States for a new world agreement. We were able in those discussions to confirm the understanding between Canada and Australia regarding the fundamentals of such an agreement.

In China and Japan the development of an agreement was analysed primarily from the importers' point of view. Together these two buyers account for almost one half of Canadian grain exports. It was obviously important to reassure our good customers about our intentions in this matter and to report on the work done to date.

[Mr. Goodale.]

In China we stressed our view that the Chinese, who are not currently members of the International Wheat Council, should join these wheat talks to represent directly at the bargaining table one of the world's largest consuming nations. Senior officials in the Chinese government have that suggestion under consideration and Canada is hopeful that they will give the idea careful attention.

In Japan we found support for the search for ways to bring stability into the world's grain markets. The Japanese have already involved themselves usefully in the discussions so far. Incidentally, it is probably also useful to note that virtually everywhere we went on the mission, buyers of grain commented upon the quality of Canadian grain as probably the best in the world, and expressed general satisfaction about Canadian grain delivery services. They were pleased to learn of our current plans to expand storage space on the west coast and to revitalize our prairie rail network, which will render our export operations that much more efficient. Canada is generally regarded as a trusted and reliable supplier of grain, and with the continuing solid performance of the Canadian Wheat Board I believe we will figure prominently in future grain trading operations in the Pacific rim region.

This mission to the Far East and the work I mentioned which is being done on world wheat marketing are of fundamental importance to Canada, particularly to the west, and represent, I believe, a positive, practical initiative to support and strengthen a key part of the Canadian economy.

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, as we all know only too well, this country is faced today with an $11.5 billion trade deficit in fully manufactured products. Those are the products which produce jobs or, if we do not get sales, cause unemployment. The Canadian Manufacturers' Association has stated that if we can overcome this very large deficit we will be able to provide more than 800,000 new jobs for Canadians. That, Mr. Speaker, would just about wipe out the present very serious unemployment existing in the country today.

In order to overcome this huge deficit we must make our products more attractive to prospective buyers, both in Canada and abroad, in terms of price, quality and design. The reason we have this enormous deficit in manufactured products is that not only Canadians but many people living abroad have found that foreign-made products are lower in price and better in quality than those we have been turning out. They have been buying foreign goods in ever increasing quantities in preference to Canadian goods.

● (2042)

To make our products more competitive we must do three things. First, we must improve our productivity in order to lower costs and selling prices. Second, we must encourage more industrial research in an effort to develop new and more efficient methods of producing goods which are of better quality and more attractive design. Third, we should encourage our producers to make more trips abroad with the object of getting into personal contact with potential buyers and

finding out what is required to meet competition in the markets visited. The products which are turned out as a result of the information thus gained ought then to be displayed at foreign trade fairs and in the course of personal calls on overseas buyers.

To persuade Canadian businessmen to do these necessary things, the government must make available generous incentives, to be paid in direct proportion to the effort that is made and the results achieved. It is a waste of money simply to make large sums of money available to industry in the hope that the money will be used in the way the government wishes it to be used. The reason for this is because businessmen have three options open to them. They can pay out the extra money in additional dividends, or they can put the money into the company's reserve, or they can use the money to carry out the government's wishes. If the monetary rewards are paid in direct proportion to the results achieved, the government, which is the Canadian taxpayer, receives 100 per cent value for the money which is spent.

Speaking in this House on October 21 last, I outlined in detail the incentives I believe should be offered to industry to bring about the results which are necessary, and there is no need to take up the time of the House to outline them again at this time.

I would now like to deal with the trade negotiations under GATT. In the negotiations which are now being held under the world organization known as the General Agreement on Tariffs and Trade, the Canadian government has indicated it is willing to allow manufacturers in other countries to have freer access to the Canadian market in return for easier entry of our raw materials into those countries.

Such action as the government is planning at the present time, and which is being negotiated behind closed doors at Geneva, will make it much harder for Canadian companies to sell Canadian products in Canada because our much larger competitors have lower costs of production as a result of their much greater size. They can therefore undersell our producers and bring about higher unemployment in this country.

I want to remind the government that we must overcome this enormous adverse trade balance in manufactured goods amounting to more than $11 billion, which is the main cause of the present high figure of unemployment, 8.4 per cent, which prevails today. The kind of action in which the government is engaged in Geneva will make this figure considerably higher. It seems to me there is no check upon what the government is doing in Geneva. We are given no information by the government directly; in order to find out anything one has to talk to those who are actually taking part in the negotiations. In my view the government should advise the negotiators that the prime objective of this country is to overcome the huge trade deficit in manufacturing production which I have mentioned, and in this way to begin making available to Canadians the 800,000 new jobs which will be made available by so doing.

Some hon. Members: Hear, hear!

Hon. A. C. Abbott (Minister of State (Small Business)): Mr. Speaker, I am pleased to be able to take part in this debate and to be able to follow the hon. member for Prince Edward-Hastings (Mr. Hees). The years since he was minister of industry, trade and commerce have obviously not served to bring to him to understand the realities of the world trade situation if what he said is any measure of his true analysis of the situation rather than an attempt to put the current figures in a partisan frame for the purposes of this debate.

Mr. Hees: Is the hon. gentleman referring to my speech? Of all the impertinence! I have never heard anything like it in my life.

Mr. Abbott: The hon. member has quoted himself in sanctimonious assurance that everyone accepts without question what he was saying.

Mr. Hees: I was simply giving the facts.

Mr. Abbott: The hon. member, as a true Tory, is loathe to face the world in a competitive spirit. He is more inclined to fear the unknown, to be fearful that Canada's participation in the world trade conference is certain to result in disaster.

Mr. Hees: I just fear the obvious.

Mr. Abbott: In the few minutes he spoke he told us he was not able to get any information except from the people who were directly taking part in the negotiations. One is bound to ask who, in Geneva, he was speaking to, because the information we have—

Mr. Hees: They are even keeping it from you. I guess the cabinet will be the last to learn.

Mr. Abbott: The fact is, Canada must play a part in these negotiations. It is no use fooling ourselves into believing that the world is ordering its trade arrangements in order to suit Canada. It is no use trying to delude ourselves we can avoid the consequences of being one of the largest trading nations in the world. If these negotiations were to fail, if we were to sink back into the kind of trade wars which took place in the thirties, the same disastrous consequences would recur. The consequences of a country like Japan finding itself barred from the markets it enjoys today by walls of protection, as far as the political stability of the Far East and the world is concerned, would be very dire indeed.

● (2052)

The fact is we are participating actively in these discussions. Any real analysis of the negotiations will show the protections being built into them, the complexity of them, and the objectives which are part of the tariffs. The objectives give us an opportunity to enjoy much greater trade. If we walked away from the table and indicated that we were not participating in this negotiation, because we were afraid it would damage our ability to export, the very reverse would happen: we would be cast behind our own walls attempting, with a narrow market of 23 million or 24 million people, to survive in a world well

prepared to go aggressively forward and cut tariffs in this manner.

The Tokyo Round had four objectives when it was commenced. First, there was the reduction or the elimination of trade restrictive or trade distorting effects of non-tariff measures, and the bringing of such measures under more effective international scrutiny and discipline. Second, there was a significant improvement in the terms of access for agricultural exports. Third, there was an examination, as a complementary technique, of a comprehensive attack on all barriers to trade in certain carefully defined sectors, especially from the Canadian perspective where these impede the processing or upgrading of resources in the country of origin. Fourth, there was an examination of the adequacy of the multilateral safeguard system with a view to furthering trade liberalization and preserving its results.

The working out of the ways and means has been a difficult and complicated chore. At the outset there was the intent of the Americans to achieve deep cuts of some 60 per cent. This was countered by the expectations of the European community to have shallow cuts of some 25 per cent. It would appear the track being followed by the key nations now is that which is known as the Swiss formula, and perhaps it will be in the nature of 40 per cent.

As our economy has demonstrated, this is a difficult time for these cuts to be contemplated. Other nations face the same prospects and are voicing many of the same concerns. In addition to the level of the tariff cut, there has been a recognition that there must be a phasing in. In actual fact, the general phasing-in period is over some ten years. In effect it could be something in the order of 5 per cent or something a little more per year, if this were accepted. In any event it gives the nations of the world an opportunity to adjust to the cuts over some ten years.

Members of the opposition are failing to recognize that over the last year the effective devaluation of the Canadian dollar against the United States dollar, coupled with the very substantial devaluation of both dollars against the currencies of Europe and Japan, have provided us with a far greater advantage or cut in the tariffs of those countries than will be contemplated by these tariff negotiations, even after the ten year phasing-in period. The challenge is to utilize this opportunity we have with a devalued dollar.

We must not kid ourselves. The devalued dollar has a very high price for consumers in the importation of goods, and it is a painful dilemma for those who have regularly enjoyed the importation of goods. For those concerned, the opportunities provided by the devaluation, if exploited, can result in very substantial improvements in our trading position. Canadian industry has indeed demonstrated an ability in natural resource areas such as fishing and the products produced by western Canada. Great opportunities are already being exploited.

The hon. Minister of Industry, Trade and Commerce (Mr. Horner) indicated that last year Canada sold some 40 per cent more steel to the United States than the year previously. That indicates we have competitive industries, and we are making great inroads in the world trade.

The published reports that are being made about our tariff negotiations indicate the exceptions which will be built into the program, the opportunities, the flexibility, and the fact that if Canada exploits its opportunities it will enjoy great trading advantages. The deficiencies we suffer because of our narrow population base can be removed. We can look at the major industrial countries of the world and recognize that there are great possibilities to be taken advantage of by us.

In these negotiations we are seeking the elimination of some tariffs of 5 per cent or less, particularly in our resource based industries. It is of interest that two thirds of the dutiable goods we sell to the United States are in this category. A more serious, thoughtful, and careful analysis of our trading and negotiating posture, and the actual realities of the Geneva negotiations, will show that we have great opportunities.

Apart from the tariff cuts there was a more important feature, that is, an attempt to develop a code dealing with non-tariff barriers. People I have spoken to in industry, in my own constituency and elsewhere, do not necessarily complain about tariffs, nor do they complain about imports making competition impossible. They believe the only reason some countries are able to sell in Canada is because of the artificial opportunities created by measures which are unfair and improper, and not because of the lower wage rates. On the other side of the coin, the difficulties faced by our exporters in markets such as Japan and other countries are the barriers which are occasioned by complex paper work and other things apparently designed to foreclose the opportunities for trade. The acceptance of a working code for non-tariff barriers by countries such as Japan will provide great benefits for this country and its export programs.

In tariff negotiations such as this, there must be a number of safeguards. It is essential to the negotiations that these safeguards are real, carefully designed, and enforced in order for Canada to deal effectively with the problem of its industries being victimized by imports dumped in this country.

● (2102)

I have attempted in a few minutes, somewhat informally, to view the areas of concern and to show that our friends opposite are not attempting to provide the House with the real facts, are not attempting to look at these GATT negotiations in a positive and optimistic fashion, and are failing to recognize that we are in a real world, not a dream world, and we have to trade in this world. We have spent our time telling the rest of the world what a great trading nation we are, that we are one of the great trading nations of the world. That implies we have to sit at the table and participate in trade negotiations. The fact is that the Tory mentality leads them to put their heads in the sand and let the troubles pass over, whereas the Liberal party, faced with the governing of this country, has to participate in these negotiations, to recognize its responsibilities, and to make certain that they continue successfully.

Some hon. Members: Hear, hear!

Mr. Hees: Some day you will talk to some real businessman and you will have a great revelation.

Mr. Abbott: I have talked with businessmen and I know that many of them are concerned with the consequences of these negotiations. Many of them are concerned with a variety of problems, and this is one of them, but no one doubts that if the trade negotiations result in reduced tariffs this will impose some additional challenges on Canadian businessmen. The problem is that if these negotiations fail, there will be no market whatever for Canadian products, and the only thing we would be able to do to protect our manufacturers is to follow the old Tory principle of erecting higher and higher tariff walls in the vain hope that we can keep our industries thriving and alive, whereas those of us who know the real world and know that there is no prospect, however high your tariff walls, of hiding behind them in a narrow market such as Canada's, know that it is only in a world of freer trade that real prosperity can be enjoyed by all countries and that the kinds of markets that we need for our products can be found.

Mr. Hees: You are not even convincing yourself, Tony.

Mr. Abbott: I know that I could not convince the hon. member for Prince Edward-Hastings (Mr. Hees). He is a long veteran of the wars here and he has gone back and utilized the experience of his own successful career as minister of trade. But those distant, early years are gone. We have now moved on; we are living in a different world. We are living in a highly competitive world now.

Mr. Hees: Yes, we have a $5 billion deficit in trade in manufactured goods.

Mr. Abbott: These are not the days of the early 1960's when the hon. member had an easy time summoning trade commissioners and handing out cuff links to them with his name engraved on them, urging them to go out and sell. We are now living in a complex trading pattern.

Mr. Hees: You are telling stories your daddy told you, Tony.

Mr. Abbott: You know, Mr. Speaker, it is a pathetic thing to see a distinguished figure like the hon. member for Prince Edward-Hastings lowering himself to uttering a jibe like that. I would have hoped he could have said something a little more stimulating. That is not good enough.

I know that others have some valuable comments to offer us tonight.

Mr. Hees: Thank God something new is coming up.

Mr. Abbott: I thought it was essential to relieve the monotonous recitation of fallacious rubbish, which we have heard from the other side, with a few, hard, cold facts about what is going on in the trading world, and I hope that when the hon. member stops barracking he will recognize he has a great deal to learn, and he will start talking to some enlightened businessmen in Toronto and set himself straight.

Mr. Hees: Tony, you are a great performer.

Mr. Arnold Malone (Battle River): Mr. Speaker, I think the most sensible thing to do is ignore everything that came from the previous speaker and to go on to something that is perhaps more worth while.

Those were interesting times and ones I certainly remember well when the Minister of Industry, Trade and Commerce (Mr. Horner), used to be able to speak well in the House. Today, of course, it was sad to hear him. He did not even read well the speech which was prepared for him by his department. In fact it was very painful to recognize that here was a man having to say things which went against his grain and against his beliefs as he stated them previously.

We live in a nation filled with economic problems. We have a $9.2 billion deficit. That is more than the total budget when this government took power. We are in a situation where our dollar dropped to 89 cents this year, and here is the minister trying to tell the Canadian people that our economy is one of the strongest in the world. He is trying to tell the Canadian people that, by golly, it is a good thing that the dollar dropped that low. His reasoning is that it is good for our exports and that, when the value of our dollar drops, we can move our exports into the international marketplace. But what he failed to admit is that whenever there are exports, there are also imports. The low value of the dollar has affected our imports very much.

I was appalled to hear a man who comes from a rural, farming, ranching riding defending that kind of a position, knowing full well that the low value of the dollar is having catastrophic effects on farmers and ranchers in connection with the importation of farm machinery throughout western Canada and the Atlantic region. The truth of the matter is that when we asked him today what was going to happen to farm machinery, he said the Canadian people could buy from Versatile or from Co-op Implements, knowing all the while that those are two of the smaller manufacturers of farm machinery on the North American continent and that, even though Versatile is a Canadian company, the president of that company is on record as having said that he will not expand any more in Canada. According to the president, economic conditions in Canada are too poor, and any expansion of the Versatile company will take place in the state of North Dakota.

We witnessed a very sad performance by the minister who tried to convince us that we have a strong economy. If you took a look at the *Financial Post* of a month or two ago you would have found an insert the size of *Time* magazine which said that the reason why the Japanese are not investing in this country is that our labour wages are too high, we have too many strikes, we have lost our competitive position, and our productivity is down in comparison with that of other major trading nations. The same situation prevails in West Germany. But here we have a minister telling us in a speech written for him, that we have one of the finest and strongest economies in the western world. He knows full well that the people of this country know better than that, that this is simply not the case.

Just 20 years ago, 28 per cent of our gross national product was going into government expenditures. Under the Trudeau regime that grew to 42 per cent of the GNP going into government expenditure. The minister promised us a rose garden. Then he went on to smell, feel and pat the roses, all the while leaving the citizen out there nestling among the thorns. There is no justification for saying that Canada's economy is in a position of strength, especially when you recognize that when the government took power this country had the second highest per capita income in the world. Today we are in the tenth place, with Belgium one place above us in the ninth. No amount of rationalization, no amount of selective data, no amount of searching in a particular corner of industry, trade and commerce will justify saying that Canada has had a good performance in view of the tremendous slippage in the international market place.

● (2112)

I would be remiss if I did not point out how disappointed I am that, at a time when the economy is one of the major concerns of our country, the minister stayed in the House today only to give his own speech and to wander around occasionally. A few days ago the Minister of Finance (Mr. Chrétien) moaned about having to spend so much of his time sitting here because he has a bill before the House. At least he was conscientious enough to stay here while something of importance to his department was before this House. Today we are zeroing in on a major department on a critical matter, and I think it is a real slap and an affront to parliament to avoid being present.

We on this side cannot say that we love a 90 cent dollar. Canadians will have to pay dearly for imports. During the winter months more than one third of our food is imported. A devalued dollar means that every consumer who eats imported food will be paying an extra cost. It will not be possible to tell consumers that the devalued dollar is good, because it will have an obvious and definite sting.

We have an expensive government. This government has put us into a $9.2 billion debt. Who pays? People from Newfoundland to Vancouver pay. Of government revenues in this country in 1968, 34 per cent came from personal income tax. Of government revenues in 1976, 53 per cent came from personal income tax. The average personal income taxpayer has had to pay for this government's overspending and economic mismanagement.

This country is a land of hope but no promise. We are adrift without the rudder of a strategy for industry. This could not be better documented than by the fact that Canada, with all its educated human resources and mineral and other natural resources, pays $12 million per day in unemployment insurance. That is absolutely appalling. We spend $1.97 billion more on unemployment insurance than we spend on national defence. We spend about $4 billion per year on unemployment insurance in a country with the greatest potential in resources in the world. The government thinks that is acceptable. The Minister of Industry, Trade and Commerce says we have the

farmers could buy Versatile or Co-op farm implements. He Trudeau) says we expect and demand too much of our society. The Minister of Finance tells the Canadian people to spend more. Canadians can choose from any of those three cabinet viewpoints. However, it would be nice to have some consistency for a change, and a government with a sense of direction and a sense of purpose.

How insulting it must be for the people of Cape Breton to listen to the Minister of Industry, Trade and Commerce saying that the people there have an "inappreciability" about attaining employment and that that is one of the reasons the government is slow in stimulating Cape Breton industry at a time when between 3,000 and 4,000 people are registered at the employment offices and looking for jobs in the coal industry. There is a minister in the cabinet who says that the people of Cape Breton have a lack of desire and that somehow they do not have the willpower to work, when 3,000 to 4,000 of them are lined up looking for work.

Mr. Muir: He more or less said they were lazy.

Mr. Malone: I am sure that was the connotation perceived by the average citizen.

This year's trade imbalance will be $11.5 billion, which in human terms means the loss of 850,000 Canadian jobs. The reason for this is a failure to adapt to the world market place. Regardless of what the Minister of State (Small Business) (Mr. Abbott) said a little while ago, the government has totally failed to recognize the shift in international trade patterns over the past ten years, the strengthening of the Japanese yen, the power of the Middle East oil countries, the development of the European Economic Community, and the strength of the American trade. While that was going on around the world, this country was preoccupied with internal matters. The Canadian government was talking about language and culture and forgetting that we had an international market place to keep pace with. I recognize that all countries need to be concerned about their internal problems, but never at the expense of their position in the international market place. This failure to be concerned about our economic position has resulted in Canada, as a nation, not being able to keep pace with the major shift in trade patterns which has taken place. That is one of the great downfalls of the government. It was so preoccupied with the internal self-consciousness of Canada that it failed to see that the world around us changed.

The Minister of State (Small Business) might try to show that he has the facts, but I submit to him that all he has to do is look at our status relative to our major trading partners to see that a country does not slip from the second highest per capita income in the world to tenth, behind Belgium, in a ten year period, without something obviously being wrong.

Canada has paid other countries to steal its markets. It does not make sense to close down cheese factories when Canadian cheddar cheese is being rationed in England because there is so little available there. More important, the Export Development Corporation has been embarking upon programs which are and will continue to be a disadvantage to this country's

economy. The EDC gave $160 million to finance a pulp and paper mill in Poland. It supported that project in spite of the fact that our own pulp and paper industry is struggling to survive, and in spite of the fact that once the Polish people, with their cheaper labour force, start to produce pulp and paper for the international market, Canada will be at an even greater disadvantage. Today the minister attempted to defend that EDC action. He said that the Polish people can read, too. Of course they can, but Canadian money is being used to encourage industries in other countries which will hire workers in those countries and which will compete with our own industries at a time when we have a high rate of unemployment here. That is not acceptable.

Last summer the EDC announced that it would put $47 million into a mini-steel mill in Perth Amboy, New Jersey. That is not in Poland or in some Third World country. That is in the United States, and that brings to $100 million the amount Canadian taxpayers have lent to steel mills in St. Paul, Minnesota; Midlothian, Texas; and Sheerness, England. Meanwhile our own steel industry in Hamilton and Nova Scotia is encountering stiff competition and the prospect of further lay-offs in the Atlantic region, where the unemployment rate is already alarmingly high. The government argues that a Canadian firm got the contract to build the New Jersey plant, but that is merely a demonstration of the small-mindedness of this government. It says that if we build a plant in the United States, that will create Canadian jobs, but that is only for the short-term. In the long run we will have to compete with other countries which process steel. Those other countries will get the jobs, and they will compete with Canada, with the help of money lent to them by Canada in the first place. That also is not acceptable.

The Japanese have the strongest economy in the world. The Japanese strategy is to increase international sales efforts for existing products and to develop new products through government sponsored research. The Japanese spent $214 million over the last five years to help their computer industry compete with IBM's series 370. Canada has no similar program, but this year will spend $580 million on the CBC. I submit that when Japan tries to get its major competitive companies into the international market place they spend money on research. One of the things that Canada sadly lacks is that kind of competition research.

● (2122)

In 1971 foreign investment in this country amounted to $925 million. By 1976 it had decreased to $400 million, and at the present time we find that Canadians are investing more money outside this country than other countries are investing here. That underscores the fact that the average business person in this country has lost faith in the government and does not believe he can invest successfully any more. Canadian investors are transferring their money to other countries because the government does not have an industrial strategy.

In his speech today the Minister of Industry, Trade and Commerce said that because it did not matter about imports, farmers could buy Versatile or Co-op farm implements. He failed to recognize the 40 per cent increase in input cost in farming in 1976. I concede that there was a gross increase in farm income of 2 per cent, but that means a 38 per cent decrease in net income for farmers. The Minister's policy will simply squeeze them even harder. Such rash statements make his speech look as if it has the measles.

I am not prone to quoting Liberals, Mr. Speaker, but Senator Harry Hays has stated that, with the exception of Denmark, Canada has the lowest support for agriculture of any western cultured nation.

I think I ought to point out once again that there simply is no strategy for agriculture, for manufacturing, or for other kinds of industry. The Minister of Industry, Trade and Commerce has a package of celestial promises that spill as out of a popcorn popper without a lid. I applaud many of his concepts, but what we are seeing are promises and no action. That is the real problem. The minister talked about developing secondary petrochemical industries in the west. We would like to see that happen, but when we questioned him today about what is happening in the United States with reference to the sale of Canadian gas to that country and the promise that their State Department made to allow Canada new trade concessions if we send more gas, the minister said negotiations had been going on during the fall. The document I quoted from was dated November, and there was no evidence of a course of action at that time. I do not know when the minister thinks fall begins, but surely there ought to have been action by November and we know very well there has not been any. We note also—

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

Mr. Hugh A. Anderson (Parliamentary Secretary to Minister of Fisheries and the Environment): Mr. Speaker—

An hon. Member: Now we will get the message.

Mr. Anderson: I hope we get the message better than we got it from the last speaker. I have a great deal of respect for the hon. member for Battle River (Mr. Malone) but I wonder if he was actually espousing Conservative party policy when he said—he can correct me if I am wrong—that the Export Development Corporation should not support any industry in other countries that may compete against Canada.

An hon. Member: He did not say that at all.

Mr. Anderson: Mr. Speaker, I understood him to criticize the policy of this government for exporting technology to countries whether they be underdeveloped countries or one such as Poland which would not be called underdeveloped. I assumed that was the policy of the New Democratic Party. I know their policy is not very realistic, but I am surprised when a member stands up on an opposition day and criticizes the government for providing jobs to Canadian workers to send technology to other countries.

Surely the hon. member is not falling into the trap into which the NDP has fallen. They usually fall into economic traps quite easily. He seems to have fallen for the fallacy that it is Canada alone that has this technology and that if we do not sell it to other countries then those people will never obtain that technology. Surely anyone who has studied economics and who has looked at the world market can see that if we do not sell it to them they will buy it from somebody else, and we will have a greater trade deficit.

If the hon. member for Battle River suggests that this should be government policy, then let the House leader for the Conservative party stand up and say that is their policy. I respect the former minister of industry, trade and commerce in a former Conservative government. I know that would never be his policy, so I would appreciate it if he would stand up and say that is not a policy he supports. If the economic reasoning of the Conservative House leader is similar to that of the hon. member for Battle River, we would like to hear his comments as well.

If I may digress, Mr. Speaker, I was surprised and a little ashamed this afternoon during question period when hon. members opposite made reference to the fact that the Prime Minister (Mr. Trudeau) and some of his cabinet were not present. The Prime Minister was not, like the Leader of the Opposition (Mr. Clark), crossing the country during times of high unemployment and in a national unity crisis, holding $125 per plate dinners.

An hon. Member: With the biggest turnout in Canadian history.

Mr. Anderson: Hon. members opposite are getting angry. They do not like the truth.

Some hon. Members: Oh, oh!

The Acting Speaker (Mr. Turner): Order, please. We have only a few minutes left and there is another speaker. The hon. parliamentary secretary has the floor.

Mr. Anderson: I wonder if the Leader of the Opposition thinks that the way to find out about unemployment is at a $125 a plate dinner. The Prime Minister is away on the nation's business, so perhaps hon. members opposite should be less critical.

The message that the Leader of the Opposition is giving out in Edmonton, Vancouver, and Toronto is that assistant deputy ministers and senior bureaucrats should collect garbage in the summertime or work on the wharves so that they can become workers. The government of the country might come to a standstill, but this is the message the Leader of the Opposition is giving out. Mr. Speaker, I am sure that is only phase one of the program. I am sure phase two would be if the Leader of the Opposition were elected, he and his cabinet would be out there doing the same things.

● (2132)

Mr. Gillies: When he is elected.

[Mr. Anderson.]

Mr. Anderson: So he would have a total breakdown. I am sure they are saving that for some other $125 a plate dinner in another part of the country.

Mr. Gillies: I have never heard of such garbage in my life.

Mr. Baker (Grenville-Carleton): The House always recognizes the right of a member to make a fool of himself, but it also requires that he remain relevant. I would like to hear the hon. member's comments respecting the motion before the House. That would be most helpful.

Mr. Anderson: Our side take this opposition day very seriously. We only wish the Leader of the Opposition did also. That was the relevancy.

Since time is limited, and as I agreed to make time for a member of the New Democratic Party to speak, I will end my remarks here and allow the hon. member for Winnipeg North (Mr. Orlikow) to speak.

Mr. David Orlikow (Winnipeg North): Mr. Speaker, the motion which we are debating says in part that it condemns the government for its failure to develop an industrial strategy to govern industrial development in Canada.

I was amazed, Mr. Speaker, to listen to the Minister of Industry, Trade and Commerce (Mr. Horner) and the Minister of State (Small Business) (Mr. Abbott) talk so cheerfully about the economic situation in this country. I wonder which world they live in. Here we are with 900,000 unemployed. Those figures were given to us two days ago by Statistics Canada.

I have a report in front of me prepared by the Science Council of Canada, entitled "Uncertain Prospects", released just two months ago. I will quote from that document:

> In 1971 the Science Council was especially concerned about the viability and survival of medium and high technology industries. In 1977 there are real fears about the prognosis for Canadian manufacturing as a whole.

Further on in the document it states:

> It is apparent that the technological capability of Canadian industry has not improved. It has in fact deteriorated. Exports of technology intensive goods have fallen in relative terms, and many of the industries which produce them are unable to meet foreign competition in the domestic market. Job opportunities for scientists, engineers, MBA's, executives, and other specialists are scarce or non-existent. Government employment is frozen. This year's university graduates face the most dismal job prospects of the last 40 years. Human resources, which have been created at great cost, are being squandered.

That is part of an analysis by an agency appointed by this government, staffed in the main by business and university people who are not, by any stretch of the imagination, very radical. It will take several years at least to develop a successful industrial strategy, which we do not have at the present time. However, in the next few months this country will have to conclude tariff negotiations which will have a profound effect on our economy. The Tokyo Round of the GATT negotiations, which has been going on for about four years, is at the point where some firm commitments will have to be made shortly.

We have grave doubts that our negotiators have developed a successful strategy for this country. I do not even know how that would be possible since the government has given no sign that it indeed has an industrial strategy. It appears to us that the negotiators are bargaining away a good part of our manufacturing sector in return for advantages in the resource sector.

The most recent annual report of the Economic Council of Canada noted that there are no plans for industry to adjust once trade barriers are lowered, to which the federal government is committed. Indeed, the Economic Council said the element that appears to be lacking is a clear plan to foster the adaptation of Canadian industry to the trade concessions to which Canada would agree. At present it appears that the government is prepared to negotiate so that the winners in Canada are going to be in the resource base industries which export unprocessed and semi-processed goods. These industries are, by and large, more capital intensive industries, and the losers will be the manufacturing sector of the economy.

We have seen in recent weeks how poorly the resource industries have managed things for us. We have seen thousands of people laid off, with no prospects of jobs in the foreseeable future. In return for more concessions to the resource industry so that they can sell abroad, it seems to us pretty obvious that the government is prepared to sacrifice a substantial part of the manufacturing industry which, in most countries, is where the interesting, exciting and better paying jobs are provided, and especially in that sector of the economy where jobs have been disappearing at a steady and rapid rate.

It seems to us that the government is naive in its assumption that Canada stands to benefit from the next round of the lowering of trade barriers. If we were talking about real free trade there might be something to it, provided of course there were adequate transition measures to cushion these industries and those people who are injured. We are confident Canadians can be as productive and efficient as anybody else. To develop productive and efficient industries is something which we have not done recently, and which cannot be done quickly. It is our feeling that our negotiators, and we believe they are doing this in consultation with the government, are dealing with these questions in a theoretical way, believing as if by lowering tariffs then immediately Canadian industries will adjust to world competition and will be able to manage.

We have seen in recent years in old established industries in Canada, such as clothing and textiles, a very sharp increase in imports from other countries, countries in Asia and so on. Our industries have not been able to adjust. We have had some very desperate attempts on the part of the government in the last few months to reach agreement on so called voluntary quotas with these countries which are exporting goods to Canada. This has been done when our textile and clothing industries have been virtually driven to the wall.

In the New Democratic Party we have had some interesting experiences in the last few weeks. We have had groups, which in the past have not been very friendly, ask if they could meet with us and outline their problems, such as the Canadian Manaufacturers' Association and the Electrical and Electronics Association of Canada. I have been here 15 years, and this is the first time they have asked to meet us.

● (2142)

We are not talking about an inefficient, old fashioned industry. We are talking about the electrical and electronics industry, companies like Northern Telecom. These people are very worried, Mr. Speaker. Not only are they worried about expanding, they are worried about maintaining the position they have and the employment that they now provide. They feel that major multinationals, particularly those located in Japan, are determined to break into the Canadian telecommunications market, and are attempting to do so on the basis of price.

They are not worried about fair competition. They feel that they are as efficient as any company anywhere in the world. However, they do feel that the pricing structure of Japanese companies is close to dumping. They point out that this is difficult to prove because of the complexity of the price structure in the Japanese market.

They also believe that while the Japanese are determined to break into our market, as they have broken into the market in the U.S. and the markets of other countries, they are not prepared to let foreign manufacturers break into the Japanese market. They have used, and are very effectively using today, non-tariff structures to keep Canadian, American, British and German products out of the Japanese market. They also told us that similar non-tariff methods are being used by te Germans, the British, and others.

They are predicting, Mr. Speaker, that this government's policies, this belief in freer trade without any thought given to what it does to Canadian industry and jobs, will mean a decreasing number of people working in the Canadian manufacturing industries which have traditionally provided a large number of jobs, indeed the best jobs in the country.

We are not opposed to the cutting of tariffs, but we believe that it must be done keeping in mind the real needs of the Canadian people in this modern society—

The Acting Speaker (Mr. Turner): Order, please. It being 9.45 p.m., it is my duty, pursuant to section (10) of Standing Order 58, to interrupt the proceedings and put forthwith every question necessary to dispose of the motion, Supplementary Estimates (A), and for the passage of all stages of the bill based thereon.

The question is on the amendment in the name of the hon. member for Waterloo-Cambridge (Mr. Saltsman). All those in favour of the amendment will please say yea.

Some hon. Members: Yea.

The Acting Speaker (Mr. Turner): All those opposed will please say nay.

Some hon. Members: Nay.

The Acting Speaker (Mr. Turner): In my opinion the nays have it.

And more than five members having risen:

The Acting Speaker (Mr. Turner): Call in the members.

The House divided on the amendment (Mr. Saltsman) which was negatived on the following division:

● (2152)

(*Division No. 14*)

YEAS

Messrs.

Alexander
Alkenbrack
Andre
(Calgary Centre)
Baker
(Grenville-Carleton)
Balfour
Beatty
Benjamin
Blackburn
Brewin
Cadieu
Clarke
(Vancouver Quadra)
Crosbie
Crouse
Darling
Dick
Dionne
(Kamouraska)
Ellis
Elzinga
Firth
Friesen
Gilbert
Gillies
Hamilton
(Qu'Appelle-Moose Mountain)
Hamilton
(Swift Current-Maple Creek)
Hargrave
Hees
Hnatyshyn
Holmes
Huntington
Jelinek
Johnston
Kempling
Knowles
(Winnipeg North Centre)
Knowles
(Norfolk-Haldimand)
Lambert
(Bellechasse)
Lambert
(Edmonton West)
Laprise
La Salle
Lawrence
Leggatt
MacDonald
(Egmont)
MacDonald (Miss)
(Kingston and the Islands)
Malone
Matte
Mazankowski
McGrath
McKinley
Muir
Murta
Neil
Nielsen
Nowlan
Nystrom
Orlikow
Paproski
Patterson
Peters
Pigott (Mrs.)
Roche
Rynard
Saltsman
Schellenberger
Stanfield
Symes
Towers
Wenman
Whittaker
Wise—68.

NAYS

Messrs.

Abbott
Anderson
Andras
(Port Arthur)
Andres
(Lincoln)
Appolloni (Mrs.)
Basford
Blais
Blaker
Boulanger
Breau
Buchanan
Bussières
Campagnolo (Mrs.)
Caron
Clermont
Collenette
Condon
Corbin
Corriveau
Côté
Cullen
Cyr
Dawson
De Bané
Demers
Dionne
(Northumberland-Miramichi)
Douglas
(Bruce-Grey)
Duclos
Dupras
Duquet
Ethier
Faulkner
Fleming
Flynn
Foster
Fox
Francis
Gauthier
(Ottawa-Vanier)
Gendron
Gillespie
Goodale
Gray
Guay
(St. Boniface)
Guilbault
Haidasz
Harquail
Herbert
Hopkins
Horner
Isabelle
Kaplan
Lajoie
Lamontagne
Landers
Lang
Langlois
Laniel
Lapointe
Leblanc
(Laurier)
LeBlanc
(Westmorland-Kent)
Lefebvre
Loiselle
(Chambly)
Loiselle
(Saint-Henri)
Lumley
MacDonald
(Cardigan)
MacEachen
MacFarlane
MacGuigan
Marceau
Marchand
Martin
McIsaac
McRae
Milne
Munro
(Hamilton East)
Nicholson (Miss)
O'Connell
Olivier
Ouellet
Parent
Pearsall
Penner
Pinard
Portelance
Poulin
Prud'homme
Railton
Reid
Roberts
Rooney
Roy
(Timmins)
Roy
(Laval)
Savard
Sharp
Skoreyko
Smith
(Saint-Jean)
Stollery
Tessier
Trudel
Turner
Young—101.

[The Acting Speaker (Mr. Turner).]

● (2212)

Mr. Speaker: I therefore declare the amendment lost.

Amendment (Mr. Saltsman) negatived.

Mr. Speaker: The question is on the main motion.

The House divided on the motion (Mr. Crosbie) which was negatived on the following division:

(*Division No. 15*)

YEAS

Messrs.

Alexander
Alkenbrack
Andre
(Calgary Centre)
Baker
(Grenville-Carleton)
Balfour
Beatty
Benjamin
Blackburn
Brewin
Cadieu
Clarke
(Vancouver Quadra)
Crosbie
Crouse
Darling
Dick
Dionne
(Kamouraska)
Ellis
Elzinga
Firth
Friesen
Gilbert
Gillies
Hamilton
(Qu'Appelle-Moose Mountain)
Hamilton
(Swift Current-Maple Creek)
Hargrave
Hees
Hnatyshyn
Holmes
Huntington
Jelinek
Johnston
Kempling
Knowles
(Winnipeg North Centre)
Knowles
(Norfolk-Haldimand)
Lambert
(Bellechasse)
Lambert
(Edmonton West)
Laprise
La Salle
Lawrence
Leggatt
MacDonald
(Egmont)
MacDonald (Miss)
(Kingston and the Islands)
Malone
Matte
Mazankowski
McGrath
McKinley
Muir
Murta
Neil
Nielsen
Nowlan
Nystrom
Orlikow
Paproski
Patterson
Peters
Pigott (Mrs.)
Roche
Rynard
Saltsman
Schellenberger
Skoreyko
Stanfield
Stevens
Symes
Towers
Wenman
Whittaker
Wise—70.

NAYS

Messrs.

Abbott
Anderson
Andras
(Port Arthur)
Andres
(Lincoln)
Appolloni (Mrs.)
Basford
Blais
Blaker
Boulanger
Breau
Buchanan
Bussières
Campagnolo (Mrs.)
Caron
Clermont
Collenette
Condon
Corbin
Corriveau
Côté
Cullen
Cyr
Dawson
De Bané
Demers
Dionne
(Northumberland-Miramichi)
Douglas
(Bruce-Grey)
Duclos
Dupras
Duquet
Ethier
Faulkner
Fleming
Flynn
Foster
Fox
Francis
Gauthier
(Ottawa-Vanier)
Gendron
Gillespie
Goodale
Gray
Guay
(St. Boniface)
Guilbault

Messrs.

Haidasz	Loiselle (Saint-Henri)	Penner
Harquail	Lumley	Pinard
Herbert	MacDonald (Cardigan)	Portelance
Hopkins	MacEachen	Poulin
Horner	MacFarlane	Prud'homme
Isabelle	MacGuigan	Railton
Kaplan	Marceau	Reid
Lajoie	Marchand	Roberts
Lamontagne	Martin	Rooney
Landers	McIsaac	Roy (Timmins)
Lang	McRae	Roy (Laval)
Langlois	Milne	Savard
Laniel	Munro (Hamilton East)	Sharp
Lapointe	Nicholson (Miss)	Smith (Saint-Jean)
Leblanc (Laurier)	O'Connell	Stollery
LeBlanc (Westmorland-Kent)	Olivier	Tessier
Lefebvre	Ouellet	Trudel
Loiselle (Chambly)	Parent	Turner
	Pearsall	Young—100.

● (2217)

Mr. Speaker: I therefore declare the motion lost.

Motion (Mr. Crosbie) negatived.

* * *

SUPPLY

MOTION FOR CONCURRENCE IN SUPPLEMENTARY ESTIMATES (A)

Hon. Robert K. Andras (President of the Treasury Board) moved:

That Supplementary Estimates (A), 1977-78, laid upon the Table, Wednesday, November 9, 1977, subject to the ruling made by Mr. Speaker on December 7, 1977, be concurred in.

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

Some hon. Members: Agreed.

Motion agreed to.

Mr. Andras thereupon moved that Bill C-15, for granting to Her Majesty certain sums of money for the public service for the financial year ending March 31, 1978, be read the first time and be printed.

Mr. Speaker: Pursuant to procedures adopted in this regard, the draft bill has been distributed earlier. Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

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

Mr. Andras thereupon moved that Bill C-15, for granting to Her Majesty certain sums of money for the public service for the financial year ending March 31, 1978, be read the second time and referred to the Committee of the Whole.

Motion agreed to, bill read the second time and the House went into committee thereon, Mr. Turner in the chair.

● (2222)

Clauses 2 to 5 inclusive agreed to.

Schedule agreed to.

Clause 1 agreed to.

Preamble agreed to.

Title agreed to.

The Deputy Chairman: Shall the bill carry?

Some hon. Members: On division.

Bill reported.

Mr. Speaker: When shall the bill be read the third time? Now?

Some hon. Members: Now.

Mr. Andras moved that the bill be read the third time and do pass.

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

Some hon. Members: On division.

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

Mr. Speaker: It being after ten o'clock, this House stands adjourned till tomorrow at eleven o'clock in the morning, pursuant to Standing Order 2(1).

At 10.24 p.m. the House adjourned, without question put, pursuant to Standing Order.

APPENDIX

(See page 1695)

CANADIAN EXPORTS 1962-76
($000)

		Domestic Exports	Domestic Exports and Re-exports
Live Animals	1962	$ 68,054	68,241
	1976	119,844	120,236
Food, Feed, Beverages	1962	1,172,135	1,177,329
	1976	4,114,610	4,151,083
Crude Materials Inedible	1962	1,361,595	1,370,521
	1976	8,262,280	8,303,366
Fabricated Materials Inedible	1962	2,907,126	2,943,145
	1976	12,148,886	12,323,075
End Products	1962	654,763	768,331
	1976	12,539,232	13,095,905
Special Transactions	1962	14,849	19,522
	1976	129,550	138,095
Total Exports	1962	6,178,523	6,347,713
	1976	37,328,545	38,146,332

HOUSE OF COMMONS

Friday, December 9, 1977

The House met at 11 a.m.

● (1107)

ROUTINE PROCEEDINGS

[*English*]

INDUSTRY

PROPOSED INCENTIVES TO IMPROVE PRODUCTIVITY—MOTION UNDER S.O. 43

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, I rise to move a motion under Standing Order 43 on a matter of urgent and pressing necessity. In order to overcome our trade deficit of $11 billion a year in manufactured products—the ones that produce jobs—we must improve our productivity, and to do so, we must offer incentives which will persuade producers that they will be able to pay for the new plant, machinery and production systems they will have to buy in a reasonably short space of time, and in this way make it as easy as possible for them to make the usually high expenditures involved. Therefore, I move, seconded by the hon. member for Edmonton Centre (Mr. Paproski):

That the government allow all capital expenditures involved in improving productivity to be written off in one year; and second, a plant to be rewarded in the form of a cash bonus at the end of the year in direct proportion to its increase in productivity during the year.

By improving our productivity, we can lower costs and selling prices, and in this way greatly increase sales of our manufactured products.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

LABOUR CONDITIONS

SUGGESTED SUSPENSION OF PURCHASES FROM BRITISH NORTH AMERICAN BANK NOTE COMPANY PENDING SETTLEMENT OF DISPUTE—MOTION UNDER S.O. 43

Mr. David Orlikow (Winnipeg North): Mr. Speaker, I rise on a matter of urgent and pressing necessity under Standing Order 43 to move a motion, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That since the British North American Bank Note Company is, according to the federal government's status of women co-ordinator, in clear violation of the principle of equal work for equal value, which is an integral part of the new Canadian human rights legislation, this parliament calls on the minister responsible for the purchase of bank notes to stop such purchases from the British North American Bank Note Company until that company settles its labour dispute by paying its women employees wages equal to those paid to men doing similar work.

Mr. Speaker: Pursuant to Standing Order 43, presentation of such a motion can be done only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

CANADA ELECTIONS ACT

SUGGESTION ELECTIONS BE HELD AT FIXED DATES—MOTION UNDER S.O. 43

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

Considering that under the constitution the date of the general election is determined according to the whims of the Prime Minister; considering that this procedure is obsolete and has an effect on the national economy due to the suspense experienced by those who have an economic and financial impact, I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That the House direct the government to introduce in the House a bill aimed at including in the Statutes of Canada a provision stating that from January 1978 the federal general election will be held every four years at a date set under the legislation.

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

Some hon. Members: Agreed.

Some hon. Members: No.

● (1112)

[*English*]

THE CANADIAN ECONOMY

REQUEST FOR STATEMENT BY PRIME MINISTER ON PROPOSED MEASURES TO IMPROVE CONDITIONS—MOTION UNDER S.O. 43

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. As the Prime Minister (Mr. Trudeau) has now returned from his visit to the capitals of the nation I move, seconded by the hon. member for Vegreville (Mr. Mazankowski):

That this House request the Prime Minister to make an immediate statement on motions as to the state of our economy and on what new measures he intends to institute forthwith to relieve our unemployment, lessen inflation, narrow both our federal deficit and current account trade deficit and restore real growth in the country to its potential level.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

INDIAN AFFAIRS

SUGGESTION IMPROVEMENTS BE MADE IN ECONOMIC BASE OF NATIVE COMMUNITIES—MOTION UNDER S.O. 43

Mr. J. R. Holmes (Lambton-Kent): Mr. Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. The commission created by the Native Council of Canada in 1975 has recently reported its findings on the number of natives in jail. It has discovered that the major contributing factor to the disproportionate number of natives in jail is the lack of meaningful economic bases in the majority of communities from which the prisoners came. In view of the seriousness of the problem, which correlates with an unemployment rate of over 75 per cent in the native communities, I move, seconded by the hon. member for Egmont (Mr. MacDonald):

That the appropriate federal departments and agencies in consultation with the native communities meet immediately for the purpose of introducing programs to correct this serious problem.

Mr. Speaker: The presentation for such a motion for debate can be done pursuant to Standing Order 43 only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

[Mr. Speaker.]

HOUSE OF COMMONS

VACANCY

Mr. Speaker: I have the honour to inform the House that I have received a communication notifying me that a vacancy has occurred in the representation, namely, Robert J. McCleave, Esquire, member for the electoral district of Halifax-East Hants, by resignation.

Accordingly, I have addressed my warrant to the Chief Electoral Officer for the issue of a new writ of election for the said electoral district.

ORAL QUESTION PERIOD

[*English*]

FEDERAL-PROVINCIAL RELATIONS

PROPOSED CONFERENCE OF FIRST MINISTERS—SUBJECTS ON THE AGENDA

Miss Flora MacDonald (Kingston and the Islands): Mr. Speaker, my question is to the Prime Minister. Since this is his first opportunity to report to the House following the completion of his visits to the provincial capitals and since I know he will want to divulge to the House any concrete plans he has arrived at with the provincial premiers, would the Prime Minister inform the House as to the dates, the format and the topics of discussion at the forthcoming federal-provincial conference which have been arrived at and agreed upon with the first ministers?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I will be tabling later at the proper point, according to the rules of the House, copies of my letters to all the premiers on this matter. I would gladly table them now if the House desires it, but I certainly can answer in a sketchy way the questions of the hon. lady. We are suggesting a conference at the first ministers' level on February 13, 14 and 15. The dates are not absolutely final yet, but it looks as though those will be the dates upon which all the premiers and myself can meet in Ottawa, hopefully in an open meeting.

The agenda will cover, obviously, the economy and its various aspects. The final agenda will not be established until the premiers have put forward their suggestions to me in writing and we have agreed upon them, but the proposed agenda would cover general discussions of the economy and a series of reports on various sectors of the Canadian economy by region upon which the first ministers will attempt to take action resulting in increased jobs in Canada and an upsurge in the economy.

Mr. Speaker: The Prime Minister has suggested that the tabling of the documents, which would normally be done later during routine proceedings, might be done now. I presume that

the House gives its consent to that. Perhaps with the consent of the House the Prime Minister could table them forthwith.

Some hon. Members: Agreed.

● (1117)

PROPOSED CONFERENCE OF FIRST MINISTERS—REQUEST FOR ASSURANCE CORRESPONDENCE CONTAINS ALL DETAILS OF AGENDA

Miss Flora MacDonald (Kingston and the Islands): A supplementary question, Mr. Speaker. I should like to ask the Prime Minister to give the House the assurance that this exchange of correspondence which we have not yet had an opportunity to see will contain all the details I have asked for and that he will not be giving additional details later this day at a press conference which he would deny to the House of Commons?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I am sure hon. members opposite will be every bit as intelligent as the press in asking questions and I shall try to be every bit as co-operative.

* * *

THE CANADIAN CONSTITUTION

POSSIBILITY OF CONFERENCE ON REFORM

Miss Flora MacDonald (Kingston and the Islands): Mr. Speaker, having given that explanation, I trust that the Prime Minister will remain so that we will have an opportunity on motions to put these questions when we have had an opportunity to read the correspondence. I should like to ask him a further question. In view of the fact that press reports on the Prime Minister's discussions with the premiers have focused on matters relating to the economy—something we in the official opposition have been saying for some years is the most serious problem in the country—did the Prime Minister during his discussions with the provincial premiers arrive at any agreement with the first ministers on when a conference on constitutional reform will be held? Did he arrive at any agreement on subjects like patriation, an amending formula or jurisdictional changes?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, unlike the official opposition which has been saying the economy is important for some years, we have been saying it is important for the entire life of the government.

An hon. Member: It is important to the life of the government.

Mr. Trudeau: For that reason discussions were centered mainly on the economy. The letter I sent the premiers refers essentially to a meeting on the economy. No mention is made of any further meeting on the subject of the constitution or national unity. We have, of course, discussed these matters but there is no plan for a meeting at this time.

THE CANADIAN ECONOMY

UNEMPLOYMENT—POSSIBILITY OF AGREEMENT WITH PROVINCES ON MEASURES TO ALLEVIATE

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, my question is to the Prime Minister. Following his meetings with the provincial premiers, could the Prime Minister indicate if any consensus was arrived at during those meetings which would allow new measures to be taken immediately to relieve the unemployment situation in Canada?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the premiers and I in those conversations did exchange information on measures which have been taken to relieve unemployment in Canada in the short-run. It will be clear to the hon. member from the tenor of the discussions that most premiers, like members of the government, realize that in the short-run they are likely to be faced with unacceptably high unemployment. That is why all discussions between the premiers and myself centered on the immediate problem.

Mr. Stevens: Mr. Speaker, my supplementary question to the Prime Minister follows on his answer to my last supplementary. Would the Prime Minister indicate if what he has just said means it is inevitable that we will be living with something over 8 per cent unemployment in the coming months—possibly one million people out of work. Is there no short-term measure that he intends to institute to try to relieve that situation?

Mr. Trudeau: No, Mr. Speaker. The final part of the question contradicts my earlier answer. There are many short-term measures we have taken—

Mr. Stevens: New?

Mr. Trudeau: —and will continue to take. The first part about the likelihood of an unemployment figure reaching up to 8 per cent within the next months is already there.

* * *

FINANCE

POSSIBILITY OF PROVINCES AGREEING TO REDUCTION OF SALES TAX

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, a final supplementary question to the Prime Minister. The Minister of Finance has repeatedly stated in this House that he has failed to reach agreement with the provinces with respect to the possible reduction of sales tax across the country. Would the Prime Minister indicate if that subject was discussed with the provincial premiers, and if so was there any agreement worked out with respect to reduction of sales taxes which would lower prices, create consumer demand, and hopefully lower the jobless level in the country?

● (1122)

Right Hon. P. E. Trudeau (Prime Minister): If the hon. member will recall the Minister of Finance did raise this question with his provincial counterparts in the October meeting they had together, and the federal government did propose such a measure be embarked upon jointly by both the federal and provincial governments, each paying half of the cost for the total reduction. This measure was not accepted or desired by the overwhelming majority of the provinces. Therefore, we did not proceed with it, and it was not raised in the meetings I have just had.

CAPITAL WORKS PROJECTS—SUGGESTION PROJECTS BE ANNOUNCED BEFORE CHRISTMAS

Mr. Stuart Leggatt (New Westminster): My question is also directed to the Prime Minister, Mr. Speaker. The indications from the press on Wednesday were that the Prime Minister had stated he had won support from all ten provincial premiers for a massive job creating economic development program. In view of the fact in August the Prime Minister also won support from the ten premiers for job-creating programs, and more particularly a capital winter works program on a shared provincial-federal basis, can the Prime Minister announce today in the House that Canadians are going to receive at least some Christmas consolation that we will see some federal capital works projects for this winter before the Prime Minister has his election meeting with the premiers next February?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the reports as quoted by the hon. member are not correct. There was no talk of an immediate setting forth of a massive job creation program. I answered in the House earlier today that we were in a series of meetings looking at mid-term measures for the recovery of the economy.

Mr. Leggatt: Incidentally, while the Prime Minister was away there were approximately 3,000 more people laid off in the country. It might be more useful if he were here in the House.

Some hon. Members: Shame!

* * *

INDUSTRY

REASON FOR PURCHASING SHIPS FROM FOREIGN COUNTRIES RATHER THAN GIVING CANADIAN SHIPYARDS WORK

Mr. Stuart Leggatt (New Westminster): In any event, my question relates to the shipbuilding industry on the east and west coasts which have suffered probably the worst conditions since the depression. Approximately 90 per cent in that industry are idle. At the present time the cabinet has approved the building of 20 ships under the ship replacement program, six of which will either be built or purchased in foreign countries. Could the Prime Minister advise the House why, in view of the continuing unemployment crisis in Canada we cannot build all of our ships in our own shipyards, and put some of our shipyard workers back to work.

Some hon. Members: Right on!

Right Hon. P. E. Trudeau (Prime Minister): I am not aware of the particular program to which the hon. member is referring. Ships are being built around the world all the time. The hon. member is suggesting all ships should be built in Canada regardless of the cost. The hon. member would perhaps need a short course in economics, which I can arrange at a later date.

Mr. Leggatt: I would be happy to accept a course in economics if the Prime Minister would accept a course in civil liberties from me.

* * *

● (1127)

[*Translation*]

INCOME TAX

ALLEGED INDISCRETION OF OFFICIAL—MINISTER'S POSITION

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, my question is directed to the Minister of National Revenue.

Considering that the minister has sent to hon. members a letter on individual income tax statements and that he has given directives to keep those statements highly confidential, would he tell the House whether or not this decision stems from the indiscretion of an official who is alleged to have revealed the confidential information from a personal tax return and, if so, could this official who would have failed in his duty be brought before the courts in order to reassure Canadian taxpayers?

Hon. Joseph-Philippe Guay (Minister of National Revenue): Mr. Speaker, I would rather not comment on the details of the hon. member's question but, to give him a straightforward answer, and considering the letter I have sent to hon. senators and members, I would say yes. I am thinking of the double security measures within the department which I have already mentioned in the House.

* * *

[*English*]

THE CANADIAN ECONOMY

REQUEST FOR ELABORATION OF PLANS TO IMPROVE CONDITIONS

Mr. David MacDonald (Egmont): Mr. Speaker, my question is for the Prime Minister. In light of the Prime Minister's recent meetings with the ten provincial premiers and the tabling of the letter today in which he talked about the development of a medium term economic program as well as a restructuring of the economy, and since there does not seem to be any specific definition as to what the Prime Minister has in

mind with regard to that, does the Prime Minister plan to elaborate on these concepts later today? Will there be a tabling in this House or a presentation by him or senior ministers with regard to this in order that members of this House and the general public will have some idea of the leadership being provided by the federal government?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I will be happy to answer this and any other questions bearing on this matter. I am not planning an announcement. The project put forth in the letter is for a series of meetings at the federal-provincial ministerial level on various sectoral subjects. The so-called structural reform of the economy is not a concept we have entertained. We are talking about structural reforms in various sectors of the economy, but certainly no restructuring of the whole economy of Canada. The list of possible federal-provincial meetings is alluded to in the letter, but the final list has not yet been settled. I would indicate to the House that just as we had earlier this week meetings of the energy ministers of Canada, we will have meetings of ministers concerned with agriculture, fisheries, tourism and various other subjects upon which the premiers and myself have agreed or will agree.

Mr. MacDonald (Egmont): Mr. Speaker, I believe the Prime Minister is trying to be helpful in this, but there is not much by way of information provided in this letter. In the letter he states "I believe if the process were to be explained carefully, there would be full public appreciation and understanding of what is being attempted." I would like to give the Prime Minister an opportunity to do this. He does not seem very able or willing to do it. Can he establish for members of this House what the priorities are, in which sectors? I, of course, am specifically concerned about the rapidly deteriorating situation of employment in eastern Canada, the growing separation question and the forecast in terms of employment levels in the four Atlantic provinces. Can the Prime Minister indicate what priority he attaches to which sectors, when he will be providing the specifics in terms of the initiatives proposed by the federal government, himself or his ministers, or whether any of these priorities were given to the premiers for their reflection?

Mr. Trudeau: Mr. Speaker, after the premiers have had time to consider my letter and the propositions that were discussed with them, we will want to make public as soon as possible the list and dates whereupon these various sectorial meetings will be held and where. I gave some examples of various sectors such as fisheries, energy, tourism, mining, manufacturing industries, where we intend to set up and continue a whole series of meetings of that nature. However, dates and subjects have not finally been agreed upon by all premiers. For that reason, I cannot announce them today. I can say that as soon as the list is final and the agenda has been agreed upon, I will hasten to acquaint the House with the results of it.

Mr. MacDonald (Egmont): There is no doubt the Prime Minister is going to solve the employment problem in ministers' offices with additional staff rushing to meetings. I want to know whether any initiatives are going to be placed before this House before we adjourn in a couple of weeks. In light of the fact the House will be in recess for a month, will there be any opportunity for members to participate in a responsible way with regard to the initiatives being proposed by the federal government? Will there be any advance warning to the people of Canada about the proposals made to the first ministers, bearing in mind the amount of discussions that will take place under the shopping lists of departments and issues that the Prime Minister enunciated? It is not clear to me that the government knows what it is going to do with regard to the serious economic problems facing the country.

● (1132)

Mr. Trudeau: The government is always ready and anxious to hear constructive proposition from the opposition. The process we envisage will culminate in a federal-provincial conference to be held, open, I hope, in February. Until then the sectional meetings will proceed and, of course, in connection with any of the subjects which are debated the opposition will be invited to submit whatever constructive proposals it might have.

* * *

ENERGY

LOWER CHURCHILL FALLS PROJECT—POSSIBILITY OF FEDERAL AID IN CONSTRUCTION

Mr. James A. McGrath (St. John's East): I should like to ask the Prime Minister this question specifically: Could the right hon. gentleman tell us what specific proposals were discussed in some of the meetings he attended in areas of high unemployment, especially in the five eastern provinces where half the unemployment in the country exists, for example, when he met with Premier Moores in the province which has the highest rate of unemployment? He alluded to the fact that now the arrangements for the pipeline in western Canada have been completed attention could be turned to energy development in eastern Canada. Is the government prepared, for example, to think in terms of a joint venture in developing power from the Lower Churchill Falls in Labrador?

Right Hon. P. E. Trudeau (Prime Minister): The Department of Energy, Mines and Resources is presently studying a variety of projects which would be productive of energy in the eastern part of Canada. There are many such projects on the table. I have alluded to them or discussed some of them with the various premiers. However, it is not for the federal government to make an announcement today of a unilateral nature. It is for the provincial and the federal governments together to determine which of these projects is most likely to enhance Canada's future and, in particular, that of the Atlantic region. That is the whole object of the operation—to make preparations at the official and ministerial level before any announcement is forthcoming.

Oral Questions

FISHERIES

PROPOSED STRUCTURAL CHANGES IN INDUSTRY—REQUEST FOR CLARIFICATION

Mr. James A. McGrath (St. John's East): Given the importance, for instance, of the fishing industry in the Atlantic provinces, may I ask whether the Prime Minister discussed with the Atlantic premiers what he described as structural changes in that industry and can he tell us what he means by "structural changes"? This is now a matter of jurisdictional dispute.

Right Hon. P. E. Trudeau (Prime Minister): The hon. member will realize that thanks to this government a 300-mile limit has been proclaimed—

Some hon. Members: Two hundred.

Mr. Trudeau: Well, in the face of an opposition which belittles everything I am inclined to overstate the case. In these new circumstances there is obviously a need for a structural change so that our fishing industry can equip itself in the years to come to take advantage of this great new bonanza for Canada.

* * *

TARIFFS

GATT NEGOTIATIONS—POSSIBILITY OF DISCUSSIONS WITH PROVINCES AND INDUSTRIES

Mr. Allan Lawrence (Northumberland-Durham): A supplementary to the Prime Minister with regard to the nine pages of verbose generalities in that letter. I note that among other subjects not mentioned is one which certainly cannot wait until the middle of February—its importance applies right across the nation and is not restricted to regions or sectors. I refer to the great uncertainty in the nation concerning current negotiations in Geneva with respect to GATT and the very real sense, not only in the minds of the premiers but in the minds of people engaged in industry, that there has not been any meaningful consultation between industry, the provinces and the government with respect to Canada's position at the Geneva talks. Would the Prime Minister tell us whether the tariff negotiations were discussed at these meetings and, if so, whether he intends to make more meaningful consultative arrangements not only with the provinces but with industry right across the country with respect to those negotiatons?

Right Hon. P. E. Trudeau (Prime Minister): The subject of GATT and international trade was discussed at every meeting, generally at my initiative. But nowhere did I meet the kind of negative criticism the hon. member makes in his question.

Mr. Lawrence: The Prime Minister can say it is negative. But what I am asking for—and I do not think it is negative—is some indication that there is to be immediate and worthwhile consultation with industry across this country. The Prime Minister can interpret that as a negative approach but I am asking him to tell us whether there is to be consultation with regard to these negotiations apart altogether from premiers' conferences, apart altogether from conferences of officials.

Mr. Trudeau: I described the question as negative because the hon. member in his preamble indicated there had been no such consultation. On the contrary, we have received from many of the provinces many detailed briefs on this subject. We have responded to them and discussed them and made provision for further discussion.

* * *

ENERGY

FUNDY TIDAL POWER PROJECT—POSSIBILITY OF CONSTRUCTION

Mr. Lloyd R. Crouse (South Shore): One brief supplementary, Mr. Speaker. During the discussion with Premier Regan in Nova Scotia did the Prime Minister, in the light of the high level of unemployment in that province and the reluctance of industry to locate in an area where there is not a sure supply of energy at a reasonable cost, discuss the possibility of making a start on the Fundy tidal power project which would put a lot of our people to work and, in the long run, encourage industry to establish itself in Nova Scotia in particular and in Atlantic Canada in general?

Right Hon. P. E. Trudeau (Prime Minister): Yes, Mr. Speaker, this subject was raised and discussed along with other energy projects. The feeling was expressed regionally that it was a good thing the government has taken the initiative in carrying out several studies in depth of the possibilities of Fundy tidal power and that we now possess the basic information to permit us to make a more informed decision.

* * *

TARIFFS

GATT NEGOTIATIONS—REQUEST FOR OUTLINE OF NEGOTIATING STRATEGY

Mr. Jack Murta (Lisgar): Mr. Speaker, my question to the Prime Minister concerns the negotiations in Geneva. Bearing in mind that those engaged will be getting down to serious talks some time in the New Year can the Prime Minister outline to the House the government's negotiating strategy, at least in general terms? We on this side have received requests for information along these lines not only from the provinces but from representatives of industry and agriculture.

Mr. Speaker: Order, please. I doubt whether an answer of that kind could be given within the constraints of the question period, though the Prime Minister might wish to try.

HOUSE OF COMMONS

RESIGNATION OF MEMBER FOR HALIFAX-EAST HANTS

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I am sure members on the other side of the House, as well as those in my own party, would like to join me in wishing a fond farewell to the hon. member for Halifax-East Hants when he was such an excellent Deputy Speaker when he served in that capacity.

Some hon. Members: Hear, hear!

* * *

[*Translation*]

SUPREME COURT

POSSIBILITY OF MODIFYING STRUCTURE—GOVERNMENT POSITION

Mr. Louis Duclos (Montmorency): Mr. Speaker, my question is directed to the right hon. Prime Minister. In light of the decision given last week by the Supreme Court of Canada which confirms the exclusive jurisdiction of the federal government in matters pertaining to cable television; and also in light of the dissent expressed by the three judges from Quebec who sit on that court, can the Prime Minister tell the House whether, in his opinion, the credibility of the Supreme Court of Canada in constitutional matters is threatened by that situation, especially in the eyes of Quebecers? In addition, can he tell us whether he would be willing to suggest changes with regard to the participation of the provinces in the appointment of judges to the Supreme Court of Canada, changes which could even go beyond what he proposed in the Victoria Charter or, again, to the provinces in the spring of 1976?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, with regard to the first part of the question concerning the credibility of the Supreme Court of Canada, I doubt that the citizens of Quebec, provided they are well informed, would reach that conclusion. We need but consider, Mr. Speaker, the fact that this decision of the Supreme Court confirmed that of the Court of Appeal, that is, a provincial tribunal whose decision, unless I am mistaken, confirmed a decision of the Superior Court of the province of Quebec. In other words, the various levels of jurisdiction reached the same conclusion.

Concerning the second part of the question, Mr. Speaker, during the meetings I have had with the provincial premiers, we did in fact discuss the possibility of various reforms, including the procedure for appointing judges to the Supreme Court. I must say that no province made any formal or specific proposal to me in that regard; on the other hand, we did make some suggestions, namely those of the Victoria conference mentioned by the hon. member. We are anxious to discuss the matter further with the provinces when they have had time to formulate a few proposals on their own in that regard.

• (1142)

[*English*]

NORTHERN AFFAIRS

PROPOSED CONSTRUCTION OF HIGHWAY BETWEEN FORT McMURRAY AND FORT SMITH—INQUIRY AS TO FEDERAL AID

Mr. Wally Firth (Northwest Territories): Mr. Speaker, I have a question for the Prime Minister. About two or three weeks ago I met with the minister of transport of Alberta to discuss the idea of building a gravel highway from Fort McMurray to Fort Smith in the Northwest Territories. I find that the Alberta government has done some studies on this question. I would ask the Prime Minister whether his government would support such a project.

Mr. Speaker: Order, please. The hon. member might want to seek an opportunity to rephrase that kind of question, but he is clearly making a direct representation as opposed to asking a question.

* * *

THE CANADIAN ECONOMY

DIRECTION OF CHANGE IN POLICY-MAKING

Mr. James Gillies (Don Valley): Mr. Speaker, I have a question I would direct to the Prime Minister. While I have only had a cursory glance at the letter, is it the Prime Minister's view that what is suggested in the letter represents a major change in the direction of economic policy-making in the country?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, it depends on what you consider "major". Of course, I suppose for Conservatives it would appear to be major.

Mr. Gillies: A supplementary question, Mr. Speaker. I think all Canadians would like to see some changes made in the direction of policy making. What I was really trying to find out from the Prime Minister concerns a matter which I think is very important, and it is this. Is the government moving away from reliance on basically macro-economic policies, major national policies, tax and fiscal policies, to more of a micro development in terms of doing things for specific sectors? Is that the direction in which the government is moving?

Mr. Trudeau: Well, Mr. Speaker, I think this is a very serious question. I would want to make sure that nothing in my answer could be construed as indicating that we are moving to a new society of any kind.

Some hon. Members: Oh, oh!

Mr. Hees: Wait till Christmas Eve, Pierre.

Mr. Stevens: How about a "jobless society"?

Mr. Trudeau: If the hon. member looks at the proposed agenda, he will see that we are concerned with both levels of

preoccupation. There will be discussions of a macro-economic nature, but many of these proposals will, in effect, be attempting to ensure more efficient and effective structures of the macro-economy.

SUGGESTION DISCUSSIONS BE HELD WITH VARIOUS SECTORS—GOVERNMENT POSITION

Mr. James Gillies (Don Valley): A final supplementary, Mr. Speaker. From the discussions at the conference there are bound to arise matters of great interest by sector. Would the Prime Minister consider holding a national conference which would involve representatives from the sectors discussing economic policy for individual sectors, such as mining, fishing and so on, thus involving the private sector in the process as well as the public sector?

Right Hon. P. E. Trudeau (Prime Minister): Yes, Mr. Speaker. This very intelligent and constructive idea was explained in some detail in the government's policy paper last year, "The Way Ahead", and in the "Agenda for Co-operation". The hope was expressed there that there would be the type of consultation, the kind of consultative forum, to which the hon. member is alluding. We have run into some difficulty in that the CLC has cut its willingness to participate with the federal government and the management side in these discussions; but we are still hopeful that they will be able to resume in some more particular forum rather than in a general forum.

PERCENTAGE OF GROSS NATIONAL PRODUCT ABSORBED BY GOVERNMENTS—DISCUSSION WITH PROVINCES ON PROPER PERCENTAGE

Mr. Walter Baker (Grenville-Carleton): A question for the Prime Minister, Mr. Speaker. The letter deals basically with the relationship to the economy of the private sector, although there is some reference to the public sector. In the course of the Prime Minister's meetings with his colleagues in the provinces, did the Prime Minister discuss that part of the gross national product, now up to 43 per cent, which is absorbed by government, really the highest jump of any industrialized nation? Was any agreement reached by the Prime Minister and his colleagues on what might be done about this; and was any target set as to what would be the appropriate portion of the gross national product to be occupied by government?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the subject was very present in our meetings with the premiers. I believe the hon. member is exaggerating the figure when he says it is 43 per cent; I believe it is presently closer to 40. The position has been taken by the federal government and shared, I would say, by most provincial governments that the share should be brought under control. Once again, in the policy statement we made in the publication "The Way Ahead" we indicated that it was our desire to reduce the growth of the public service and of the public sector. The hon. member will realize, of course, that we have done this in the past two years, reducing the growth of the public service to something under one per cent.

The provinces have different views, of course, about the final figure which should be considered as an objective, but I think it is fair to say that on one point, the point of considering the government as an employer, we are all determined to ensure that public service total compensation not be permitted to surge way out of line with compensation in the private sector.

Mr. Baker (Grenville-Carleton): A supplementary question, Mr. Speaker. The Prime Minister indicated that there was some concern among the ministers as to bringing this aspect under control. Was there any consensus reached at the conference between the Prime Minister and the first ministers as to what the appropriate target might be? Was a consensus reached in this cross-Canada tour as to this very important question?

Mr. Trudeau: Mr. Speaker, if the hon. member has in mind a precise figure as an objective, the answer is no. Various premiers have different views on what should be done in their province. I repeat that the over-all concern was great enough that there was a consensus on the desirability of having the respective ministers of the treasury or other relevant departments in the provincial case come together with the Minister of Finance to attempt to reach such general goals as the hon. member is seeking.

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INQUIRY OF THE MINISTRY

Hon. Robert L. Stanfield (Halifax): Mr. Speaker, my question is for the right hon. Prime Minister. I gather from the letter that the sectorial meetings will be between his ministers and ministers of the provinces, with a view to suggesting some mid-term strategies within those sectors. I would simply ask the Prime Minister what in the world his ministers are doing.

* * *

NORTHERN AFFAIRS

PROPOSED CONSTRUCTION OF HIGHWAY BETWEEN FORT McMURRAY AND FORT SMITH—POSSIBILITY OF FEDERAL AID

Mr. Wally Firth (Northwest Territories): Mr. Speaker, I should like to direct a question to the Minister of Indian Affairs and Northern Development concerning the idea of building a gravel highway from Fort McMurray to Fort Smith in the Northwest Territories, a project which the government of Alberta has been studying and is seriously interested in. Is it the intention of the minister and his government to help in the cost-sharing of this project?

Hon. James Hugh Faulkner (Minister of Indian Affairs and Northern Development): I am prepared to look at that, Mr. Speaker. I have had discussions with the hon. member about it but frankly I thought priority should be given to the Liard

highway. Given a period of restraint, we will have to decide where our priorities are. That is where mine are at the present time.

● (1152)

PROPOSED CONSTRUCTION OF HIGHWAY BETWEEN LIARD AND FORT NELSON—DATE OF DECISION ON FEDERAL AID

Mr. Wally Firth (Northwest Territories): Mr. Speaker, my supplementary question is directed to the President of the Treasury Board. Has a decision been made regarding the building of a highway to link Liard with Fort Nelson? Is the answer yes or no? If the answer is no, when can we expect a decision on that matter?

Hon. Robert K. Andras (President of the Treasury Board): Mr. Speaker, that question should be directed to the Minister of Indian Affairs and Northern Development.

* * *

LABOUR CONDITIONS

PROPOSED CENTRE FOR OCCUPATIONAL HEALTH AND SAFETY—DATE OF ESTABLISHMENT

Mrs. Ursula Appolloni (York South): Mr. Speaker, my question is directed to the Minister of Labour. A recent editorial in the Toronto *Star* reports that 13 million man-days were lost last year due to illness and injury. As these figures obviously beg prompt preventive measures, can the minister tell the House when he plans to set up his proposed centre for occupational health and safety?

Hon. John C. Munro (Minister of Labour): Mr. Speaker, I hope legislation comes before the House early in the new year. That particular legislation has some degree of pertinency with reference to Bill C-8, which contains provisions for the setting up of health and safety committees at the plant level, as well as certain rights to the workers when conditions of work are perceived as unsafe. I hope the House will consider that particular legislation soon.

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TARIFFS

GATT NEGOTIATIONS—REQUEST FOR PARTICIPATION OF COMMODITY AND INDUSTRIAL ORGANIZATIONS

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I have a very specific question for the Prime Minister. There have been many calls for more involvement from the non-government sector in advising our trade negotiators at GATT. Will the Prime Minister agree to representatives of commodity and industrial organizations sitting in on the negotiations at GATT in order for them to be involved in the actual negotiations, as is being done in the United States?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the first part of the hon. member's question was not clear; but I will take notice of it and perhaps raise it with the Minister of Industry, Trade and Commerce.

SUGGESTED PROTEST TO UNITED STATES ABOUT TALK OF FREE TRADE

Mr. John C. Crosbie (St. John's West): Mr. Speaker, this is a suggestion which was made by the Minister of Agriculture in a speech on November 29. Will the Prime Minister also consult with the Minister of Agriculture who said: "Representatives of commodity organizations and industrial associations should sit in at GATT"?

My supplementary question is: has a diplomatic note been sent to the United States complaining of the United States ambassador running around talking about free trade, in accordance with the statement of the Minister of Agriculture on November 29 when he made a speech in Hamilton? He said that he was "sick and tired of the U.S. ambassador running around talking about free trade".

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

* * *

AIR TRANSPORT

MINISTERS VIEW OF IMPORTANCE OF SAFE OPERATIONS

Mr. Don Mazankowski (Vegreville): Mr. Speaker, I should like to direct a question to the Minister of Transport regarding aviation safety. The minister has stated in the House that the very important matter of civil liberties respecting both the carrier and the citizens of that carrier service are most important in the enforcement of air regulations. Also he indicated that these factors must be taken into consideration when applying the regulations, particularly with respect to the suspension of a licence. For the purpose of clarification, is the minister suggesting that providing the service and keeping the carrier in business are more important, or of equal importance, to ensuring that the carrier is carrying out a safe operation? Or, does it imply that in some instances regulations can be overlooked because they are not mandatory in carrying out a safe operation? Is this an area where there may be room for political interference?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, obviously safety is an overriding consideration. The regulations and the degree of safety implicit in them is very clear evidence of this. The point I was making, which is referred to in the correspondence from my officials at different times, is that to give inspectors the power on their own judgment to close down a service, without going through due process of law, is clearly a very strong level of power to have in the hands of any official or person, without giving a chance to appeal or to go to court before the effects of the judgment are suffered. It must be understood that what was in issue was whether our licensing inspectors who find something wrong are able to impose a penalty upon a carrier by closing that carrier down, with

resulting serious effects for the carrier and the communities served, without having first the judicial process which would give the carrier and the community the right to make their case. It is only in that narrow area that hon. members opposite should have seen the very important point ensuring that the civil liberties of the subjects are defended before penalties are imposed.

PROPOSED PUBLIC INQUIRY ON ENFORCEMENT OF SAFETY REGULATIONS

Mr. Don Mazankowski (Vegreville): Mr. Speaker, the hon. Minister is not in a law class right now. There is a great deal of uncertainty and confusion in the application and the enforcement of the regulations. Since it is not clear in the minds of those people who are charged with enforcing the regulations, is that not a good case for having this matter referred to a public inquiry, or at least referred to a parliamentary committee so that the matter can be fairly aired? Obviously there is a conflict. The conflict is weighing the matter of civil liberties against the primacy of air safety. The minister has not clarified that for me, for any member of the House, nor for the public, in particular the passengers who are using that service. Will the minister seriously consider a public inquiry into this whole matter, or at least table the document in order for us to have a look at it?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, I hesitate to try to clarify it too much for the hon. member, because when I do he suggests I am giving him a law lecture. From his question and his lack of knowledge as to how the system works, it is clear a few extra lectures would be useful.

There are some very important issues in terms of civil liberties that perhaps should be looked at by a parliamentary committee. In the meantime, we have had an investigation by officials of my department. Surely hon. members opposite have to agree, because of the report furnished to the public by the *Globe and Mail*, that the investigation was very thorough and revealed significant problems. These significant problems related to the way the regulations were enforced, and also that there was a lack of inspectors. We moved immediately to add to the number of inspectors. We have passed the necessary regulation to transfer some power to regional directors to suspend operators' licences and the like, in order to make enforcement more effective. In other words, it is very prompt action to ensure safety will be guaranteed. On the other hand, if the civil liberty question is a problem, we will be glad to look at that further.

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FEDERAL-PROVINCIAL RELATIONS

REASON FOR FAILURE TO CONSULT TERRITORIES ON ECONOMIC CONDITIONS

Mr. J. R. Ellis (Hastings): Mr. Speaker, my question is directed to the right hon. Prime Minister. In light of the continued and growing reliance on the resources of Canada's north, why were the territorial councils not consulted in the Prime Minister's across-Canada quest for consensus?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the hon. member will realize the constitution of Canada does not provide provincial status to the territories. They come under the direct jurisdiction of this House, and particularly that of the Minister of Indian Affairs and Northern Development.

Mr. Ellis: Mr. Speaker, my brief supplementary is for the Prime Minister. Does he not feel, however, that the territorial councils might have a different view than the minister, and that they might be able to contribute something to the quest for consensus?

Mr. Trudeau: Of course, Mr. Speaker.

PROPOSED CONFERENCE OF FIRST MINISTERS—REQUEST FOR ASSURANCE PREMIERS WILL ATTEND

Mr. J. P. Nowlan (Annapolis Valley): Mr. Speaker, my question flows from the letter tabled by the right hon. Prime Minister. In the discussions, does the Prime Minister have assurances from the ten premiers that they will attend the first ministers' conference, and that their respective ministers will attend the sectorial meetings proposed in the letter?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, would the hon. member please repeat his question?

Mr. Nowlan: Mr. Speaker, the letter confirms a lot of the discussion the right hon. Prime Minister had with the ten premiers. Is this letter confirming in effect what has been tentatively agreed upon between the Prime Minister and the ten provincial premiers and in effect do we have the assurance that all premiers will attend both the first ministers' conference and the central meetings?

● (1202)

Mr. Trudeau: Well, Mr. Speaker, barring the upset of any government between now and February, the premiers and ministers said they will be there.

Mr. Nowlan: I did not quite get the first part of the Prime Minister's answer but I will come to the second part of the question and try to summarize what this letter said. Is it fair to say that after the three weeks of meetings in the ten provincial capitals the Prime Minister had nothing specific to put before the provincial premiers? Judging from the thrust of his letter there was nothing specifically put before the central meetings by the federal ministers.

Mr. Trudeau: No, Mr. Speaker.

* * *

Mr. Murta: Mr. Speaker, I rise on a point of order. My point of order relates to the question period, and I hope the Prime Minister will remain in the House for just a moment. It

has to do with my question on the negotiating strategies at Geneva about which we were questioning him. I feel it is a serious question, certainly one of the most serious questions that can be posed right now.

In my opinion, the answer would not have to be any longer than a good many answers in the House. I think the Prime Minister indicated he was willing to rise and at least give as much of an answer as he could to my question. I am wondering if I could be permitted to request the Prime Minister to give an answer to the question in terms of the negotiating strategies in Geneva, and Canada's position?

Mr. Speaker: Order, please. The hon. member raises a point which I think is well taken. His question was seeking very general information on strategy or policy, which is not a proper question for the question period although I could not anticipate the length of the answer. However, I have some regret that I did not give the hon. member an opportunity to put a supplementary question in which he could have been more precise. As the hon. member said, the Prime Minister did want to give some kind of reply. Under the circumstances, if there is a minute now, perhaps the House could give its consent to allow the Prime Minister to give a brief answer. The question was put by the hon. member for Lisgar. Perhaps, with the consent of the House, he might be permitted to put a supplementary question to the Prime Minister.

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TARIFFS

GATT NEGOTIATIONS—REQUEST FOR OUTLINE OF CANADIAN STRATEGY

Mr. Jack Murta (Lisgar): Mr. Speaker, if I have the consent of the House, I should like to put a supplementary question to the right hon. Prime Minister in relation to Canada's negotiating strategy at the Geneva talks. Could he outline to the House the areas of discussions he had with the provincial premiers, and could he outline to the House what position Canada has taken in the Geneva negotiations which will evolve into final negotiations early in the new year?

Right Hon. P. E. Trudeau (Prime Minister): I sense that the hon. member himself realizes that it would be inappropriate for the government to make public for all concerned the strategy we are going to follow in Geneva in order to attempt to get a better deal for Canada than others will get out of us. So I do not think I could answer that question, for strategic reasons.

With regard to my second answer, it is as you yourself said earlier, Mr. Speaker: it would take a great deal of time. But I could propose to the House, if it so wishes, to attempt to arrange general briefings perhaps by Ambassador Jake Warren who could meet with various caucus groups, if it would be helpful to them, to give them some outline of Canada's position, and perhaps when the Leader of the Opposition gets back to the House or to Ottawa some time, he might want to suggest some arrangements along those lines.

Some hon. Members: Hear, hear!

ROUTINE PROCEEDINGS

[*Translation*]

PRIVILEGES AND ELECTIONS

First report of Standing Committee on Privileges and Elections, in both official languages—Mr. Collenette.

(*Editor's Note: For text of above report, see today's Votes and Proceedings.*)

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[*English*]

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

REFERENCE TO COMMITTEE OF DOCUMENT "LEGISLATION ON PUBLIC ACCESS TO GOVERNMENT DOCUMENTS"

On the order: Government notice of motion:

December 7, 1977—The Secretary of State:

That, the document entitled "Legislation on Public Access to Government Documents" be referred to the Standing Joint Committee on Regulations and other Statutory Instruments; and

That a message be sent to the Senate to acquaint Their Honours thereof.

Mr. Speaker: Pursuant to section 2 of Standing Order 21, this notice of motion is transferred to and ordered for consideration under government orders this day.

* * *

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today: 226, 231, 237, 244, 249, 323, 466, 510, 536, 537, 538, 676, 687 and 690.

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

Mr. Speaker: Do the remaining questions stand?

Some hon. Members: Agreed.

Order Paper Questions

[*Text*]

NUMBER OF PERSONS UNDER CONTRACT TO MACHINERY AND EQUIPMENT ADVISORY BOARD

Question No. 226—**Mr. McKenzie:**

1. What is the total number of persons under contract to the Machinery and Equipment Advisory Board and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Mr. Bernard Loiselle (Parliamentary Secretary to Minister of Industry, Trade and Commerce): 1. None

2. Not applicable.

NUMBER OF PERSONS UNDER CONTRACT TO NATIONAL DESIGN COUNCIL

Question No. 231—**Mr. McKenzie:**

1. What is the total number of persons under contract to the National Design Council and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Mr. Bernard Loiselle (Parliamentary Secretary to Minister of Industry, Trade and Commerce): 1. None

2. Not applicable.

NUMBER OF PERSONS UNDER CONTRACT TO NORTHERN TRANSPORTATION CO. LTD.

Question No. 237—**Mr. McKenzie:**

1. What is the total number of persons under contract to the Northern Transportation Co. Ltd. and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Hon. Otto E. Lang (Minister of Transport): 1. None

2. (a) and (b) None.

NUMBER OF PERSONS UNDER CONTRACT TO TEXTILE AND CLOTHING BOARD

Question No. 244—**Mr. McKenzie:**

1. What is the total number of persons under contract to the Textile and Clothing Board and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Mr. Bernard Loiselle (Parliamentary Secretary to Minister of Industry, Trade and Commerce): 1. There are no persons under contract to the Textile and Clothing Board.

2. Not applicable.

CNR PENSION FUND

Question No. 249—**Mr. McKenzie:**

1. For each year 1952 to 1976, how much has (a) CNR (b) CNR employees contributed to the railway employees' pension fund, excluding the cost of running the pension department, associated professional fees and the return on investment?

[Mr. Speaker.]

2. Will Dr. Noel Hall's recommendation on the trusteeship of the Canadian National Railways pension fund be formally implemented to remove the trusteeship from the hands of the Directors and place it in the hands of someone completely independent and, if so, on what date?

3. Notwithstanding the change in acturial assumptions in 1968 whereby the unfunded liability of the CNR pension plan was reduced from $671 million to $300 million, does the $371 million difference represent any of the pre-1952 liability in respect of the obligation of CNR to match employees' contributions under the 1935 pension plan?

Hon. Otto E. Lang (Minister of Transport): The Management of Canadian Railways advises as follows: 1. Following are the contributions by years to the CN Pension Fund made by the CN and by its employees:

Year	CN Contributions (millions)	Employee Contributions (millions)
1952	16.200	2.275
1953	17.400	1.012
1954	21.600	13.202
1955	31.000	16.443
1956	32.000	12.935
1957	31.400	12.476
1958	31.700	12.617
1959	31.400	16.535
1960	20.300	18.799
1961	22.600	19.350
1962	26.200	19.944
1963	28.100	19.632
1964	29.000	20.440
1965	31.900	20.986
1966	38.600	21.202
1967	42.000	22.399
1968	44.200	21.071
1969	31.600	22.841
1970	33.200	25.366
1971	39.500	30.653
1972	53.700	35.703
1973	87.700	36.923
1974	95.900	47.897
1975	109.500	51.610
1976	141.800	50.058

2. CN cannot identify any additional benefit or security which would accrue to its employees if the Trusteeship of the CN Pension Fund were changed. The General Chairmen's Association has formally informed CN that it is opposed to the CN Pension Fund being administered by an outside trust company as proposed by Dr. Noel Hall.

3. Any obligation of the Company to match employees' contributions under the 1935 Pension Plan was not affected by the reduction in the unfunded liability from $671 million to $300 million. The full liability in this respect is included in the $300 million.

NATIONAL DESIGN COUNCIL—PERSONNEL OBTAINED FROM PRIVATE EMPLOYMENT AGENCIES

Question No. 323—**Mr. McKenzie:**

1. Has the National Design Council obtained (a) part-time (b) full-time employees from private employment agencies in (i) British Columbia (ii) Alberta (iii) Saskatchewan (iv) Manitoba (v) Ontario (vi) Quebec (vii) New Brunswick (viii) Nova Scotia (ix) Prince Edward Island (x) Newfoundland and, if so, in each case, how many?

2. Are such employees paid from supplementary estimates and, if not, from what estimates are they paid?

3. By province, what was the (a) average hourly rate paid to employment agencies (b) average hourly rate paid to employees (c) total amount paid by the National Design Council in (i) 1975 (ii) 1976?

Mr. Bernard Loiselle (Parliamentary Secretary to Minister of Industry, Trade and Commerce): 1. No.

2. Not applicable.

3. Not applicable.

DEPARTMENT OF LABOUR EXPENDITURES IN CONSTITUENCY OF NEW WESTMINSTER

Question No. 466—**Mr. Leggatt:**

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

Hon. John C. Munro (Minister of Labour): Cannot be answered by constituency, information only available by province.

NATIONAL DEFENCE—MANPOWER, NEW BRUNSWICK

Question No. 510—**Mr. Howie:**

As of November 1, 1977, how many persons were members of the Canadian Militia and how many were from New Brunswick?

Hon. Barney Danson (Minister of National Defence): Canadian Militia Strength, 16,382; New Brunswick Militia Strength, 916.

GROSS NATIONAL PRODUCT

Question No. 536—**Mr. Howie:**

By quarters, what was the real gross national product for Canada in (a) 1975 (b) 1976 (c) 1977 to date?

Mr. Bernard Loiselle (Parliamentary Secretary to Minister of Industry, Trade and Commerce): Statistics Canada reports that the real gross national product (in 1971 dollars) is as follows:

		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Year
			(billions of dollars)			
Seasonally	1975	111.2	112.3	113.9	114.3	1.1
Adjusted at	1976	118.0	119.0	118.6	118.4	4.9
Annual rate	1977	120.3	119.6	not available		
Not	1975	26.2	27.8	29.9	29.1	1.1
Seasonally	1976	27.8	29.4	31.2	30.2	4.9
Adjusted	1977	28.4	29.8	not available		

Order Paper Questions

UNEMPLOYED CANADIANS

Question No. 537—**Mr. Howie:**

How many Canadians were unemployed in October (a) 1974 (b) 1975 (c) 1976 (d) 1977?

Mr. Bernard Loiselle (Parliamentary Secretary to Minister of Industry, Trade and Commerce): Statistics Canada estimates of unemployment in October, based on the labour force survey, are as follows: (a) 1974, 466,000; (b) 1975, 643,000; (c) 1976, 679,000; (d) 1977, 787,000.

NUMBER OF CANADIANS IN WORK FORCE

Question No. 538—**Mr. Howie:**

How many Canadians were enumerated in Canada's work force in October (a) 1974 (b) 1975 (c) 1976 (d) 1977?

Mr. Bernard Loiselle (Parliamentary Secretary to Minister of Industry, Trade and Commerce): Statistics Canada estimates of the labour force in October, based on the labour force survey, are as follows: (a) 1974, 9,802,000; (b) 1975, 10,161,000; (c) 1976, 10,342,000; (d) 1977, 10,707,000.

POST OFFICE DEPARTMENT—ANNUAL REVENUE TAKEN IN BY STEINBACH AND BEAUSÉJOUR POST OFFICES

Question No. 676—**Mr. Epp:**

1. What is the amount of revenue taken in annually by the (a) Steinbach (b) Beauséjour Post Office?

2. What is the annual profit and/or deficit of the (a) Steinbach (b) Beauséjour Post Office?

Hon. J.-J. Blais (Postmaster General): 1. The amount of revenue taken in for the Fiscal Year 1976/77 is as follows: (a) Steinbach, $230,771; (b) Beauséjour, $77,293.

2. (a) and (b) Profit and/or deficit is not determined by individual post office but rather for the entire postal service program.

STRIKES WITHIN FEDERAL JURISDICTION

Question No. 687—**Mr. Howie:**

1. For the fiscal year 1976-77, how many strikes occurring within federal jurisdiction were illegal or represented a breach of contract on the part of the parties to a collective agreement?

2. As a result of such strikes (a) how many man-days of employment were lost by (i) the strikers (ii) other workers (b) what were the financial damages suffered by the government?

3. In how many of the strikes did the government initiate legal action against the strikers and, in each case, what was the outcome?

Hon. John C. Munro (Minister of Labour): 1. Forty-six (Strikes occurring during the term of the agreements and presumed illegal).

2. (a)(i) 45,800 man-days lost; (ii) Not known. (b) Not known.

3. None.

RESEARCH AND DEVELOPMENT IN CANADIAN INDUSTRY

Question No. 690—**Mr. Howie:**

As of November, 1977, how many (a) Canadian-owned companies (b) foreign-owned subsidiaries operating in Canada were actively conducting research and development in the electronics field?

Mr. Bernard Loiselle (Parliamentary Secretary to Minister of Industry, Trade and Commerce): As of March 1977, the latest date for which information is available, 284 out of 712 companies in the electronics sector were known to be conducting research and development programs. This would account for 78 per cent of all companies in the sector with annual sales over $300,000 and 35 per cent of these are known to be foreign-owned.

GOVERNMENT ORDERS

[*English*]

INCOME TAX ACT

MEASURE TO AMEND

The House resumed, from Wednesday, December 7, consideration in committee of Bill C-11, to amend the statute law relating to income tax and to provide other authority for the raising of funds—Mr. Chrétien—Mr. Turner in the chair.

The Deputy Chairman: When the committee rose on Wednesday, December 7, 1977, clause 14, with amendments, was under consideration. Shall clause 14 carry?

On clause 14—*Inventory allowance.*

Mr. Clarke: Mr. Chairman, there is a provision in the proposed bill concerning terminal loss and depreciable property. Subclause (4) of the amendment reads:

That for taxation years ending after March 31, 1977, in respect of depreciable property, a taxpayer be required to deduct a terminal loss in the year in which it arises whether or not the taxpayer has a source of income in that year.

I can see that would present difficulties to certain taxpayers, and I wonder if the minister or the parliamentary secretary—since the minister does not seem to be here—could explain the reasoning behind that clause.

Mr. Lumley: First of all, Mr. Chairman, before replying to the hon. member I want to apologize for the minister's absence. Unfortunately, he is stuck on the tarmac in New York, where he was speaking to some businessmen last night and this morning. We hope he will be here for this afternoon's session. However, he wants to apologize to the House for his inability to be here. I wonder if the hon. member would be kind enough to repeat his question.

[Mr. Munro (Hamilton East).]

Mr. Clarke: My question was with respect to the amended subclause (4) of clause 14. Can the parliamentary secretary give an explanation of the subclause, because I can see a number of instances where it would be a definite hardship on the taxpayer to deduct a terminal loss, especially in a year when he had no other income.

Mr. Lumley: First of all, Mr. Chairman, I think we have discussed this clause. The hon. member should be aware that one of the important reasons for this clause was to move this out of the regulations and put it in the act. It was the result of representations made to the department and to the minister. That is an important change from the past.

• (1212)

The technical change simply transfers the terminal loss rules from the regulations to the act. This loss arises when depreciable property is disposed of for proceeds which are less than the undepreciated capital cost. The amendment also ensures that a terminal loss can be claimed by the taxpayer whether or not he still operates the business in which the assets were used. Technically, under the existing act the terminal loss after the year the business has ceased is not deductible.

Mr. Clarke: Is the parliamentary secretary saying that it is simply the same provision taken out of the regulations and put into the act?

Mr. Lumley: Yes, Mr. Chairman. It also ensures that the terminal loss can be claimed by the taxpayer whether or not he still operates the business in which the assets were used. That is the new part of this section.

Mr. Clarke: That was my next question. It now extends the right to that deduction in the event there is no income from that same business? It is an extension to that degree, is it?

Mr. Lumley: Yes, Mr. Chairman.

Mr. Clarke: Mr. Chairman, I am not sure if this matter relates to the proper clause. I will let the Chair decide that, because I do not know where else this could fit in. A number of times the minister has said there would be reductions in federal tax because of the amendments in this bill, that people would therefore have more income, that that would help stimulate the economy, and so forth. It has come to my attention that, with the changes which have been made in provincial income tax rates, the average taxpayer will in fact have no extra income in his hands because the provincial tax will in many cases more than sop up the reductions allowed by the federal government. In support of that, instead of a provincial rate of 32.5 per cent in British Columbia, we will have a rate of 46 per cent. I wonder if the parliamentary secretary can comment on that.

Mr. Lumley: First of all, Mr. Chairman, that affects provincial taxation; it does not affect federal taxation. However, some of the changes referred to by the hon. member are because of changes in the fiscal arrangements act.

Mr. Clarke: I thought I had conceded that in my preamble. Of course it is a provincial tax, but it affects the federal tax. The minister claimed credit for granting a reduction of some $200 and that taxpayers would have this money in their pockets in January and February so that they could spend it and stimulate the economy. I believe it is also a fact that the new provincial rates came about through negotiations between the provincial and federal governments. My concern is two-fold. This seems to be a result of negotiations with the federal government. Furthermore, it seems to give the lie to what the minister says; that taxpayers will have extra money in their pockets. Will they, or will they not? Can we find that out? Does the federal government take any responsibility for these negotiations?

Mr. Lumley: The changes referred to by the hon. member are over and above the changes which were announced prior to the fiscal arrangements act changes.

The Deputy Chairman: Shall clause 14 carry?

Mr. Stevens: Mr. Chairman, like the parliamentary secretary, I regret the fact that the Minister of Finance is not able to be with us today. Is the government proposing an amendment with respect to the clause we are now considering?

Mr. Lumley: I understand that we have already carried two amendments, 14(1) and 14(2), but I stand to be corrected.

Mr. Stevens: Mr. Chairman, the amendment to which I am referring is the second amendment which became part of *Hansard* on November 28. It is the amendment dealing with line 21 at page 22.

Mr. Lumley: That was alleviated by the second amendment which we passed the other day, 14(2).

Mr. Stevens: I take it, then, that the earlier amendment has now been superseded by the new amendment?

Mr. Lumley: Yes, Mr. Chairman.

The Deputy Chairman: Shall clause 14 carry?

Mr. Stevens: Mr. Chairman, if I may put you at ease, it will be a considerable time before clause 14 carries.

The Deputy Chairman: The Chair always remains cool at all times.

Mr. Faulkner: Advance notice of a filibuster!

Mr. Stevens: What do you know about it? You do not even know what bill we are discussing.

Mr. Faulkner: I know a hell of a lot more than you do. A lot of people are impatient with you. You are a total washout. You are wasting our time and everyone's time.

Mr. Stevens: Come on, give us some more.

An hon. Member: Harold Cardinal is going to get you.

Mr. Stevens: Mr. Chairman, my question to the parliamentary secretary arises out of an inquiry which I know has been put to the minister by a group of chartered life underwriters in Montreal. They are concerned about an amendment to section 20(1)(c) which they feel has been made in what they regard as a subtle way. They referred to the amendment which is proposed by the government to section 138(12) and, if I may, I would like to read to the parliamentary secretary what these Montreal chartered life underwriters stated in order to get the parliamentary secretary's response. They stated the following:

> In order not to attract attention to a change in section 20(1)(c) of the act the department in a subtle way has amended section 138(12) to read "in this Section and in addition sections 20(1)(c) and others etc."
>
> This is so that attention will not be drawn to the fact that interest on a loan from a bank in order to buy an annuity will no longer be deductible.
>
> We feel that this is an unethical procedure and should be brought to the attention of the Commons.

Would the parliamentary secretary, after consulting his officials, comment on this allegation raised by these Montreal chartered life underwriters?

Mr. Lumley: Mr. Chairman, I am not aware of the specific letter to which the hon. member refers, but I understand from the officials that they will have to look at the details in that clause. They will bring an answer back to the House.

Mr. Stevens: Can the officials indicate the thrust of the amendment with respect to section 138(12)? Does it, in fact, have an impact on the clause which is now before us?

Mr. Lumley: Mr. Chairman, with your permission, we would like to come back to this specific matter.

Mr. Stevens: One of the most important aspects of clause 14 is the question of the inventory allowance which we discussed last time this clause was before the House. What is the anticipated impact of the 3 per cent inventory allowance on industry? To what extent will it help reduce corporate liquidity problems? This is one of the stated reasons for allowing the 3 per cent inventory allowance. Could the parliamentary secretary give us some help on the extent that corporate liquidity will be improved?

● (1222)

Mr. Lumley: Mr. Chairman, it is "guesstimated", obviously, that business liquidity will be improved by $300 million in the current year.

Mr. Stevens: Is the only improvement in liquidity, in effect, the tax saving or loss, depending on which side you look at, industry will share with respect to this new 3 per cent provision? I understood the $300 million was a federal loss of income or revenue. Is there not a provincial loss of revenue, as well, that might improve the liquidity of industry?

Mr. Lumley: Yes, Mr. Chairman, there will be a corresponding provincial loss as well.

Mr. Stevens: I wonder if we could go further with that. My main question was: If the 3 per cent allowance with respect to

inventory is to help the liquidity problems of industry, what is the extent of that help? I understood the $300 million was simply the federal tax loss of revenue. Could the parliamentary secretary indicate whether there will be an additional provincial loss of revenue? If so, to what extent, and what is the aggregate benefit in terms of liquidity as far as industry is concerned?

Mr. Lumley: Mr. Chairman, obviously, that will depend on the various provincial rates. We do not have those figures on hand. They can be obtained, however, if the hon. member wishes.

Mr. Stevens: I think that would be helpful. Perhaps we could get an estimate on that during the luncheon recess. I should like to deal with the general question of whether the government regards this as a stop-gap. I think all members of the House acknowledge that industry has been put in a disadvantageous position with regard to inventory and the inflationary impact on earnings. In short, earnings are often reported which are artificial in the sense that they are not true earnings if inventory is taken into account. As I understand it, the 3 per cent formula that applies to inventory as of January 1 is a sort of stop-gap thing, realizing it is not the most satisfactory approach. Could the parliamentary secretary indicate if any alternative approach is being considered that would be more equitable than this shot-in-the-dark, 3 per cent allowance?

Mr. Lumley: Mr. Chairman, as the hon. member indicates, a serious cash flow problem faces Canadian business today. Many approaches have been examined by our officials and discussed with industry, and this was the one that appeared would obtain the quickest results. Obviously, this will have to be monitored on a regular basis to see if it has achieved the desired results with respect to economic conditions in the future.

Mr. Stevens: I take it that as of now the government has no immediate alternative to bring in with the next budget, for example?

Mr. Lumley: The hon. member is correct.

Mr. Stevens: I wonder if the parliamentary secretary could indicate the impact of the investment credit that is almost running tandem with the inventory allowance. I believe that at the time of the March 31 budget it was estimated the tax credit would result in a loss to the federal treasury of $485 million. Could the parliamentary secretary confirm if that is still the estimate, that the benefit of the tax credit will cost the federal treasury about $485 million?

Mr. Lumley: That is still the best guess, Mr. Chairman. Obviously, it is still an estimate and perhaps later, if we approve some of these clauses, we will get to the investment tax credit and have a good discussion on it.

Mr. Stevens: In order to give us the complete package, I wonder if the parliamentary secretary could indicate if the $485 million is the best guess at the federal level? Is that the total impact of that credit, or is there also a loss of revenue at the provincial tax level on account of the investment tax credit?

Mr. Lumley: Mr. Chairman, the investment tax credit does not affect provincial revenues.

Mr. Stevens: Mr. Chairman, the parliamentary secretary may wish to hold this question until the minister returns. The day before yesterday I asked the Minister of Finance if he could indicate whether any consideration was being given, with respect to investment credits, to tying them to some employment condition in the sense that an investment credit would be forthcoming provided the company could show some job-creation, and also that investment credits be tied to first-decision situations. As I understand it, in many cases industry is looking on the investment credit as a bonanza. A company might have planned to spend $1 million; that decision was made two or three years ago, so the investment credit is really a $50,000 windfall income because this is not a new decision. Has consideration been given to having the investment credit carry a little more clout, in the sense of being linked to some type of employment standard or first-time investment standard, in order to ensure it will provide the stimulus needed in the economy?

Mr. Lumley: Mr. Chairman, this was contemplated at the time and it was felt it would be better to have an employment credit independent of this as opposed to including it with the investment tax credit.

Mr. Stevens: I take it that what is visualized is three or four main industry-related tax benefits. There is the inventory allowance of 3 per cent, an investment credit ranging from 5 per cent to higher levels, some kind of employment credit is contemplated which will be worth about $100 million, and the dividend tax credit has been sweetened. The last figures we had were back in March or April. Could the parliamentary secretary indicate what this package of business-oriented incentives or benefits will cost the federal treasury?

Mr. Lumley: Mr. Chairman, if the hon. member will wait until after lunch, I will total the figures. At the moment, all we have are the figures stated on October 20 by the minister. Since we have not firmly decided on the details for the employment credit, it would be difficult to give the hon. member a more exact figure.

Mr. Stevens: We will be very pleased to get the figure after lunch, Mr. Chairman. Do I take it there has been some change of thought with respect to the $100 million the minister referred to in his statement on October 20 with respect to the employment credit program?

Mr. Lumley: No, Mr. Chairman.

Mr. Stevens: Then what is the uncertainty to which the parliamentary secretary refers?

Mr. Lumley: I just do not have the total of the figures. I do not want to give the figure off the top of my head. The first chance I have, I will add it up.

● (1232)

Mr. Clarke: I wish to follow up on my colleague's questions concerning the 3 per cent allowance on year-end inventories. I ask the parliamentary secretary if this is not an allowance which in some measure may overcome the effects of inflation on profits. First of all, why was a fixed rate of 3 per cent of year-end balances arrived at, when inflation was obviously much higher than that?

Mr. Lumley: Mr. Chairman, this provision was made to assist the cash flow of industry. It was a judgment call, rather than a figure of 3 per cent.

Mr. Clarke: Could the parliamentary secretary tell us why some other method was not used? An arbitrary figure of 3 per cent of inventory surely affects different businesses in different ways. If, for example, a business has a large inventory and a small turnover, it would get a bigger benefit than a business with a small inventory and a large turnover. There are many other methods of accomplishing what I think the government wanted to accomplish by giving this allowance. One would obviously be by the last in, first out method.

If the attempt is really to enable businesses to match inventory costs with revenues, then surely the system of last in, first out would be more equitable, and therefore a preferable system. I am not sure that it would not be simpler, as well. Why was something like that not adopted?

Mr. Lumley: As I indicated earlier, Mr. Chairman, many methods were discussed by officials. We looked at what other countries were doing. This method was chosen because it was very simple to implement. The LIFO method, which the hon. member refers to, is a very complicated method, and although that could still be discussed with respect to the future, in terms of alleviating the situation in the short-term it was decided to use the simpler method which would also be beneficial to both large and small corporations throughout the country.

Mr. Clarke: I am not sure it is any simpler, Mr. Chairman, to try to fix the rate at 3 per cent. But if that is the case, if it was a matter of simplicity, I am surprised that the government has finally concerned itself with simplicity in income tax matters, because there has not been any simplicity or equity in the last little while. When one is attempting to match costs, the most recently purchased goods are probably what one is selling in any event. I suppose we cannot except the parliamentary secretary to change his answer; we will have to accept it.

Mr. Lumley: I don't know if the hon. member has taken a look at the LIFO method which is used in the United States. If he has, he will see very readily the complicated area which he is addressing. As you know, one of the points the government is trying to implement is to eliminate a lot of paperwork particularly for small businesses. When trying to solve some of the cash flow problems, we felt very strongly that the simpler method would be the one most readily acceptable for small businessmen throughout Canada.

Mr. Stevens: Mr. Chairman, dealing with subsection (5) of clause 14, there is some wording which I feel should have a little explanation. With respect to applications concerning companies with fiscal periods after the end of March 31, 1977, they then go into a formula that the 3 per cent inventory allowance which may be claimed is an arithmetic calculation based on 365 days. Could the parliamentary secretary indicate why this arbitrary March 31 cut-off is put in? I understand it is causing problems to people who have year-ends that are following in the short period defined here. Unfortunately, sometimes it is the smaller businesses and retailers falling into this period who are having difficulty living with the provision as it is now worded. Could the parliamentary secretary explain why we have the date March 31—beyond the obvious; it was budget night—or could we not simplify it and say January 1 and save the problem of the distinction that is obviously being made?

Mr. Lumley: The hon. member is right when he indicates that this is a problem area. If you will allow me, I would just like to read specifically some of the reasons for the change. The original ways and means motion of March 31 indicated that the measure would only be applicable to taxation years commencing after 1976. Many representations were received pointing out that this was inequitable for those taxpayers whose fiscal periods commenced in 1976 but were substantially in 1977. In response, the scope was expanded to cover a taxation year which started in 1976, in which case the new inventory allowance would kick in on March 31, 1977. This means some companies could start receiving the inventory allowance up to three months later than other companies, but that minor imbalance would have been costly to avoid.

Mr. Stevens: Mr. Chairman, I was wondering if the parliamentary secretary could indicate if any consideration is being given to perhaps relieving whatever the inequity is in time for the next budget.

Mr. Lumley: After the first year, there will be no inequities, so there will be no consideration given to the hon. member's request.

Mr. Stevens: My next question concerns the applicability of the 3 per cent allowance with respect to inventory. What is the position of a company that is newly incorporated, going into business during this, if you like, transition period? When may they claim a 3 per cent allowance on their inventory?

Mr. Lumley: They will not have any opening inventory, Mr. Chairman, so obviously it will be the beginning of their second year of operation.

Mr. Stevens: As the parliamentary secretary has agreed to give answers on three questions that we have put to him under section 14, I wonder if we could stand clause 14 and consider some of the subsequent clauses, with a view to returning to clause 14, hopefully, right after lunch.

Mr. Lumley: I can answer one question now with respect to total revenue cost for these incentives to industry. If you look at page 4 of the March 31 supplementary papers tabled by the Minister of Finance, you will see there are basically three figures which total approximately $700 million. The first is the tax relief with respect to business inventories, of $275 million—this is the fiscal year 1977-78—the federal investment tax credit of $385 million, and the enhanced depletion for the high cost of oil and gas wells is approximately $20 million. I would agree to stand clause 14 until I obtain the other answers which the hon. member has requested.

Mr. Peters: Because of the time limit and the shortness of time remaining, I would object to standing clause 14 unless we can come back to it at a specific time. I would suggest, if someone wants it stood, that we have an understanding to come back to it at 2 o'clock.

The Deputy Chairman: I believe the hon. member suggested we come back to it right after lunch.

● (1242)

Mr. Stevens: Mr. Chairman, before we go to the next clause, assuming that we will be standing clause 14, I wonder if the parliamentary secretary could reconcile the figures he has just given us, the tax relief as far as inventory allowance of $275 million, and the investment credit of $385 million, with the earlier figures on which we all agreed, $300 million for the tax allowance on inventory and the investment credit of $485 million. I take it one is a short year, the remaining part of a fiscal year, whereas the other figures would be the total for a 12-month period.

Mr. Lumley: Mr. Chairman, the figures I referred to are for the year 1977-78. Figures of $300 million for inventory allowance, $485 million for the investment tax credit, and $20 million for depletion in the current year, are for the first full year.

The Deputy Chairman: Is it agreed that we stand clause 14 and take it up again at two o'clock?

Some hon. Members: Agreed.

On clause 15.

Mr. Stevens: Mr. Chairman, before we deal with clause 15, perhaps the parliamentary secretary can give us a brief summary of what the thinking is at the departmental level with regard to this clause, and what they hope to achieve by the amendment.

Mr. Lumley: Mr. Chairman, this is a technical change consequent on the extension of the investment tax credit to scientific research expenditures. Expenditures on scientific research, both of a current and capital nature, may be deducted in the year incurred. However, since the investment tax credit will now apply to such expenditures, the effective cost to the taxpayer is reduced. Thus, the amount deductible by the taxpayer is limited by this amendment to his net cost; that is, the amount of expenditure minus the investment tax credit. This is consistent with the tax treatment generally accorded government grants. The cost reduction is also consistent with the treatment given expenditures on machinery and other capital property eligible for the investment tax credit. The credit in these circumstances reduces the cost that may subsequently be written off by way of capital cost allowances. For example, the 5 per cent with the investment tax credit will come right off the tax payable, and the other 95 per cent will be deducted on the income side.

The Deputy Chairman: Shall the clause carry?

Some hon. Members: Agreed.

Clause agreed to.

On clause 16—*Election re: disposition of Canadian securities.*

Mr. Peters: Mr. Chairman, I would like to know from the minister the purpose of this amendment. As I understand it, there will now be an election for corporations and trusts, as well as individuals. Previously, it was only individuals. It is one thing to permit an individual to elect so as to guarantee that his eligible gains will be taxed as capital in nature. However, to grant such an election of lifetime duration to a corporation may show a severe want of prudence. Can I have some indication as to why this lifetime permission is being extended to corporations? I agree that by law a corporation can be called a person or an individual, but to give them the same kind of grant does not mean it will be once in a lifetime or for the duration of life.

Mr. Lumley: Mr. Chairman, this clause is written not only to assist individuals, but primarily venture investment corporations.

Mr. Peters: Mr. Chairman, this is really the point. There is some merit to it being granted to individuals. An individual can establish his eligible gains as a capital gain over a lifetime. As indicated by the students at Osgoode Hall, this will create a decrease in litigation arising from the ability to guarantee one's capital gains. It is likely to more than compensate that which will flow from this potential to develop schemes to guarantee capital gains while still ensuring capital losses. When an individual plays his income losses against his capital gains over a period of time, that is one thing. However, for a corporation to do it would indicate great difficulty in being able to develop new schemes to avoid paying taxes.

God knows, the corporations do not need more schemes to avoid taxes. Even if they are multinational corporations or Canadian-controlled, like INCO and Falconbridge, they have enough ways of doing this. I am interested in knowing how much money this will give to the corporations. What is the estimate? If there is no estimate, what is the justification for putting it in?

Mr. Lumley: Mr. Chairman, we do not have an estimate with regard to this provision. Under the existing rules, a

number of investors faced the possibility that profits arising from the disposal of their investments would be taxed fully as ordinary income because of the frequency of transactions in securities or the speculative nature of the investment. This was a particular problem for the venture capital companies who frequently invest significant sums in the equity of small Canadian corporations. As I recall, during the second reading debate the NDP was encouraging the government to do everything it could for small business. This clause falls into that category. Also, these investment capital companies hope to sell shares at a profit once the business becomes established. This amendment is designed to remove any uncertainty faced by such investors.

Mr. Peters: The amending clause disqualifies a trader or dealer in securities from making this election. This provision probably intended to refer to security brokers and not simply to individuals who buy securities. Nevertheless, the wording in this clause will provide unnecessary litigation that could be circumvented by removing this ambiguity. If it is for the purpose of allowing small businesses to get an advantage, that is one thing. However, this does not only apply to small businesses. We would have to get rid of the ambiguity and put in a designation as to how extensive we want it to go.

If it goes to the individual, that is perfectly all right. However, if it goes to large corporations as well as small ones, and we put them into the same category as the protection for the individual in relation to his capital gain, we may be providing a benefit that is almost incalculable.

Mr. Lumley: Mr. Chairman, in order to alleviate the hon. member's concern—which I think is justified—dealers who trade in securities, banks credit unions—this provision does not apply to them. I assume this is what the hon. member is referring to.

Mr. Clarke: Mr. Chairman, I want to follow the questioning of the hon. member for Timiskaming. I apologize to the parliamentary secretary: I think I missed the first question. As I read subclause (2), it is only an individual, a resident taxpayer, who can make this election and shall be deemed to have capital gains or capital losses. At the moment, the individual may be subject to paying regular tax; that is, having his profits and losses included in his income. I am not clear as to the initial intent of the government for proposing this change. Perhaps we should start there.

Mr. Lumley: Mr. Chairman, basically, there are two points to this particular clause. The first ensures that the proceeds of a life insurance policy are not treated as capital gains except to the extent that the policyholder has, through his insurance policy, invested in a segregated fund. Second, the amendment permits taxpayers to elect to treat profits on Canadian securities as capital gains. This provision will be of particular benefit to venture investment corporations, and in that sense it particularly affects small business.

● (1252)

Mr. Clarke: Is it possible that subclause (2) could be used to the peril of an individual taxpayer who makes an election? I presume it is one he makes for life. A taxpayer might find himself in a position where he was in the business of trading in securities. If he had not made that election, he would have the right to declare his income and losses in the regular way. What about the man who might find himself in such a position?

Mr. Lumley: The hon. member is correct: it is a very difficult decision for an individual to make. However, it is one he must make at a particular time; he cannot change his mind halfway through the process.

Mr. Clarke: Election is optional: he could put a decision off until such time as he believes it would be to his own benefit?

Mr. Lumley: It is optional to the extent that he could do it whenever he wished.

Mr. Clarke: How would this affect a man who treated his capital gains as profit without making an election? I presume he is not obliged to make one. What would happen if subsequently the Department of National Revenue decided he was in the business of trading in securities? Could he then make an election retroactive to the year for which he was under examination?

Mr. Lumley: I would answer no, but I will verify that opinion. We cannot see any reason why that would be possible.

Mr. Stevens: The parliamentary secretary has referred to venture investment corporations in relation to this clause. Could he tell us how they are defined? I do not see any definition in the Income Tax Act. Is this made clear somewhere in Bill C-11?

Mr. Lumley: There is no definition in the act.

Mr. Stevens: I think it would be helpful if we were given an outline of what the government has in mind when it refers to venture investment corporations.

Mr. Lumley: Basically, we are saying this applies to any small company which operates in the manner described.

Mr. Stevens: I had hoped we could get a closer definition than that. By "a small company," does the hon. gentleman mean that the venture capital corporation would be small, or does he mean that it would invest in small companies? Again, what is meant by "small"? I know "small" is supposed to be "beautiful", but what does the department have in mind, and when does a company become not small?

Mr. Lumley: Basically, we have in mind any company which has a pool of funds for investment in small or medium-sized companies.

Mr. Stevens: Would that include, for example, open-end mutual funds? Would it include closed-end investment corporations? I think we all know what open-end mutual funds are.

But would this cover an Argus-type holding company or investment company?

Mr. Lumley: I would not call Argus Corporation a venture capital company. But it could take advantage of this procedure.

Mr. Stevens: Did I hear the parliamentary secretary correctly? Did he say that Argus and similar corporations could take advantage of this provision?

Mr. Lumley: Unless they are among those specifically excluded, such as dealers in securities, or trustees, banks, trust companies, credit unions, and so on, such as I mentioned in reply to a question by the hon. member for Timiskaming.

Mr. Stevens: As there is further reference to venture investment corporations later in the bill, I am wondering whether, over the lunch break, the parliamentary secretary could arrange to let us have a better definition of what the department has in mind with regard to such corporations. I make this request particularly bearing in mind that legislation has been proposed by the government of Ontario looking to the special incorporation of such companies. It would be helpful to ascertain whether the federal thinking is to co-ordinate its tax arrangements with what the provinces may be doing in this field.

Mr. Lumley: This was certainly one of the factors which was taken into consideration, but we would prefer to discuss that aspect when we reach the particular clause.

Mr. Stevens: Could we not stand clause 16? I believe one of my hon. friends has a couple of questions to which he is awaiting answers. Maybe we could go on to the next clause.

Mr. Lumley: Much as I would like to accommodate the hon. member, I would remind him we still have many clauses to pass, and we would prefer to complete consideration of the clause before us.

Mr. Peters: Mr. Chairman, I, too, was surprised to hear the parliamentary secretary say that Argus Corporation could qualify under this clause in certain circumstances. I should like to ask about the position of a number of other holding companies, particularly those engaged in mining, the field in which I am most closely interested. Speculation there is not practicable at the present time, but if this capital gains requirement were modified to the extent that only 50 per cent were collected, we would probably get much more money into the mining field. I am interested in the position of Rob Roy which operates, I believe, under the Canadian Imperial Bank in the forest industry particularly.

May I call it one o'clock?

At one o'clock the committee took recess.

• (1402)

[*Translation*]

AFTER RECESS

The House resumed at 2 p.m.

The Assistant Deputy Chairman: Order, please. When the House took recess at 1 p.m., the hon. member for Timiskaming (Mr. Peters) had the floor on clause 16. However, we agreed to return to clause 14 at 2 p.m. Perhaps the House would let the hon. member for Timiskaming continue his speech, and then return to clause 14. Is there unanimous consent?

[*English*]

Mr. Peters: Mr. Chairman, I am interested in the reference of the parliamentary secretary to holding companies which could declare that they wanted to use their gain as a capital gain rather than income. It was said that this was a lifetime decision not only for an individual but for a corporation. The parliamentary secretary said that as a long as holding companies like Argus were in the venture capital field, they would be able to make such a declaration. We have a very immediate and deep interest in venture capital going into primary development, such as the forest products industry or mining, although most of the companies in the venture field do not have much money or stocks available.

I should like to ask two questions. First of all, does this provision apply to companies like Noranda, Hollinger Exploration, or Lakeshore? Many companies in the mining field are, in effect, conglomerate holding companies—they engage in exploration—but at the moment there is very little money flowing into these venture corporations. Will mining companies, therefore, be able to benefit from this provision? So far as venture capital is concerned, the Argus Corporation is not really in the venture capital field. Much that they have is not ventured; it is assured.

Mr. Lumley: As I indicated to the hon. member before we broke for lunch, Mr. Chairman, under subclause (2), if these companies are not on the excluded list, then the provisions apply to them.

Mr. Peters: Supposing they make a lifetime decision and declare that they are in the venture capital field: they are allowed to take their profit in the form of a capital gain, and this gives them a tax advantage, I presume, of at least 50 per cent since capital gains are taxed at 50 per cent. But how is the rest of a company not involved in this field operated? The Argus Corporation, Noranda, Hollinger, McIntyre and such companies have holding companies in various fields, and sometimes they operate mines. I am sure we would not want indefinitely to keep such operations in this preferred category.

Mr. Lumley: Mr. Chairman, this provision basically gives these companies an opportunity to make a declaraton. By and large, the companies the hon. member refers to will not make such a declaration because in most instances their share gains

are already capital gains. So they know exactly what situation they are in.

Mr. Peters: Not if they are actually doing exploration, Mr. Chairman. Many segments of the Argus Corporation produce sure gains. I imagine there are other cases where, as the result of amalgamation, properties are acquired which are not sure gain propositions. In fact, their losses are more assured than their gains. This is why the capital gains tax section applies to them. It seems to me the only companies which will benefit are those which count on their losses being more frequent than their gains. They can handle these losses in a holding company because they have something with which to offset losses. If it becomes all venture capital, Argus will not take advantage of it, but some of the small mining companies might. If this provision is designed for them, that is good, because it is a method by which those industries may receive considerable help.

● (1412)

Mr. Lumley: Mr. Chairman, certainly this procedure will help investment in small mining companies. This does not apply to mining properties; it only applies to Canadian securities.

Mr. Peters: The money raised on securities for the development of the property would have to be established as a separate entity. The companies which handle the securities have been given a lifetime designation. They will operate on the basis of capital gains as a profit, rather than the normal profit and loss method?

Mr. Lumley: Yes, Mr. Chairman.

Mr. Peters: Primary development in Canada is the only field which can be developed today. It must be in forest or mining products, because we cannot expand in agriculture any more. Agriculture is being taken care of by the moneys available in that field. There is no money available for mining exploration or development at the present time. This cannot be raised on the stock markets because of the ups and downs.

If a company sells the securities and still retains control of the property, it can raise money against the property and perhaps can bring about development. It will be hard for those companies to operate on a security basis. The brokers and the money market have been excluded as such. The holding company will raise money to develop the property. Noranda Exploration, which is separate from Noranda, is the type of company that will develop if money can be raised. If a person puts money in exploration companies, he is gambling more on losses than on gains.

The present price of gold provides a potential of starting 20 or 30 gold mines in Ontario if money can be raised. Is this section sufficient to allow holding companies to raise money on the normal market, on the basis that profits can be written off at 50 per cent? Will this raise money for that type of development?

Mr. Lumley: Mr. Chairman, that is exactly what this procedure is used for. I apologize to the hon. member for misunderstanding his previous question. The answer to his well-taken point is yes, including small business generally and not just particularly in the mining venture corporation field.

The Assistant Deputy Chairman: As was agreed prior to the luncheon adjournment, at this point we shall revert to clause 14 before continuing the discussion on clause 16.

On clause 14—*Inventory allowance.*

Mr. Lumley: Mr. Chairman, prior to lunch, the hon. member for York-Simcoe asked some questions with respect to clause 14. I am prepared to answer those questions.

Mr. Clarke: The hon. member for York-Simcoe is behind the curtain. He will return to the chamber shortly. My understanding of the situation before one o'clock was that the parliamentary secretary would return equipped to answer the questions posed. Since those questions are on the record, perhaps we could have the answers.

Mr. Lumley: Mr. Chairman, I see the hon. member for York-Simcoe is entering the chamber. The 3 per cent inventory allowance which will reduce federal revenue by $300 million will also reduce provincial revenue by $130 million, for a total of $430 million. The hon. member's second question indicated that the effective changes proposed to section 138 was to make interest on money borrowed to buy annuity contracts non-deductible. The interest on money borrowed to buy annuities has always been non-deductible. Therefore, this bill does not change the intent of that treatment.

Clause 14 agreed to.

On clause 16—*Election re: disposition of Canadian securities.*

Mr. Clarke: Mr. Chairman, this morning I asked the parliamentary secretary about the election which can be made under subclause (2). I am concerned about this because it appears to affect individual taxpayers. The hon. member for Timiskaming was concerned about the promoters, the developers and the corporations, but I am concerned about the individual taxpayer. When an individual resident of Canada decides to make an election, he is bound by that election for the rest of his taxpaying years. Subclause (2) (5) indicates that an election under subsection (4) does not apply to a disposition of a Canadian security by a taxpayer who, at the time the security is disposed of, is a trader or dealer in securities. Whether a person is a trader or dealer in securities is a matter for argument. Often the Department of National Revenue has argued that a taxpayer has been a trader or dealer when that person claimed he was not. If the taxpayer made an election, under subclause (2), that all of his gains and losses would be treated as capital gains and losses, and if there was a dispute later on, the department could consider this man to be a dealer or trader in securities and the election he made under subclause (2) would not apply. Is my understanding correct?

Mr. Lumley: Mr. Chairman, the answer to that question is yes. There is always a question of fact to be resolved in cases of this nature.

Mr. Clarke: Why did the government feel it was necessary or desirable to dig this large hole for taxpayers to fall into? The taxpayer has to make the election. He has to indicate that he wants this treatment. This morning, the parliamentary secretary indicated it was a serious decision which would not be taken lightly. Under what circumstances does the parliamentary secretary envisage any taxpayer wishing to make the election, since his gains can be treated as capital gains and his losses can be treated as capital losses under the present rule until he is challenged for being a trader or a dealer?

● (1422)

Mr. Lumley: I think that most individuals will know whether we are dealing in capital losses or gains, but the basic premise is to try to reduce uncertainty where there is doubt.

Mr. Clarke: I like the thought which the parliamentary secretary is putting forward, but I cannot see how the clause removes any uncertainty. If a person was later adjudged to be a trader or dealer, he would then lose the exemption that he claimed under subclause (4).

Mr. Lumley: We are talking about a professional, rather than an individual doing something on his own. I think the definition is pretty explicit. I do not think it would be an area where there is uncertainty or doubt.

Mr. Clarke: When I was practising as a chartered accountant, doing some tax work, it was a matter of whether a transaction was a capital transaction or an income transaction, which gave rise to many court cases and certain reassessments and appeals—frequently court cases. So for the parliamentary secretary to say that it does not apply to the ordinary individual because he is not a trader or dealer in securities is only good so long as the tax department holds that view.

Very often an investor will have a large portfolio and will be doing quite a lot of trading. On many occasions there has been a genuine dispute as to whether he is a trader or an investor. If he is a trader, then already the profits and losses are income items, and also he would not be able to take advantage of the exemption in subclause (4).

At the risk of repeating the same question, I have to ask what is the difference between a man who elects under subclause (2) to have all his gains treated as capital gains or losses, or the man who does not make that election because that is the law today, but claims that his gains and losses are capital gains and losses and continues to do so without making the election? So if he makes the election, there is no difference: he still does the same thing. Then we see that the only person who has the right to undo that election, if he makes it, is the income tax department and the courts, if they decide that the man is a trader. So I am afraid I have to restate the question more clearly. Under what circumstances would anyone want to make an election under subclause 2?

Mr. Lumley: For example, the Venture Investment Company would know exactly where they stand before the fact, and that eliminates the uncertainty which we are trying to do away with in this clause.

Mr. Clarke: Like my friend to the left, the hon. member for Timiskaming, I have not examined the plight of the Venture Capital Company. I am looking at it from the point of view of the individual resident taxpayer. The phrasing used is "resident taxpayer and his income," so I presume it applies to individuals as well as to these venture corporations. On that basis, I suggest that if I asked the question again, perhaps the parliamentary secretary would answer it at this time.

Mr. Lumley: We acknowledge there is some ambiguity in that situation with respect to individuals, but by and large that would be satisfactory.

The Deputy Chairman: Shall clause 16 carry?

Mr. Stevens: Mr. Chairman, we would be ready to have the vote on clause 16, but we will be voting against it.

The Deputy Chairman: All those in favour of the clause will please rise. All those opposed will please rise.

Clause 16 agreed to: Yeas, 36; nays, 11.

On clause 17.

Mr. Stevens: Mr. Chairman, I would be pleased if the parliamentary secretary could give us an explanation—we hope, a fairly full explanation—of clause 17 as it deals with principal residences.

Mr. Lumley: These are fairly technical changes to section 40 of the act. The section sets out general rules relating to the calculation of capital gains and losses, technical deficiencies and formulae for determining exemptions for capital gains tax when a taxpayer has disposed of his principal residence. The final change removes a provision that is no longer necessary. If the hon. member for York-Simcoe wants me to give details on the two subclauses, I would be more than happy to answer his question. Clause 17(1) is on principal residence change in use. This technical change deals with the formula for determining the exempt portion on the gain on the disposition of a taxpayer's principal residence.

A defect exists under present legislation when there has been a change in the use of property that has previously been a taxpayer's principal residence. The defect would operate where, for example, a taxpayer ceases to reside in his home and rents it to others. In this case, there is ordinarily disposition of the principal residence when it becomes a rental property, and any gain accrued to that point is exempt from tax. Any subsequent gain while the property is rented should be taxable when the property is eventually sold, and under the current formula the portion of the gain accrued during the rental period will remain tax exempt. I have an example of this case, but I think it would be too long to read. We could have it appended, if the hon. member so desires.

The second subclause to clause 17 deals with principal residences with respect to land used in farming. This is the general explanation of the situation when the house is part of the farm and the two are separate because the house is also the principal residence. The third change is a technical amendment which repeals an unnecessary provision.

Mr. Clarke: Could the parliamentary secretary tell us whether this provision having to do with principal residence would relieve the case where an individual, through illness and infirmity, has left his principal residence but not sold it prior to death and then resides in a hospital or nursing home until death? In such cases, until now the department has assessed that as a non-principal residence because the person has not ceased to reside there. Will that relieve the case?

● (1432)

Mr. Lumley: That does not apply in this case. This amendment does not relieve the situation referred to by the hon. member.

Mr. Clarke: What consideration was given by the government to relief in a case where a Canadian taxpayer has, through illness or infirmity, had to vacate his principal residence with the hope of recovering and moving back into his principal residence, has spent some time—months or years; it does not really matter—in a hospital or nursing residence and subsequently has died before he could go back? The estate, or the widow, suffers because the sale is no longer considered to be the sale of a principal residence and it is taxable as if it were an investment, when in fact it was never intended to be an investment and it was only through unfortunate circumstances that the individual no longer resided there.

Mr. Lumley: I am not aware that there is a problem in the short term, but if the hon. member would care to refer this case to us, we would be more than happy to give it consideration for future budgets.

Mr. Peters: Mr. Chairman, I am interested in a matter which is even more split up than the example cited. In this case the residence is a farm. As is quite often the case, an acre of land with a house is separated from the farm operation. Formerly, it was all part of the farm operation. When it is split up, what is the disposition of the farm operation? The disposition of that part is deemed not to be the same as if the whole package were sold in a single sale. It is an arm's length disposition.

Mr. Benjamin: Short arm.

Mr. Peters: Yes, a short arm. However, it is deemed to have changed from a business proposition to a residential proposition. There is another situation where there is trouble, not so much with tax officials in Ottawa but with district offices. In this situation, property does not change hands but its use is changed from that of a rental property to that of a residential property, or vice versa. A sale is deemed to take place where no sale actually does. There is a change from one type of taxation to another. There is deemed to be a sale, and the capital gain on that sale must be taken care of although no sale has taken place.

Mr. Lumley: Mr. Chairman, with respect to the example used by the hon. member, the $1,000 deduction with respect to capital gains would in essence provide for a situation where one acre would be involved.

Mr. Peters: What about the second case? I am not sure whether it is covered by this clause or by the next one, because there is a similarity to both clauses as to what category is involved. In my example, a house is purchased for residential purposes. The owner is not resident for a period of time, and then moves into it. When he does, the rental property ceases to exist and he is considered to have sold it at whatever the market value might have been and whether it was voluntary sale or a forced sale.

In my example, it is considered to be a voluntary sale to a willing buyer from a willing seller, which in most cases is not the situation. Is there any relief offered in clause 17 for that problem? I understand that the proposed changes in clause 17 do not substantially affect the operation of the present law. Clause 17 is basically administrative in nature, correcting minor problems which have arisen in consequence of the wording used in the current legislation, but changing wording often changes the direction of legislation in more than just a minor way. Has that problem been given any consideration?

Mr. Lumley: Mr. Chairman, I would like to correct the previous statement I made with respect to the $1,000 allowance of capital gain. I was incorrect in my answer. This is an area which the officials are examining. With respect to the second point, the answer is that this will not take care of that particular situation.

Mr. Peters: I had the feeling that the parliamentary secretary was not correct about the $1,000. With farm taxation it is never so simple that there is a penalty of $1,000 and it is let go at that. If the parliamentary secretary wants to move an amendment to solve this problem where father or grandfather are given the family home with an acre of land, and if it can be settled for $1,000, I am prepared to second the amendment and give it speedy passage. However, I am afraid it is not quite that simple.

Mr. Lumley: Mr. Chairman, if it were that simple we would probably have done it, but it is a very complex issue.

Mr. Foster: Mr. Chairman, would the parliamentary secretary clarify whether this amendment will make it impossible for a husband and wife who own two properties—for example, a home and a summer home, one in the name of the husband and the other in the name of the wife—to dispose of the two properties, or either one, without a capital gain being realized?

Mr. Lumley: Mr. Chairman, the situation referred to by the hon. member is not affected whatsoever. They are treated as two individual situations.

Clause 17 agreed to.

On clause 18—*Exchanges of property*

Mr. Benjamin: Mr. Chairman, I would like to discuss a matter with the parliamentary secretary. I have consulted some of his colleagues and I understand that this clause refers to replacement property under capital gains. The bill now relieves a taxpayer who makes a capital gain on the sale of a property—a farm or small business—and puts all the proceeds from that sale into a larger and better farm or small business. That person would be exempt from the capital gains tax on a first sale. However, he would be liable to pay capital gains tax if he subsequently sold the replacement property. He would be exempt from the capital gains tax on the first sale, but would be liable if he sold the second or replacement property.

● (1442)

I have specific cases in mind—there are probably a dozen other cases in my constituency of farmers and small businessmen who sold a property two, three or four years ago and used all the proceeds to purchase a more economic farm unit or small business enterprise. They were liable for the capital gains tax even though they used all the proceeds from the sale, plus additional borrowings, to acquire a more economic enterprise. I appreciate the fact that the bill makes provision to exempt such people from capital gains tax on the first sale, and that this provision came into effect on March 31, 1977. Could the parliamentary secretary tell me if he and his officials would sympathetically consider and act upon this suggestion right away, or perhaps we could stand the clause for 20 minutes while an amendment is drafted to make this retroactive or deemed to have been in place when the capital gains tax came into force.

I appreciate that the officials would need a few minutes to assess what such refunds would cost. I do not want to be misunderstood: I am fully in agreement with the principle of capital gains tax. I agree with Mr. Carter who said "A buck is a buck.". In the case I give as an example a small farmer who sold two small farm units and realized a capital gain of $8,000 in each case, so is liable for $3,500 capital gains tax. He used the proceeds to acquire a larger farm so that he and his son would have a unit large enough that they could farm together. The problem is that this took place prior to March 31, 1977. Therefore, I appeal to the parliamentary secretary to see if the wording of the clause cannot be changed. Perhaps a limitation of so much money or so many acres could be inserted. I would agree to that. Those who do not need the benefit should not get it.

Has the parliamentary secretary had time to consult his officials and come up with some fast wording that would allow a capital gain on the sale of property where the proceeds of the sale are used to buy another property in all such cases in the last three or four years. I am sure it would not involve too many cases. I would limit my request to small farmers and businessmen who are not out to make a capital gain but who want a more economic unit. I sense, from conversations with members on all sides, that there is some support for this idea.

It may involve $500,000 or $1 million in refunds, but surely that is a small amount to set against a fair application of the principle of capital gains tax.

Mr. Lumley: Mr. Chairman, I am sure the hon. member understands that in any tax issue there is always the question of retroactivity. Nobody is totally satisfied when the government introduces changes. Obviously, we are very sympathetic to the hon. member's representation. I have made representations along the same lines on behalf of my constituents. Where would we draw the line, however? This could be an administrative nightmare. There would be reams and reams of work. Why pick on this particular tax change to be retroactive, and not some other area?

Mr. Benjamin: Mr. Chairman, I do not want to get into a long argument with my colleague. I know he agrees with me in principle, but I wish he would not obfuscate or run in back alleys with the matter. Obviously, the line would be drawn at a purely replacement sale. Where a person has bought and sold half a dozen farms in the last four years, exemption should not be considered. Such person is obviously out to make a capital gain without paying taxes, so I would not exempt this kind of transaction. Where there is a legitimate instance of replacement for the economic well-being of a small farm or small business, that is where I think retroactivity should apply.

Since the capital gains tax is relatively new, it is not as though it would be necessary to go back 100 years or even ten: at the most, it would involve five years. There should be no administrative nightmare either, because as I see it there would be no exemption or refund unless the taxpayer made application. It would be a relatively simple matter for the department to review the tax returns for the previous four or five years, and if they were satisfied that the capital gain on the original sale was totally reinvested in replacement property, an exemption or, if necessary, a refund could be made. At most, a few hundred or a few thousand cases would come to the department's attention, and surely they could handle that.

It seems to me, the way the bill reads, that in the area of replacement property there is sufficient limitation to eliminate people who have turned property over four, five or even ten times in the last five years. Obviously, such people are not trying to improve their farm or small business and should not be eligible for refund of capital gains tax on the first sale.

I appreciate that since the minister is not here, another minister might have to move an amendment to the bill on his behalf; but I appeal to the parliamentary secretary to give us better reasons than we have heard for not doing it.

● (1452)

Mr. Lumley: Mr. Chairman, if the principle number of retroactivity which the hon. member suggests were applied, this would indeed be discriminatory. He is forgetting about all the small businesses in the country to which this clause also applies. Thus there are tens of thousands of files to be investigated, and this is an administrative nightmare.

Mr. Benjamin: Why wouldn't they apply?

Mr. Lambert (Edmonton West): One of the principle reasons the hon. member for Regina-Lake Centre is under some misapprehension and I think the parliamentary secretary is at cross-purposes in answering him—is that if they went back to the Income Tax, and saw what section 44 was dealing with, it is exactly the deferral of gain on involuntary dispositions.

The hon. member for Regina-Lake Centre has been talking about the example of an individual who had sold or exchanged properties three or four times in a row. That is not an involuntary disposition. If we look at the involuntary dispositions that are considered in clause 44, we can go either to clause 13 or to clause 54 where the definitions of the dispositions envisaged by this particular clause are considered. These are, first of all, compensation for property unlawfully taken. That is compensation under an insurance policy for property that has been stolen and which by reason of inflation there has been, shall we say, an increase in value. Or there could be instances where land may have been unlawfully taken and compensation has been made to the rightful owner.

Second, I refer to the case where property has been destroyed, whether real or personal property. In the case of a house which was built or acquired 20 years ago, and this year is destroyed by fire, then of course the insurance value will be much greater than the acquired value.

Lastly, the one I am concerned with is where there has been expropriation. These are the rules that might apply, and there is a change in the whole of clause 44.

I say, Mr. Chairman, we would have had less refinement and amendment over the years if the government had heeded the advice and the action taken by the opposition at the time of the income tax changes in 1971. I then proposed, on behalf of the official opposition, seconded by the hon. member for Yorkton-Melville, who was then the financial critic of the New Democratic Party—at least, he supported me up to a point—that all farm lands sold or disposed of, or passed to heirs, which would continue in bona fide agricultural purposes would not be subject to capital gains, period. If that motion had been accepted, we would not have all these refinements. However, we have had some refinements since that time.

The then minister of finance, Mr. Benson, refused to accept that farm lands should not be subject to capital gains. Then there was the first amendment—if there was a legitimate passage from father to son, or from father to daughter—either by sale or by death—but it had to be in the immediate family: it could not be sold to a neighbour who was carrying on farming. Of course, it did not apply to family incorporated farms, which was absolute nonsense—bureaucratic nonsense. It still is, if I may say so.

In many parts of the country farmers have been encouraged to incorporate their farms for a number of valid reasons. When there has to be disposition of an incorporated farm, immediately the capital gains guillotine falls on them. This is wrong. As a matter of fact, we would not have a good number of these refinements with regard to farm land if there had been a total exemption provided the lands continued for bona fide agricultural purposes. I think the House would generally agree to that. But no, there has been this absolute insistence by the government that farm lands, unless they are exempt—even if they are going to be sold and continued as farms—will be subject to capital gains.

I notice that in this clause the effective date, where there has been an expropriation action, is deemed to be the date of the judgment of the lawsuit. I suggest, Mr. Chairman, that is wrong because there is a great deal of difference between the date of a lawsuit and the date the funds payable under the lawsuit become available to the affected landowner, who then has to go about to effect changes in property as envisaged under the act. In this connection I quote from page 28 of the bill which refers to the day on which the taxpayer's compensation for the property is finally determined by such tribunals or courts. That should be the day on which the compensation is paid following the determination by such a tribunal or courts.

In the case of the government of Canada—I think everyone here will agree—by the time the judgment of the Department of Justice traced through to the department affected—say it is an expropriation by the Department of Transport—the Department of Transport will have a demand on the Department of Supply and Services to issue a cheque. This can take not only weeks but months.

If there is any recalcitrances as I saw in the parks department following the decision concerning perpetual leases, it could take years before the department will acknowledge it was wrong and that it must accede to the decision of the tribunal. Here, again, is a complication following capital gains on farm land. I advise the minister, if I could have his ear, that capital gains tax as such brings in very little, relative to the administrative complexities not only of the Department of National Revenue taxation officials but also the ordinary citizen.

● (1502)

Having recourse to tax consultants, whether they be accountants or lawyers, from a national point of view is much ado about nothing. The mountain of labour is tremendous. There is a bureaucratic mountain on one hand and the public mountain on the other. The result of that joint labour is but a puny mouse. It is not worth a candle in this country at the present time.

Capital gains is nonsense. It is much more of a nonsense where it affects farm lands that are going to be destined for bona fide agriculture.

This tax came about as a result of claims that land developers were making great amounts of money and not paying taxes. Any lawyer worth his salt knows that in so far as income is concerned under the Income Tax Act, that is any income arising out of a venture. The purchase of a parcel of land for the purpose of subdivision or otherwise, other than for bona fide farm purposes by a farmer or one who intends to farm, is known as a venture. There are judgments galore in the Supreme Court of Canada which determine that the profit on such a venture shall be income and therefore subject to income tax.

There are those who want to be demagogic about property development, academics who could not find their way out of a paper bag when it comes to tax matters. Others give a cosmetic appearance about doing something about a particular problem that has been already covered. There are those who motivate on both sides who travail on these mountains.

I am sure the Minister of Finance would be the first to admit that the yield on capital gain, bearing in mind the action of the stock market and the value variations in other fields, has produced little tangible revenue. However, the pages in the Income Tax Act have been expanded inordinately. First, they set up the capital gains tax. Second, they set up and describe the exceptions. Those exceptions take pages and pages and pages. Precious few people understand them. The minister, like myself, is one who cannot understand them because the complexity is so great.

There is one value of a tax system which the minister and his officials always forget. In order for a tax system or a tax law to be just, it must be readily understood. That is fundamental to any tax system. If anyone in this country, barring a very limited number of people, understands the workings and ramifications of the Income Tax Act, whether they apply to individuals or corporations, I have sadly missed my guess.

In 1971 the government introduced legislation, Section 44 as it then stood. Now it is all being replaced. Why? Because there are some hard cases under it. If hard cases make bad law, then bad law makes hard cases. In so far as this act is concerned, most of the capital gains legislation and the exceptions thereto are bad law because they make hard cases. One should look at this amendment in the context of what I have said. I hope that some day we will be able to excise a great deal out of the Income Tax Act.

Income tax reform basically would be the simplification of income tax. Every time one seeks an exception or an exemption of a particular kind, the act is complicated. The return is complicated and the act and the tax are less understood. From the public's point of view, this is an extreme loss.

I hope we can get a full confirmation from the minister of what he wants to do other than tinkering with this section which, frankly, I do not think should be in the act. Capital gains on farm land for farm purposes should not be there.

Mr. Benjamin: Mr. Chairman, I listened to the hon. member for Edmonton West. He was about as helpful as the parliamentary secretary. Some of the points he made had nothing to do with the point I raised. I was talking about voluntary sales, for example where a farmer sells a three quarter section farm to buy a one and one half section farm so that he has an economic unit.

I agree that in the case of an expropriation, an involuntary sale where the Department of Highways pays him "X" number of dollars for his farm, there is a capital gain. My point is this: if he spends all the proceeds of that voluntary or involuntary sale on replacement property, will he be exempt from capital gains tax, and only liable to capital gains if he sells the replacement property?

[Mr. Lambert (Edmonton West).]

I am not interested in exempting the doctor or lawyer who buys a farm every three or four years as a hobby. That is not his prime occupation. That person should be liable for a capital gains tax.

The hon. member for Edmonton West was accurate when he said we supported his contention in 1972 to exempt bona fide farmers or storekeepers if that was their only livelihood. However, we are not interested in exempting a doctor or lawyer, who has a piece of land as a hobby, from capital gains tax. He should not be exempted if he only uses land to horse around on or make a few extra bucks. I am not talking about that kind of case.

The hon. member said we are just complicating the act. I am more interested in it being fair, with the good principle of a capital gains tax being applied in a good manner. The provisions in clause 18 give effect to what I am proposing. If this is a good principle in the bill to be effective March 31, 1977, why is it not a good principle effective March 31, 1972, or 1973, whenever the capital gains took effect? It is equally valid. I do not think it would be impossible from an administrative point of view. The onus would be on the taxpayer to prove that all the proceeds from a sale went into the purchase of replacement property. If he could not do that, he should be liable for capital gains tax.

● (1512)

I am asking that the principle of clause 18 be taken to apply as far back as the date upon which the capital gains tax was put into effect. In a case where a farmer or a small businessman was obliged to pay capital gains tax in such circumstances he would be eligible for a refund. I hope the minister's officials have been able to devise an appropriate amendment to give effect to what I have requested.

Mr. Chrétien: I was not here for the discussion, but I understand it would be extremely difficult to adopt the hon. member's suggestion. There is no justification for it.

Mr. Clarke: It seems obvious there is some discrepancy between the views of two hon. members on this side of the House and I am wondering whether the minister could not follow the precedent set by his parliamentary secretary and let us have an outline of the changes which are contemplated.

Mr. Chrétien: I have nothing to add which could be clearer than what my parliamentary secretary had to say to the House on the subject.

Mr. Clarke: The point is that the parliamentary secretary, who has been giving us clear explanations throughout the day, was not asked to do so in this case; it might have saved time if he had been allowed to do so in this instance.

Mr. Chrétien: I will read the explanation to the committee.

This is an important change. The section deals with the roll-overs on certain dispositions of capital assets used in a business. These rules permit a roll-over, that is, a deferral of tax, for amounts received under an insurance policy as com-

pensation for property lost or destroyed that are reinvested in the business. The rules are extended to insurance proceeds received for stolen property. The rules are also extended to cover proceeds received on a voluntary sales of certain capital properties that are reinvested in replacement properties. To qualify, the proceeds must be reinvested in a replacement property within a specified time—two years in the case of involuntary dispositions and one year for voluntary sales.

These rules are similar to the rules for depreciable property and eligible capital properties dealt with in clauses 6 and 7 of the bill.

While I am on my feet I should like to have the unanimous consent of the committee to table nine amendments, all technical in nature—some of them are intended to repair mistranslations or grammatical errors. If there is not unanimous consent I shall not table them. I am sorry, Mr. Chairman. They have already been tabled. I should just like to advise the committee, then, that I should like these amendments to be passed before the end of the day.

Mr. Peters: I have no objection to the amendments being tabled, but there is a violent objection to the second request.

Mr. Chrétien: I was indicating to members of the committee that I shall be trying later to get these amendments passed. However, I shall not seek to do so unless there is unanimous consent; I wanted to determine the will of the committee so that we might avoid a cumbersome situation later on.

Mr. Benjamin: I should like to tell the Minister of Finance that when I made inquiries about this particular matter I received an excellent letter from the Minister of National Revenue in which he said:

> Section 18 of Bill C-11 proposes an amendment to the Income Tax Act dealing with the reinvestment of proceeds of disposition of a former business property in a replacement property. If the taxpayer so elects, the gain from the disposition of the former property would be the lesser of:
>
> (1) the gain therefrom otherwise determined, and
>
> (2) the excess of the proceeds of disposition of the former property over the cost to him of the replacement property.

I agree with that interpretation. I also agree with the intent of the amendment. I am asking the minister this: would he not agree that the good principle being applied to the capital gains provision in this case might not just as validly be applied retroactively to the bona fide farmer or small businessman who uses all the proceeds from the sale of his property to invest in a replacement property so as to continue his primary, if not his only, means of livelihood? The Minister of National Revenue told me that unfortunately for my constituent this amendment took effect only as of March 31 last. Surely it would be a relatively simple matter to deem this benefit to apply some three to five years earlier than that date. I ask the minister to reconsider his policy and not to allow the matter to be complicated by side issues such as were raised by the hon. member for Edmonton West.

Mr. Chrétien: For the third time, Mr. Chairman, I have to tell the hon. member that we have listened to his representation but we have no intention of changing the date.

Mr. Peters: The minister has told us that if the change is of an involuntary nature involving a third party the term is two years, and if it is voluntary the term is one year. In the first case the person concerned has some control over whether he should make a disposition. I am interested in what happens when the government cannot make up its mind on certain issues with the result that a period of time goes by, as happened, for instance, in the case cited by the hon. member for Edmonton West. Does the two-year limit run from the time the court decision is made?

● (1522)

It seems to me we have not corrected anything here. Insurance companies will not make a decision within the two years if they are engaged in lengthy litigation, and there likely will be lengthy litigation because this is an involuntary disposition resulting from, say, expropriation by government, fire or theft. I do not see the purpose of the two year limit.

I agree with the minister that there is some sense in a one year limit, because then it is voluntary. There is control over it. In that case there is a rollover. But in the second case I do not think there is a rollover. It is not voluntary. The rollover is caused by extraneous considerations, something over which a company has no control. If a company is half way through litigation and it gets an offer, it will have to take the offer as being within the two year period.

Mr. Chrétien: I do not think so. According to the act, section 44(2), the situation is quite clear. Paragraph (a) reads "the taxpayer has agreed to an amount as full compensation to him for the property lost, destroyed, taken or sold". If the taxpayer does not agree, later on in the act section 44(2)(b) provides that the day is "the day on which the taxpayer's compensation for the property is finally determined by such tribunals or courts". This means that if the taxpayer does not agree, the time starts to run once the court has made a determination or the taxpayer agrees to a settlement.

Mr. Peters: Paragraph (c) reads "where a claim . . . has not been taken before a tribunal or court of competent jurisdiction within two years of the loss . . . the day that is two years following the day of the loss" will be the deciding date. My point is that in the first case a rollover is made on a voluntary basis. In the second case where a third party is involved, if the taxpayer goes through the courts he will have two years following the court's determination. In many cases the taxpayer does not want to take the matter to court, but he is under a compulsion to do so.

Every day I handle compensation cases which are 10 or 12 years old. People have been waiting for the company concerned or the compensation board to do something for them. I am sure many members of parliament are sitting back waiting for their automobile insurance companies to do something for them. We wait for other people to take action. If a person is

not in the wrong, then why the hell should he go to court? We are not talking about a voluntary action but something a person is forced into.

The hon. member for Edmonton West, who was trying to help the minister out, referred to a case where a considerable period of time elapsed following an expropriation and the government never got around to making out the cheque.

Mr. Lambert (Edmonton West): On a point of order, Mr. Chairman, if I heard the hon. member correctly he is completely misinformed. He said that I was trying to help out the minister. My point was that the provision in this act is wrong. It provides that the period of two years shall run from the date of the order of the tribunal. To me, the date should be the date of payment of the cheque. Oftentimes government departments take months and months to pay money to the intended property owner. I was not trying to help out the minister; I was criticizing the proposed amendment.

Mr. Peters: May I thank the hon. member. In my roundabout way that is the point I was trying to make. The two years was at the discretion of the department, or the courts, or somebody other than the person concerned. If the hon. member for Edmonton West was arguing the other side of the coin, I apologize for having misunderstood. I understood him to say that the delay in issuing the cheque was not the fault of the individual.

I appeal to the minister that this is a field where we could be more flexible. It seems to me that in so many fields today we are asking Canadians to defend themselves against government, whether it be in connection with unemployment insurance, compensation, expropriation, damages or income tax. I have had dozens of people write to me in connection with income tax problems they experienced last year. This silly department is now sending out unpleasant letters to everyone, informing them that it is time to start making payments and to fill in their 1977 tax forms. If I do not pay my income tax because the government is at fault, why should I have to pay interest on the money that I have not paid? After all, the government has made the mistake.

● (1532)

The roll over which takes place from a smaller operation to a bigger operation is only a portion of the business operation, the same as the purchase of a tractor, a combine or any piece of machinery. No restrictions should apply to that once in a lifetime, or once in an every-20-years proposition. Businesses are pleased to deal with capital gains because their capital losses can be written off. As far as the rollover in the agricultural field is concerned, that person is not talking about losses. He had those losses before making the transfer. He will not roll over that proposition and replace his present farm with a new farm in order to take a loss. There will be an expenditure involved, and it will take some time for him to pay back the money borrowed.

The point in time that should be considered is when a person receives insurance money for his property being destroyed, and not two years hence, or at the conclusion of litigation. I should point out that a buck is a buck is a buck. A single farm operation cannot be put into the same category as the individual who turns over 50 farm properties a year. In both instances capital gains tax must be paid, but it should only be paid when the moneys are received.

People in the London and Chatham area are finding it impossible to acquire replacement land for one reason or another. Thus they travel to northern Ontario in order to look around. There is a vast difference between the type of farming in northern Ontario and that of southern Ontario. Prices are being exaggerated and accelerated because of this. These people require time because the farming structure is different, the season is different, and the types of crops are different. If these people are in receipt of money from the first proposition, it is mandatory for them to invest it within one or two years. They are faced with the possibility of not finding property in northern Ontario which is within their price or borrowing range. This is not a voluntary situation because they have been forced out due to the fact that no land is available in their area. They are hemmed in and boxed in thus they have to sell.

If hon. members give consideration to this section, they will be opposed to passing it as it is structured. Also they will oppose it because of the way Section 44 has operated over the last three or four years in relation to capital gains. I will vote against this because I think it should be turned down.

Mr. Chrétien: Mr. Chairman, I have listened to the arguments put forth by the hon. member for Timiskaming and the hon. member for Edmonton West. They have put forth hypothetical cases which I will examine. These hypothetical cases could lead to problems in the future. I do not know if a change will be possible, but I think the representations have been useful.

I apologize to hon. members for arriving late, but I was stuck in the snow in New York city. I hitchhiked on a plane because I wanted to return to the Chamber.

Mr. Peters: I commend the minister for his diligence to duty and his compassion for the problems raised. In the case of a rollover, perhaps it would be possible to make a deposit with the department. Even though this rollover is considered voluntary, actually it is mandatory because the farmer is hemmed in, cannot expand, and is having difficulty acquiring additional property.

When a person is dealing in $200,000 or $300,000 worth of property, considerable time is required for the paperwork and the legalities of the transaction. A year is not enough time for that to be done. Is it possible to give consideration to making a deposit with the department? In many cases the Farm Credit Corporation and other agencies are involved. Perhaps the deposit could be held in trust for a period of four or five years until the rollover takes place. Would that be possible? At the present time the entire transaction has to take place in a year, which means the purchase of the second property has to occur before the sale of the first property. It is difficult for lawyers to complete the transfer within one year. I am referring to

properties used for agricultural purposes. Is the idea of a deposit possible? Can the minister give consideration to that?

Mr. Chrétien: Certainly I will look at the suggestion of the hon. member. It is difficult to make exceptions in the case of farmers alone. Either a principle is good or bad. I think it should apply to everyone. To have to exempt one class of citizens from a rule that applies to others, even if it is a class of people who deserve special consideration, is a bad approach to solving problems arising under the Income Tax Act. I will certainly look at the suggestion of the hon. member, but with the caveat I have put forward.

● (1542)

Mr. Benjamin: I must disagree with my colleague, the hon. member for Timiskaming. I am not opposed to this clause of the bill because it brings about an application of the capital gains tax in a much more fair manner, so I agree with the clause as it reads and as it applies from last March 31. I also agree with the minister that if we are going to apply the principle to one group, we should apply it equitably to all the groups because the same thing would apply in the case of a fisherman with a small boat. If he does not get a bigger one, he will go broke all the quicker. If he sells his small boat, makes a capital gain on it and uses all the proceeds to purchase a larger boat, and thus has a better chance of making a living. The clause would exempt him from the capital gains tax on that first sale.

I am sorry that my colleagues on all sides of the House have raised a lot of matters that do not touch on the point I raise, to apply the principle back to the time when the capital gains tax took effect. That is all I am asking. The move you are making in clause 18 is as valid and effective on March 31, 1972, as it is in 1977 and it is not some horrendous and insurmountable problem. It is a principle that I find, from talking with hon. members on all sides, meets with agreement. I do not understand the reluctance of the minister to extend a good provision in clause 18 back to the implementation of the capital gains tax. There is no justification for not doing so.

The other points raised by the hon. member for Timiskaming and the hon. member for Edmonton West are only partially in tune with the point I raise. Surely the minister is correct in saying that this provision should apply right across the board. All I am saying is: let us apply it right across the board back to the time when the capital gains tax came into effect. I plead with the minister again. There is no substantial reason for not agreeing to do that.

[*Translation*]

Mr. Chrétien: Mr. Chairman, I have nothing to add to the answer I have already given the hon. member. I do not feel it would be either useful or desirable to make a change at this time.

[*English*]

The Deputy Chairman: Order, please. It being 3.45 p.m. it is my duty, pursuant to the order made on December 5, 1977, to interrupt the proceedings and put forthwith every question necessary to dispose of the committee of the whole stage of Bill C-11, an act to amend the statute law relating to income tax and to provide other authority for the raising of funds.

Shall clause 18 carry?

Some hon. Members: No.

The Deputy Chairman: All those in favour of the clause please rise. All those opposed to the clause please rise.

Clause 18 agreed to: Yeas, 62; nays, 28.

Clauses 19 to 46 inclusive agreed to on division.

● (1552)

Clause 47 agreed to: Yeas, 85; nays, 5.

Clauses 48 to 51 inclusive agreed to on division.

The Deputy Chairman: Shall clause 52, as amended, carry?

Some hon. Members: Agreed.

Some hon. Members: No.

Clause 52, as amended, agreed to: Yeas, 89; nays, 5.

The Deputy Chairman: Shall clause 53 carry?

Some hon. Members: Agreed.

Some hon. Members: No.

Clause 53 agreed to: Yeas, 86; nays, 6.

Clauses 54 to 57 inclusive agreed to on division.

The Deputy Chairman: Shall clause 58 carry?

Some hon. Members: Agreed.

Some hon. Members: No.

Clause 58 agreed to: Yeas, 93; nays, 6.

Clauses 59 to 72 inclusive agreed to on division.

The Deputy Chairman: Shall clause 73 carry?

Some hon. Members: Agreed.

Some hon. Members: No.

● (1602)

Clause 73 agreed to: Yeas, 77; nays, 22.

The Deputy Chairman: Shall clause 74 as amended carry?

Some hon. Members: Agreed.

Some hon. Members: No.

Clause 74 as amended agreed to: Yeas, 72; nays, 29.

Clauses 75 to 114 inclusive agreed to on division.

The Deputy Chairman: Shall clause 115 (as amended) carry?

Clause 115, as amended, agreed to on division.

The Deputy Chairman: Shall clause 116 carry?

Some hon. Members: Yea.

Some hon. Members: Nay.

Clause 116 agreed to: Yeas, 73; nays, 29.

Schedule agreed to on division.

Title agreed to on division.

The Deputy Chairman: Shall the bill carry?

Some hon. Members: Yea.

Some hon. Members: Nay.

Bill agreed to: Yeas, 74; nays, 29.

Bill reported with amendments.

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

Some hon. Members: Now.

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

The Acting Speaker (Mr. Turner): At the next sitting of the House?

Some hon. Members: Agreed.

[*Translation*]

Mr. Pinard: Mr. Speaker, I ask for the unanimous consent of the House so that Bill C-212 be considered and that all preceding bills be allowed to stand.

Some hon. Members: Agreed.

● (1612)

PRIVATE MEMBERS' PUBLIC BILLS

[*English*]

PARLIAMENT HILL CURATOR ACT

MEASURE TO PRESERVE ARTIFACTS FOR POSTERITY

Mr. Ian Watson (Laprairie) moved that Bill C-212, to provide for the establishment of the office of Parliament Hill Curator, be read the second time and referred to the Standing Committee on Management and Members' Services.

He said: Mr. Speaker, Bill C-212 has been on the order paper now for two or three sessions of Parliament. It has as its objective the creation of the post of Parliament Hill curator.

[*Translation*]

Bill C-212 provides for the establishment of the office of Parliament Hill Curator. I came to think about such a bill because of an incident which occurred in the House last year or two years ago when I sought information from those people responsible for removing the glass windows in the House when it became necessary to replace them by these beautiful coloured windows we can see now around the House. The removal of those leaded windows was done quite simply—they used a sledge hammer to smash them off and not a single piece of those historic windows was salvaged. I am sure that museums and numerous other historical associations in the country would have been quite interested in keeping some of those window panes but none were saved.

[*English*]

For instance the episode when these windows were removed with a sledge hammer and replaced by the present beautiful coloured windows representing the floral emblems of all our provinces and territories was as close to a sacrilegious incident as you can come in the House of Commons. Every museum in the country would have treasured an item from this Chamber. This is one incident of many which have occurred here resulting from the fact that there is no one in charge of ensuring architectural integrity, that the furniture, the works of art, the sculptures in wood and stone are preserved or conserved in a way the people of Canada would expect them to be safeguarded.

Over the years furniture belonging to historic Canadian figures has either been sold, disappeared, or simply thrown away. Furniture of this kind is probably around Ottawa and would be worthy of a place in any museum if it could be found. It would certainly be appropriate for the refurbishing going on in the East Block. It has disappeared because there is no one individual who has taken it upon himself to keep an eye on these antiques.

During the refurbishing of the House of Commons this past summer I came in one day and discovered that under this carpet there was a teak wood floor of great value, which had been left during all the demolition period not covered—not even plywood or plastic over it. The workmen were just throwing things from the ceiling on to the floor. Some day an architect may come along and say in the interests of esthetics that the carpet should be removed and this beautiful floor exposed. Whether or not that happens, I simply make the point that no one is checking on all this. I feel strongly that because that is the case—

[*Translation*]

—because there have been many mistakes made here, either by Public Works or by Parliament staff, a member of the staff of the House should be entrusted with the necessary responsibilities to supervise.

[*English*]

I would hope that this person who would be appointed as curator for Parliament Hill would be able to advise the people responsible both in Ottawa and Hull as to what action they may or may not take with respect to all these items.

There have been a number of instances during the last few years where gradually the Parliament Hill panorama has been cut off from a large percentage of the people living in the Ottawa-Hull area. The view of the Peace Tower and Parliament Buildings has been obliterated by the skyscrapers which

have gone up in central Ottawa. The same thing is now happening on the Hull side. It is too late now to do anything about that. Before it is impossible for anyone in the surrounding area or anyone approaching Ottawa to see the Parliament Buildings and Peace Tower from afar, we should move to arrest further deterioration of this view. It means a lot to most Canadians.

● (1622)

I feel that the post of parliamentary curator would carry with it an obligation to advise and use whatever avenues are available to encourage the authorities who have responsibility for the height of buildings in the vicinity of Parliament Hill to use their discretion and prevent a further downgrading of the importance of Parliament Hill.

I do not feel that the wording of this bill is sacrosanct. It can probably be improved substantially. Frankly, what I would like to see is the subject matter of the bill referred to a committee. I understand it would normally be referred to a committee dealing with members' services. If so, I would be prepared to accept that. I hope the subject matter will be referred to that committee. If it meets with the consent of members of the House, I would ask one of my colleagues to move that the subject matter of Bill C-212 be referred to the committee dealing with members' services.

[*Translation*]

Mr. Pinard: Mr. Speaker, I rise on a point of order.

The Acting Speaker (Mr. Ethier): The hon. Parliamentary Secretary to the President of Privy Council.

Mr. Pinard: Mr. Speaker, does the hon. member wish to move a motion for the purpose of withdrawing his bill and another one for the purpose of having the subject matter of his bill referred to the committee? If so, I respectfully submit the hon. member would have to move a motion to withdraw his bill, obtain the unanimous consent of the House, and then move a motion to have the subject matter of his bill referred to the committee, pursuant to Standing Order 50.

[*English*]

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, as I understand it, the hon. member has finished his speech. He may have missed that opportunity. I want to assure him there is a willingness that the subject matter go to a committee prior to the end of this day. There are one or two who want to speak for a short time with regard to it. It is an excellent subject.

The Acting Speaker (Mr. Ethier): I think the parliamentary secretary has perhaps misinterpreted the rules. It should be done by another member, not by the member who proposed the motion.

Mr. Francis: Mr. Speaker, I am prepared to so move at the appropriate time.

Mr. Howard Johnston (Okanagan-Kootenay): Mr. Speaker, I rise very briefly to congratulate—

[*Translation*]

—the hon. member for Laprairie (Mr. Watson) for his bill, an outstanding bill indeed, and I want to commend him for his interest in Parliament Hill.

[*English*]

I do not want to hold up the bill. It should go to the committee.

From time to time I have been concerned about changes that occur in this building. There does not seem to be any consultative process. Occasionally things that are historic, traditional, and meaningful, disappear. The most recent instance struck me a few weeks ago when I was showing visitors from the constituency through the Parliament Buildings. As I approached the Railway Committee Room, I stated that the room was full of tradition and history and that it contained some marvellous paintings. As I opened the door, there were no more paintings. Entirely without notice or indication, they had somehow been moved. I do not know where they are. I would be interested in finding out whether they can again be displayed somewhere in the building.

The Railway Committee Room was turned into a sort of boudoir by some interior decorator who was allowed to run tame, using every stale cliché in the interior decorator's trade. That room has lost its history, tradition, and significance. It had impressed many people. It had many functions.

When the bill goes to the committee, I hope we can have some explanation of what happened, particularly with regard to the vast painting of the Fathers of Confederation. I know it features fine old Conservatives such as Sir John A. Macdonald and Sir Georges Etienne Cartier. It had a place of honour. That place seems to have disappeared along with the excellent painting of the Vimy Ridge Memorial. That haunting picture has also vanished from the scene.

We very much need someone who cares to take care of and be concerned about the decisions that are made in this place, particularly when something may well be lost if someone who is sensitive to the nation's history is not in a position of some authority.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I rise for only a moment or two. In doing so, I want to echo the sentiments that have been expressed by the mover of the bill and the previous speaker. I agree with them completely. I, too, would like to see either the bill or the subject matter thereof referred to the appropriate committee so that it can be studied. I hope that will not be a way of getting rid of it. Instead, I hope that committee will make a recommendation back to the House.

The points that the two previous speakers have made are well taken. It is a shame that some of the artifacts of this building have been destroyed or lost. Certainly we ought to do better in the future. The idea of a curator with responsibility is an excellent one.

If the hon. member for Laprairie (Mr. Watson) did not have my support before he made his speech, he certainly got it when

he referred to the way in which high rise buildings were going up around Ottawa, blotting out the view of the Peace Tower. I felt offended many years ago when this process started. It was a serious mistake. Like him, I hope it will not be pursued any further. If the curator proposed under this bill could at least have powers of recommendation, that would be a good idea.

I said I would be very brief. I shall keep my word on that. If there is a motion to refer the subject matter of this bill to an appropriate committee, it will have our full support.

Mr. Lloyd Francis (Ottawa West): Mr. Speaker, I am prepared to move the necessary amendment. However, I would like to say a word or two first. I totally disagree with my friend, the hon. member for Winnipeg North Centre (Mr. Knowles), with regard to the last remarks he made. But I agree with him on very many other things.

I had the privilege not long ago of visiting Washington where the planners had free rein in preserving the so-called vista. The net result was to preserve a series of obsolescent buildings within view. It created a slum within the heart of the city.

I remember visiting that city in 1970 with other members of this House, including the hon. member who sits opposite, an old friend and former Speaker of this House, the hon. member for Edmonton West (Mr. Lambert). We did a tour of the dome. I am sure he can remember 1970. Every shop, every place of business had been burned by arsonists. They looted the centre part of that capital city. It was spoiled by misguided policies which prevented the erection of new buildings and drove all new offices out into the periphery. Thank heavens we have not repeated those errors in this city. But I agree with this bill and so I move:

● (1632)

That all the words after "that" be deleted and the following substituted therefor:

"the bill be not now read the second time but that the order be discharged, the bill withdrawn and the subject matter thereof referred to the Standing Committee on Management and Members' Services.

I believe I am seconded by the hon. member for York East (Mr. Collenette).

[*Translation*]

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, first I would also like to congratulate the hon. member for Laprairie (Mr. Watson) on his Bill C-212 for the establishment of the office of Parliament Hill Curator.

I am convinced that the aim of this bill is quite laudable, according to the remarks made by hon. members who have taken the floor on this issue. I remember that some three or four years ago maybe, the right hon. member for Prince Albert (Mr. Diefenbaker) had raised before this House the issue of building construction in the vicinity of Parliament Hill, skyscrapers whose impact on visitors who come to the Hill is that they hide from them the sight of Parliament and tend to make visitors and Canadians alike forgetful that they stand before Parliament or if you want the Parliament Hill of the National Capital of Canada, since, when arriving in Ottawa, which is after all the nation's capital, one would expect the Parliament buildings to espouse a predominent perspective in their own immediate surroundings.

The right hon. member for Prince Albert had at that time received the support of all parties represented in this House and the National Capital Commission was given a mandate with very limited powers to protect this environment and make representations to the authorities of the city of Ottawa, and also on the Quebec side to the city of Hull, so as to ask them not to engage in or make any progress toward the construction of skyscrapers.

Unfortunately, and I do not know exactly for what reason, the National Capital Commission has not been able to make its view prevail since year after year we notice that this trend continues unabated. And now we realize it is a little late to act, as the hon. member for Laprairie just said when he gave explanations on Bill C-212. In my opinion, starting from now, I think that we should take all the means at our disposal to preserve this surrounding.

The purpose of the bill is to preserve all that can be preserved from an historical point of view, and I am in favour of this bill. It should be passed as quickly as possible, precisely to stop other valuable things from disappearing for one reason or another.

Mr. Speaker, the motion just introduced by the hon. member who preceded me to have this subject matter referred to an ad hoc committee is quite rational. But the committee will have to consider the matter very seriously within the spirit of the bill. That committee will then have to report to the House and the House will then have to take the means to bring about the results sought under Bill C-212. Otherwise it would be a waste of time, nothing would get done and in five or ten years there will still be members around to regret here in this House the fact that we did not think far enough to protect things we should be proud to leave to the generations after us.

So I think this is a very serious matter, a matter of national pride and real, genuine nationalism, and I am convinced that if we go at the bottom of things we will be able to do something very practical and that in years to come this will give results. So the administrators who will come after us will continue in the same way and we will be able to preserve as much as possible what can be preserved.

[*English*]

Mrs. Jean E. Pigott (Ottawa-Carleton): Mr. Speaker, I am delighted to add a few words to this debate. I have been here so short a time that I come with a fresh approach to these wonderful buildings and this highly cherished part of our national life.

I would like to see an advisory group established by the curators of our museums. It could perhaps be called the Friends of Parliament Hill. People in communities across the country might wish to loan things to the parliament buildings so that they could be shown to the whole country.

I have often wondered why our committee rooms do not have things hanging in them. I find those rooms just a little sad and I wish that, say, in the Parliamentary Restaurant, we could see some of the wonderful pictures which I know are in storage. We do not have a national gallery as yet and perhaps this place could be made even more beautiful if there was a committee which could plan to display these things in our wonderful buildings.

One of the things I could not get over last summer, as we sat here in July, was that when I went out in the evenings for a walk I would find whole families standing just outside the doors. They came from all across the country. If you asked them where they came from they would often ask about these wonderful buildings. I think there should be far more going on here in the summertime when families come to reach out and see their parliament buildings. There are public servants in this city—I think of those in Public Works and in the National Capital Commission—who dearly love this building and who have cared for it over the years. I do not think they get the support either from public opinion or from within the parliament buildings themselves to stage events out on that wonderful lawn in the summertime in order that the people who come here from across the country could see or do more right on the Hill.

Perhaps because I am a local member I see many classes of children coming here in the spring and at Christmas time. I tell them a little about parliament, and I know the security service here is wonderful about conducting tours for them. Children, when they return to schools, are often asked to write essays about their visit here and are asked to tell about what they saw.

I wish we had the kind of brochures I have seen given out at Queen's Park. They tell a little of the history of that place and some anecdotes about it. I think if we had a curator or someone who really cared about it perhaps he would turn out to be not only safeguarding our heritage but one who would be something of a marketer who would tell about this wonderful place.

● (1642)

Every time I take round a school group I always show them Vimy Ridge stone. To me, this was the first great national event in our history when we became a nation. Only recently did I hear the wonderful story about the masonic plate which fell down in the fire, how they found it, and it is now hanging outside the Library. These are all real stories concerning the history of this place. Whatever happens to the bill, I hope my hon. friend will think of it not only in terms of safeguarding our past but of telling our story to the Canadian people.

Mr. Paul Dick (Lanark-Renfrew-Carleton): Mr. Speaker, I will speak only briefly. I hope that when the subject matter of the bill goes to committee the committee will take what I might call judicial notice that a number of the areas touched on by the hon. member for Laprairie (Mr. Watson) have also been dealt with very recently by a commission set up under Mr. Justice Abbott.

Parliament Hill Curator

The Commission on Parliamentary Accommodation, composed of members from both Houses of Parliament, dealt with other possible facilities for housing members and staff. It dealt not just with the chambers here but with other buildings where we work. I recommend that when this matter goes to committee and is studied with some care and in some depth, reference should be made to some of the material in the hands of one of the deputy ministers of public works seconded to Mr. Justice Abbott's staff, Dr. James Langford. There is a lot of good material there which would be invaluable in assisting the hon. member for Laprairie, his aims and objectives.

I am not going to take up time because I believe that private member's bills, if they are good, should go to committee. I do not intend to talk out this bill, as was the case last week when we were debating a bill having to do with by-elections in Canada. The amount of time before a by-election can be called in Canada is the longest of any western democracy. Liberal members, including the hon. member for York East (Mr. Collenette) in particular, decided they did not want to follow the democratic practice of representing the people, people who remain unrepresented because of the death or resignation of their member, and talked out a bill which would have required that a by-election be called earlier. I hope this bill goes to committee and I wish it the best of luck as I resume my seat.

Mr. Collenette: Mr. Speaker, I rise on a point of order. I know you were otherwise engaged a moment ago when the hon. member for Lanark-Renfrew-Carleton (Mr. Dick) misrepresented some of the statements I made in the House last week concerning a bill which is not before us today. I do not want to encroach upon the time allotted to this bill because I fully share the sentiments which have been expressed, but I believe we should set the record straight. In no way did I oppose the sentiment expressed by the hon. member's bill last week.

Mr. Maurice Foster (Algoma): Mr. Speaker, I join with other members in supporting the hon. member's bill. Judging from the opportunities I have had to visit other legislatures around the world, we have in Ottawa one of the finest examples of a parliamentary facility. Anything we can do to enhance this facility, especially to tell Canadians about it, is very worth while.

I hope that as this information is organized and prepared, not only will it be made available in book form but as a film, film strips or slides so that students, not only in Ottawa but across the country, can see for themselves how the Parliament of Canada—the House of Commons, the Senate, and the Governor General—functions.

Yesterday I attended a luncheon for Dr. Vogel from the Federal Republic of Germany, who was presented with a new book on the Parliament of Canada. I had not had an opportunity to see the book before but it really is an excellent document and I hope all members have the opportunity to see it. It would make an excellent document to present on formal occasions.

Parliament Hill Curator

As this committee studies the subject matter of the bill before us, I hope that someone, perhaps under the auspices of the chairman of that committee, will consider the advisability not only of documenting the information about our wonderful parliament buildings but providing the information in a popular, readable form for student groups.

I should like a short film running for about 15 minutes to be prepared for the use of student groups. Then when student groups visit us here, or when we go to high schools in our ridings, we can show them parliament in action—something it is difficult to summarize in a short space of time. For example, we often get off on one aspect of parliament, such as constituency work, committee work or the question period, and as a result I do not think the students get an over-all view. This sort of information should be made available to members for use with students and school groups. We should also have a short written summary of the functions of the Parliament of Canada.

I will not take up any more time of the House. I support the bringing forward of this important topic in the House this afternoon, and I am sure that the standing committee which will consider this bill will come up with many worth-while suggestions as a result of its study.

Mr. Marcel Prud'homme (Saint-Denis): Mr. Speaker, I support this bill and I am not going to talk it out. I just want to make a comment or two, prompted by my hon. friend from Ottawa-Carleton who talked about Canadian paintings. I should like to see more of these in the parliament buildings and in other buildings on the Hill. Members of parliament, not only ministers, should be given the privilege of hanging Canadian paintings on their walls. We have an abundance of such paintings hidden away in buildings in Ottawa.

When talking about the Parliamentary Restaurant recently some of my colleagues asked me about the big long hall which leads to the parliamentary restaurant. Some of my colleagues in Quebec have asked me why, since we have pictures of Prime Ministers of Great Britain, a country for which I have great affection since it gave us our British parliamentary traditions, which I support as one of the best of parliamentary systems, we do not hang pictures of prime ministers of France, since we believe in the two founding nations. I disagreed with them entirely. I do not want to create friction with anybody, but I think that when we have this museum in the new East Block we might transfer these paintings of Prime Ministers of Great Britain to the East Block, and this will relieve me of the pressure of explaining the presence of foreign prime ministers.

• (1652)

I should like to recommend the establishment of the office of Parliament Hill curator. I am sure the hon. member for Ottawa-Carleton (Mrs. Pigott) will join with me in my effort. Visitors to parliament hill have different ethnic backgrounds, and they should be able to see the creations of Canadian artists adorning the corridors. There is a richness in Canadian paintings because of the multicultural background of this nation.

Hon. A. C. Abbott (Minister of State (Small Business)): Mr. Speaker, I rise in support of this bill. Perhaps future improvements could be made to it at committee stage. The hon. member for Laprairie (Mr. Watson) referred to various things which have occurred on Parliament Hill. One must think of things such as C. D. Howe recommending that it would be a good idea to tear down the Parliamentary Library in order to put up a more efficient structure; the vulgarity of the carpet in the Parliamentary Restaurant; and the ersatz grandeur of Room 200. These things deserve over-all authority by someone who can contribute taste and a sense of history in the selection of materials and decor.

The Acting Speaker (Mr. Ethier): Shall the amendment carry?

Some hon. Members: Carried.

Amendment (Mr. Francis) agreed to.

Motion, as amended, agreed to, and subject matter of Bill C-212 referred to the Standing Committee on Management and Members' Services.

[*Translation*]

Mr. Pinard: Mr. Speaker, it being nearly five o'clock, may I ask the Chair to call it five o'clock.

Some hon. Members: Agreed.

[*English*]

Mr. Watson: Mr. Speaker, I rise on point of order. We had the motion. Am I to understand it was carried unanimously?

The Acting Speaker (Mr. Ethier): Precisely. The amendment carried, so the subject matter of the bill will be referred to the standing committee.

[*Translation*]

Order. The hour appointed for the consideration of private members' business has now expired. It being five o'clock, the House stands adjourned until 2 p.m. Monday pursuant to the provisions of Standing Order 2(1).

At 4:55 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Monday, December 12, 1977

The House met at 2 p.m.

● (1407)

ROUTINE PROCEEDINGS

[*English*]

POST OFFICE

SUGGESTED REFORMS TO IMPROVE RELATIONSHIPS WITH EMPLOYEES—MOTION UNDER S.O. 43

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. It concerns the current dispute in the Toronto post office which, if not resolved immediately, could precipitate a work stoppage which would have a devastating effect on Canada's economy, which is already crippled by government mismanagement. I move, seconded by the hon. member for Parry Sound-Muskoka (Mr. Darling):

That this House urges the government to proceed with urgently needed reforms in collective bargaining procedures in the public service which were proposed by the retiring chairman of the Public Service Staff Relations Board, Jacob Finkelman, over two years ago, and urges the Postmaster General to proceed with the long delayed reforms in the Post Office recommended by the Official Opposition which would introduce co-operation and co-determination by management, labour and postal users in post office administration, in place of the continuing confrontation which threatens to destroy Canada's once efficient postal service.

Mr. Speaker: The presentation of such a motion pursuant to Standing Order 43 can be done only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

PROPOSED REINSTATEMENT OF SUSPENDED TORONTO EMPLOYEES—MOTION UNDER S.O. 43

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I too rise under the provisions of Standing Order 43 concerning the vitally important matter of the postal dispute which is now taking place in the city of Toronto and which could tie up the total postal service across the country at this particularly serious time. In light of the fact that the particular dispute which caused this demonstration has been settled to the satisfaction of both sides and in light of the fact that the union is willing to cease picketing as soon as the suspended workers are reinstated, I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That the Postmaster General be instructed to reinstate immediately the nine suspended workers at the Toronto Central Post Office, and further that an independent adjudicator be appointed to investigate and make final recommendations regarding the suspension of the nine postal workers.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

OFFICIAL SECRETS ACT

REQUEST FOR AMENDMENT TO PROTECT PRIVACY OF CANDIDATES DURING ELECTION—MOTION UNDER S.O. 43

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, I too rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In light of the fact that section 16(3)(c) of the Official Secrets Act makes possible the authorization of wiretapping directly by the Solicitor General of Canada (Mr. Fox) without a judge's consent in connection with activities directed toward accomplishing governmental change within Canada or elsewhere by any criminal means—and I emphasize "any criminal means"—and in view of the complexities of the federal Canada Elections Act regarding the raising of money and other matters it is quite possible that a candidate for membership in the House of Commons could unintentionally break the law during election time and have his telephone tapped, I move, seconded by the hon. member for Hamilton West (Mr. Alexander):

That the government amend the said act by providing an exemption for any violation of the Canada Elections Act, as it has nothing to do with national security and therefore candidates in a federal election should be guaranteed privacy at their campaign headquarters and other places during federal elections.

Mr. Speaker: The presentation of such a motion pursuant to Standing Order 43 can be done only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

[*Translation*]

HOUSE OF COMMONS

SUGGESTION "HANSARD" BE DISTRIBUTED FREE OF CHARGE—MOTION UNDER S.O. 43

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

In view of the fact that French-speaking news media are very reluctant to report interventions made in the House by a number of hon. members, that the number of *Hansard* subscribers for the current session of the 30th Parliament hardly exceeds 10,000, and that it is of paramount importance that all Canadians be informed of the work being done in the House, I move, seconded by the hon. member for Bellechasse (Mr. Lambert):

That the House urge the government to take all necessary technical steps to make sure that French or English copies of *Hansard* are made available free of charge to all Canadians who are asking for them in writing, so that they may acquaint themselves with the daily activities of the members of this illustrious assembly.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

INDUSTRY

SUGGESTED INCREASE IN WRITEOFF OF COST OF RESEARCH—MOTION UNDER S.O. 43

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, I rise to move a motion under Standing Order 43 on a matter of urgent and pressing necessity. As Canadian industry must greatly increase its industrial research if we are to lower our costs and improve our quality and design in order to begin to overcome the $11.5 billion per year adverse trade balance we now have in manufactured products, the ones which produce jobs, I move, seconded by the hon. member for Halton-Wentworth (Mr. Kempling):

That the government allow industry to write off 200 per cent of the cost of all current and capital expenditures on industrial research in excess of those made in the base year, the year before the plan goes into operation.

Such a program would induce the additional industrial research we need to make our manufactured products more competitive in the marketplace and capable of increasing sales production and jobs.

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

Some hon. Members: Agreed.

Some hon. Members: No.

[Mr. Speaker.]

● (1412)

AIR TRANSPORT

REQUEST FOR COMMITTEE INVESTIGATION INTO SAFETY OF OPERATIONS—MOTION UNDER S.O. 43

Mr. Dan McKenzie (Winnipeg South Centre): Mr. Speaker, I rise under the provisions of Standing Order 43 to present a motion on a matter of urgent and pressing necessity. In light of the tragic air crash at Churchill Falls on December 9, 1977 with the loss of eight lives which represents the second fatal crash for the company; in view of the conflict between Air Canada and MOT over the towing of jet aircraft and other equipment across two major runways at Winnipeg Airport to the new Air Canada hangar which will be a safety hazard, and the reported lack of air safety in northern Manitoba, involving illegally operating aircraft, I move, seconded by the hon. member for Provencher (Mr. Epp):

That this House direct the government House leader to provide a reference to the Standing Committee on Transport and Communications to launch a full scale investigation into aviation safety in Canada, and for the calling of any or all witnesses to appear before the committee.

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

Some hon. Members: No.

* * *

FRESHWATER FISH MARKETING CORPORATION

PROPOSED FINANCING ARRANGEMENT TO ENABLE FISHERMEN TO RECEIVE PAYMENT BY CHRISTMAS—MOTION UNDER S.O. 43

Mr. Cecil Smith (Churchill): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. The board of directors of the Freshwater Fish Marketing Corporation has decided not to make the final payment to fishermen of about $2.6 million for the 1975-76 season, the reason being that the corporation has reached its borrowing capacity. I move, seconded by the hon. member for Provencher (Mr. Epp):

That the government take immediate action to arrange bridge financing so that fishermen will have their final payment for Christmas.

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

Some hon. Members: No.

* * *

AGRICULTURE

REQUEST FOR MEASURES TO RELIEVE COST-PRICE SQUEEZE ON PRODUCERS—MOTION UNDER S.O. 43

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, I rise under the provisions of Standing order 43. In 1976 net farm income dropped by 20 per cent. Today it was announced that a

further drop of around 11 per cent in net farm income has occurred. The forecast for next year is a 5 per cent drop. Operating costs continue to rise. I therefore move, seconded by the hon. member for Greenwood (Mr. Brewin):

That this House instruct the government to take immediate steps to relieve the cost-price squeeze.

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

Some hon. Members: No.

* * *

ROYAL CANADIAN MOUNTED POLICE

SUGGESTION FORMER SOLICITOR GENERAL MAKE NEW STATEMENT ON KNOWLEDGE OF APLQ BREAK-IN—MOTION UNDER S.O. 43

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. The former Solicitor General, now the Minister of Supply and Services (Mr. Goyer), made a statement on motions in this House last June 21, outlining his knowledge of the events surrounding the surreptitious entry by various police forces into the premises of L'Agence de Presse Libre du Québec. In the statement, the minister said: "Let me first address myself to the question of whether or not I had any prior knowledge of the October 6-7, 1972, break-in at the APLQ. My answer to the question is a flat no." He further stated: "Had I prior knowledge of the operation, I would have intervened to prevent it from happening." Mr. Speaker, I move, seconded by the hon. member for Perth-Wilmot (Mr. Jarvis):

That this House requests the former Solicitor General, now the Minister of Supply and Services, to review his statement in this House on June 21 to determine if all matters referred to therein are still factually correct. Should any statements be determined to be at variance with the facts as now known, this House instructs the minister to make a new statement on motions to outline his knowledge of the APLQ break-in.

Mr. Speaker: Is there unanimous consent for the presentation of such a motion?

Some hon. Members: No.

Mr. Speaker: Oral questions.

ORAL QUESTION PERIOD

[*English*]

POST OFFICE

THREATENED STRIKE—GOVERNMENT ACTION TO AVOID

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, my question is for the Postmaster General. In light of his assurances that there would be no postal strike this Christmas and the recent statement by the president of the Canadian Union of Postal Workers that there would be no wildcat or national strikes during the Christmas season unless the employer provoked the union into a strike situation, can the hon. gentleman inform the House how the post office got itself into the present mess?

Hon. J.-J. Blais (Postmaster General): Mr. Speaker, the hon. gentleman knows the series of events that led to the present impasse in Toronto. Indeed the reporting has been relatively accurate. If the hon. member had listened to the motion brought by the leader of the New Democratic Party under Standing Order 43 he would know exactly what led to this particular impasse. I want to advise the hon. gentleman that the discussions with the local leaders of CUPW are ongoing and I am still optimistic that we will have the matter resolved in the near future.

• (1417)

Mr. Dinsdale: Inasmuch as the outstanding issue is the suspension of the nine employees, can the Postmaster General assure the House and the country that this grievance will be dealt with through the normal grievance procedures, rather than necessitating the usual resort to strike action.

Mr. Blais: As I have advised the hon. gentleman the matter will shortly be discussed with the union. We had discussions with the local union leadership over the weekend, both Saturday and Sunday. Indeed the issue which the hon. member has called to our attention is one under discussion. I would rather not comment until those discussions are fully underway and we are in a position to make a joint statement with the union.

Mr. Dinsdale: In view of the vital importance of a reliable mail service to small business, to the recovery of an economy faced with high unemployment and inflation, and the general wellbeing of the country at a time of stress and strain in national unity, would the Postmaster General inform the House what special steps he is taking at this time to respond to the overwhelming demand from the long suffering Canadian public that the Christmas spirit not be destroyed by yet another postal strike? And would he use the goodwill of Christmas to assure his workers that he will introduce modern labour-management relations into the post office as has been advocated for a long time now by the official opposition.

Mr. Blais: I am glad the hon. member has brought the Christmas spirit into his question. We are hopeful that that is perhaps going to be the determining factor in this instance. I call to the attention of the union and all hon. members of this House that we are, Mr. Speaker, in a very volatile situation, in a period of national life when emotions tend to be very high. Every effort that I and my officials can muster, will be used in order to pacify the situation and not inflame it so that indeed solutions can be arrived at reasonably by reasonable people.

I trust that the hon. gentleman by the very reasonable approach he is using this afternoon is going to use his own good offices in order to communicate with his friends within

the post office to ensure that the spirit of goodwill will prevail and that we will be able to resolve this issue this afternoon, or as soon as possible, and get the mail moving again.

THREATENED STRIKE—POSSIBILITY OF LEGISLATED SETTLEMENT

Mr. Stan Darling (Parry Sound-Muskoka): Thank you very much, Mr. Speaker. I am delighted to hear the Postmaster General talk of sweet reason.

However, if I may put this question to the Postmaster General: in the event of a complete breakdown in current negotiations, is the government preparing legislation to cope with the threat of a nationwide strike?

Hon. J.-J. Blais (Postmaster General): I can indicate to the hon. gentleman that the strike is illegal and is in contravention of the Public Service Staff Relations Act. I cannot see how the Parliament of Canada can impose another legality on a present illegal situation. I simply indicate to the hon. gentleman that the operations in Toronto are ongoing. There are interruptions now, but we have one post office operating and we have one postal installation operating without the intervention of pickets. There are pickets at two other main installations, but some of the trucks are crossing those pickets. We are attempting to carry on with the mail that is available to us in the hope that within a short period of time, after reasonable minds prevail we will have the system in full operation. For that I seek the co-operation of hon. gentlemen.

[*Translation*]

Mr. Speaker, it is also obvious that if we are to settle disputes we would need that the spirit of Christmas, which is essential at this time of the year, be not undermined and that people recognize that the important thing is to provide Canadians with a complete and efficient postal service during a period which carries so much feeling.

[*English*]

ACTION TO ENSURE DELIVERY OF OLD AGE PENSION CHEQUES IN VIEW OF THREATENED STRIKE

Mr. Stan Darling (Parry Sound-Muskoka): If I could pose a supplementary to the Postmaster General. What action has the government taken to ensure delivery of old age pension cheques and other government cheques on time, and what other emergency procedures has the government and the Postmaster General come up with to cope with this possible strike and ensure that Christmas mail will go through.

● (1422)

Hon. J.-J. Blais (Postmaster General): Mr. Speaker, the hon. member has identified that there are transfer payments that are presently in the post office. We have family allowances in the mail stream as well as provincial guaranteed annual income cheques. With that sort of valuable mail within the system and the dependence of recipients on the amounts that are forthcoming, especially during this Christmas season, and the vulnerability of the small businessman which the hon. member has so well identified, I again publicly urge the national directors of the Canadian Union of Postal Workers to recognize the difficulties that we might be incurring if we leave this matter unresolved for a period of time.

THREATENED STRIKE—REQUEST FOR REPORT ON INJUNCTION PROCEEDINGS

Mr. Stan Darling (Parry Sound-Muskoka): On the question of the injunction requested by the Postmaster General, did the hon. gentleman approach the federal or the provincial judiciary and what is the current situation on this front?

Hon. J.-J. Blais (Postmaster General): Mr. Speaker, the application for the injunction was made to the Supreme Court of Ontario, as is normal under the circumstances. The hearing was adjourned in order that there might be negotiations under less pressure. We are going to resume the hearing tomorrow morning at nine o'clock and hope that in the meantime we might be able to make an arrangement.

* * *

ROYAL CANADIAN MOUNTED POLICE

ALLEGED SURVEILLANCE OF NEW DEMOCRATIC PARTY—REQUEST FOR STATEMENT THAT ACTION UNWARRANTED

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, my question is for the Solicitor General. A report tabled in the Ontario Legislature on Friday by the attorney general of that province makes it clear that the RCMP carried on a systematic investigation not only of the Waffle group within the NDP but also of the party itself between 1970 and 1973. In his letter to me dated August 26 of this year the Solicitor General states that he agreed completely with a point I made in an earlier letter that the security branch should only be concerned with "groups believed to be committed to the use of non-democratic means in pursuit of their objectives". In light of this assertion, will he take this opportunity to assert publicly that this kind of systematic surveillance of democratic groups in Canada was totally unwarranted?

Hon. Francis Fox (Solicitor General): Mr. Speaker, the position that I gave the leader of the New Democratic Party in the letter that I wrote to him is, of course, the position of the government. The RCMP has no mandate whatsoever to do any systematic surveillance of legitimate activities of any political party in Canada.

Mr. Broadbent: Mr. Speaker, the minister simply repeated what he said in his letter. I ask him to follow up his assertion, which I welcomed in the letter, with a judgment about the revelation that has been produced in the legislature in the province of Ontario, namely that the RCMP security branch between 1970 and 1973 kept systematic surveillance of the activities of the Waffle group within the NDP and, indeed, the New Democratic Party itself during that time. If that is the case, I

would like the Solicitor General of Canada to make his civil liberties position well-known at this time and to say that that kind of activity is something of which he disapproves.

Mr. Fox: Mr. Speaker, I have not seen the report that the hon. member refers to which has been tabled in the Ontario legislature. To my knowledge at the moment, there is no information to indicate that the New Democratic Party was the object of systematic surveillance, as the leader of that party puts it in the House today, during that period of time.

There may or may not have been some surveillance of individual members, as we have stated time and again in the House. The fact that one belongs to a political party does not give one immunity from surveillance if there is reason to believe there may be cause for surveillance along the lines I indicated to the hon. member in the letter he is now quoting back to me.

Mr. Broadbent: Mr. Speaker, I find it strange the minister is not aware of the specifics that went into that report. The letter is some months old from the attorney general of that province to the Solicitor General making inquiries about this subject matter. This was followed up, I understand, by the attorney general of the province of Ontario when he was not satisfied with the reply the Solicitor General gave him some time ago. It was followed up with officials within the RCMP. The report is as a result of information provided to the attorney general of that province by the RCMP within the minister's own department. In that report, the attorney general of the province of Ontario said that the inquiries "were broadened sufficiently to put the activities of these individuals in proper perspective". That is a reference to the investigation of the Waffle group being broadened within the framework of the NDP itself.

That is a sheer euphemism for saying that the party itself was being investigated. I therefore ask the minister to assure us that the New Democratic Party were not under surveillance between 1970 and 1973 in a systematic way. Will he clear up the point that is of concern to hundreds of democratically oriented Canadians who were taking part in that Waffle group that they were not in any way indulging in any subversive activities? Will he assert once again that he sees a distinction between dissent and subversion—

● (1427)

An hon. Member: Oh, go on!

Mr. Speaker: Order. I have allowed the hon. member to continue for quite some time. He finished by making a declaration as opposed to asking a question.

* * *

POST OFFICE

REQUEST FOR STATEMENT BY MINISTER OUTLINING PROBLEMS IN FINANCING, LABOUR RELATIONS AND ADMINISTRATION

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, I should like to address my question to the Postmaster General and refer him to a news release from the Canadian Union of Postal Workers—I know he has seen it—in which the opinion is expressed that the Postmaster General has not been bargaining in good faith and that he has been hiding the facts. The news release goes on to say that because of the attitude of the Postmaster General the union will continue to do everything in its power to inform the public, the information media and all its members as to the solutions which must be adopted in order to resolve problems within the Post Office involving administration, labour relations and financing. Since the union is prepared to do this, is the minister willing to make a statement on motions as soon as possible, preferably before Christmas, making clear just what the problems are in relation to administration, labour relations and finance so that Canadians may know just what is going on? After all, they are paying a very high price for service they are not getting.

Hon. J.-J. Blais (Postmaster General): I thank the hon. member for providing me with an opportunity of making a clarification. The press release from which he has read is one which was issued by the President of CUPW after I had made an application for the appointment of a conciliation board in connection with the main negotiations between the parties which are being conducted at the national level. The hon. member will recall that in the press conference which followed that press release Mr. Parrot did say that in his view there would be no interruption of the mails before Christmas. He was referring to the main negotiations between the Post Office and CUPW in connection with the renewal of the collective agreement which terminated on June 30. The questions to which I was replying earlier concerned a different situation, one which has arisen at the Toronto local, and I would beg the hon. gentleman not to mix up the two situations. The dispute at Toronto is completely separate and apart from the main negotiations.

Mr. Alexander: I am not mixed up. The Postmaster General is mixed up. I am simply pointing out that people are paying exorbitant prices for services they are not getting. We understand, now, that there are problems. I will read the press release again because it seems the Postmaster General was not listening. Mr. Parrot said there were problems in the Post Office in connection with labour relations, administrative matters and financial matters and that the union intended to bring those problems to the attention of the Canadian public so that they would know what is going on. All I am asking the Postmaster General is to stand up on motions, without giving us any lessons, and make a complete and definite statement as to what is going on in the Post Office so that the Canadian people may know where they are going. The service is costing a lot of money and there is no assurance of mail delivery.

Mr. Blais: Two or three weeks ago at most I made a statement on motions and subjected myself to inquiries from opposition members. If the hon. member, in his belated interest in the Post Office, had been concerned then he could have directed questions to me at that time. I was here, and I replied to questions by opposition members and some of those ques-

tions were directed to the problems we face in the Post Office. For the hon. member for Hamilton West to try to reveal all of a sudden that there are problems in the Post Office seems to be rather strange. I wonder where he has been since 1975. In 1975 we had a 42-day strike. We have had some interruptions from time to time, but I have indicated to hon. members opposite exactly the measures we were taking. One of those measures is to avoid inflaming a situation by making unsubstantiated statements and by engaging in dialogue with CUPW in surroundings which are more conducive to agreements and arrangements than in confrontation, as the hon. member is suggesting.

● (1432)

Mr. Alexander: Mr. Speaker, will the Postmaster General agree with me that the position held by many people in this country is that the Post Office is in a mess, and it will not get any better under the leadership of the present Postmaster General?

Some hon. Members: Hear, hear!

* * *

[*Translation*]

AGRICULTURE

POSSIBILITY OF USING POWDERED MILK IN PROCESSING OF FEED GRAIN

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, my question is directed to the Minister of Agriculture.

Considering that a number of industrial milk producers will be without any income for several months because they have met their production quotas, and considering also that the Canadian Dairy Commission is selling powdered milk on the world market below the Canadian support price, which will inevitably involve considerable expenses both for milk producers and for the state, would the minister tell the House whether he has ordered research into a greater use of milk powder in the processing of feed grain as a way of reducing powdered milk stocks?

[*English*]

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, I am sure the hon. member knows that skim milk powder is being used in many, many different products today. It is highly nourishing. We are doing more research. If the hon. member has any suggestions as to how it can be used, we would be pleased to hear them also. This year in Canada skim milk powder is being subsidized by practically a third or more of its cost, yet consumption went down. I do not know the reason. It was provided in Canada cheaper than in any other country of the world.

[*Translation*]

Mr. Lambert (Bellechasse): Mr. Speaker, I have a supplementary question. I think either I did not make myself perfectly clear or the minister did not want to understand the meaning of my question. It was obviously a suggestion I was making in putting this question, because these suggestions come from feed grain producers themselves. Has some research been done on that by Department of Agriculture researchers who are given a budget for that? Did they study the possiblity of using more powdered milk in processing feed grain as well as the effects it will have on the prices of feed? It is only after this kind of study that we will be able to see whether it will be advantageous or not.

[*English*]

Mr. Whelan: Mr. Speaker, research is continuing in our department and research is continuing in the private sector. The government has allocated $4 million for research into all dairy products and not just skim milk powder. Part of that money is being used for research into different ways to use skim milk powder in the baking industry and for total human consumption. There are many ways it can be improved. There is a tremendous amount of skim milk powder, and I do not think Canadians could consume it all. There may be ways to make it more palatable for certain parts of the world, which are not used to eating milk products. There are certain ingredients in milk which have to be taken out, and there are ingredients which can be added to it, in order to make it digestible for them.

* * *

[*Translation*]

LABOUR RELATIONS

CONFLICT AT RADIO-MUTUAL STATIONS—INQUIRY WHETHER MEDIATOR HAS REPORTED

Mr. Irénée Pelletier (Sherbrooke): Mr. Speaker, my question is for the Minister of Labour. Since a few weeks ago the minister appointed a mediator in the dispute involving Radio-Mutuel stations, a dispute which has been going on for 11 months now, could he tell the House whether this mediator has submitted his mediation report and, if so, when we will be informed of the recommendations it contains?

[*English*]

Hon. John C. Munro (Minister of Labour): Mr. Speaker, the mediator has not submitted his report because he is presently involved in discussions with the parties endeavouring to arrive at a settlement.

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POST OFFICE

ALLEGATION NOT ALL UNION MEMBERS INFORMED OF STRIKE VOTE—REQUEST FOR INVESTIGATION

Mr. Otto Jelinek (High Park-Humber Valley): Mr. Speaker, my question is directed to the Postmaster General as well. In view of the fact that less than 10 per cent of the CUPW membership in Toronto voted in favour of the current strike action, and because it has come to my attention this weekend

that not nearly all the membership was notified of the meeting, as evidenced by the light turnout, will the Postmaster General consider challenging the legality of the meeting and the ultimate outcome of the strike vote? At the same time, will he give the majority of the responsible membership an opportunity to truly express their opinions on this vital issue?

Hon. J.-J. Blais (Postmaster General): Mr. Speaker, the hon. member has drawn to the attention of the House a very important factor. The eventual vote indicated that only something like 634 ballots out of a potential 4,000 had been cast. A small minority of people expressed their support for the continuation of the illegal strike. In view of the situation and my preoccupation with arriving at some arrangement at this time to resume the postal service in Toronto, I will refrain from commenting on the other aspects of the hon. member's question.

ALLEGED THREATS OF REPRISALS AGAINST SOME EMPLOYEES—REQUEST FOR INVESTIGATION

Mr. Otto Jelinek (High Park-Humber Valley): Mr. Speaker, I appreciate the minister's concern in this regard; but there are a number of very serious matters related to this whole subject. I have it on good authority, after having met with a large number of CUPW members in Toronto this weekend, that many members have expressed not only dissatisfaction with the outcome of the strike vote, but more importantly, have expressed a genuine fear of reprisals which could be taken against them should they even complain publicly of ongoing antics by a number of radical leaders responsible for this disruption of mail at this vital time. Can the minister investigate this very serious charge on behalf of the majority of the membership of the union, a charge which I am sure he is well aware of?

Hon. J.-J. Blais (Postmaster General): Mr. Speaker, I will take the hon. member's representations into very serious account.

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ROYAL CANADIAN MOUNTED POLICE

KEABLE COMMISSION—SOLICITOR GENERAL'S REACTION TO JUDGMENT OF MR. JUSTICE HUGESSEN

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, I have a question for the Solicitor General. Now that the third attempt to restrict the Keable commission has been unceremoniously refused by Mr. Justice Hugessen, what is the Solicitor General's next step? Has he been cited for contempt as yet? Has he appealed? Has he thought about greater co-operation? Can he bring the House up to date?

Hon. Francis Fox (Solicitor General): Mr. Speaker, I would be delighted to bring the House up to date. As hon. members opposite know, the judgment was handed down by Mr. Justice Hugessen late on Friday afternoon. That judgment raises very important and far-reaching questions of law. That judgment indicates that a provincial commission of inquiry has the necessary powers to investigate into the operations and the functioning of a federal Crown agency. In my mind that raises very far-reaching constitutional principles. In view of that, I have instructed my counsel to appeal the decision to the Quebec court of appeal.

BREAK-IN AT AGENCE DE PRESSE LIBRE—DATE FORMER MINISTER AUTHORIZED WIRETAP

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, my supplementary question is directed to the Solicitor General. As we approach the bottom line of ministerial responsibility in this issue, despite the previous equivocation and evasion, will the Solicitor General tell us when his predecessor, the present hon. Minister of Supply and Services, authorized the surreptitious entry and wiretap operation? I should like to know whether it was done retroactively or whether it was done in advance? Is this the practice, or have we swapped the traditional doctrine of ministerial responsibility for a new one called ministerial ignorance, which is one implication of the Prime Minister's press conference on December 9?

Hon. Francis Fox (Solicitor General): Mr. Speaker, as the hon. member knows, and as all members of the Standing Committee on Justice and Legal Affairs know, particularly those who served on that committee in 1973, something like 1,912 wiretaps were authorized in this country between 1963 and 1973. Also, all members of that committee know that wiretapping was not illegal prior to 1974 and that it was indulged in by every major police force in this country, including the Ontario police, the Quebec police and the RCMP.

● (1442)

ROLE OF MINISTER IN SUIT AGAINST MEMBERS OF FORCE BY EDMONTON POLICE OFFICERS

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, the minister has not answered this question so I will try one more, with your indulgence. What role, if any, is the minister or his department playing in the extremely interesting civil law suit where the RCMP are being sued by some Edmonton police officers as a result of a bugging incident in Winnipeg. Is the minister doing anything to try to come to a proper conclusion in this matter for the benefit of all concerned? Is he taking any part in this?

Hon. Francis Fox (Solicitor General): Mr. Speaker, I understand that a statement of claim was filed late Friday in Edmonton or Winnipeg in connection with this alleged case of bugging. As the hon. member knows, the matter has already been the subject of inquiry in front of the Laycraft Commission in Alberta and I presume that the officers who have been sued by the local police will of course wish to file a statement of defence. I would be the last one to wish to prevent them from exercising rights that every Canadian citizen enjoys in this land.

Oral Questions

INFORMATION TO BE SUPPLIED TO VARIOUS COMMISSIONS—MINISTER'S POSITION

Mr. Bill Jarvis (Perth-Wilmot): I have a supplementary question for the Solicitor General. On December 7 in the absence of the Solicitor General, the Acting Solicitor General, the Minister of Justice, in reply to my colleague, the hon. member for Central Nova, indicated that everything that is pertinent to the McDonald Commission's terms of reference would be made available to it by the Solicitor General. I paraphrased the answer. I want to find out from the Solicitor General whether information would be made available to the McDonald Commission which would not be made available to either the Keable Inquiry or the Krever Inquiry. In other words, will the Solicitor General sit in judgment of what will be made available to the various commissions, because that is what I take to be the implication in the reply of the Minister of Justice. If the Keable Commission is constitutional, as it is so far according to our courts of law, is the Solicitor General still of the view that he may refuse to supply that information to the commission?

Hon. Francis Fox (Solicitor General): Mr. Speaker, the position I have taken in front of the courts is that there is a division of constitutional responsibilities, that some matters come within the constitutional responsibility of the provinces and other matters come within the constitutional responsibility of the federal government. I have always taken for granted that when parliament sets up a federal Crown agency, it reports to the federal parliament not to the provincial legislature. The appropriate place for the investigation of day to day activities or policies of that Crown agency is in front of the commission of inquiry set up by the federal government with the powers to look into its complete operations.

Mr. Broadbent: It was not what you said last June.

Mr. Fox: I am not about to refer the complete workings of a federal Crown agency over to the examination of a provincial commission of inquiry which was created, as the hon. member knows, by the provincial legislature and therefore should not have more powers than the provincial legislature which gave it birth.

Mr. Jarvis: That, in my view, is not what the Solicitor General said last spring. But leaving that aside, the Solicitor General still did not answer my question. Is he to be the judge, not the courts of the country, of what he will supply to a constitutional provincial inquiry, whether it be in Edmonton or whether it be the Krever Inquiry in Ontario or the Keable Inquiry in Quebec? Despite the fact that the courts say those commissions are acting within the constitution, will the Solicitor General be the final judge of what material will be supplied to each of them?

Mr. Fox: Mr. Speaker, if I were to be the final arbiter of what would be supplied to the Keable Commission I would not have filed an appeal to the Quebec Court of Appeal.

[Mr. Fox.]

KEABLE COMMISSION—POSITION OF MINISTER

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, my question is supplementary to those just asked. The minister has indicated that he intends to appeal that most excellent decision and, as a result, I presume we are going to waste a little more of the taxpayers' money. In any event, I want to ask him about his position in front of the Keable Inquiry. He was subpoenaed to appear today at two o'clock. Since he is here in the House, I presume he has not answered that subpoena. Will he advise the House whether he has answered that subpoena with another affidavit under section 41(2) of the Federal Courts Act by refusing the documents that the commission has requested under that act?

Hon. Francis Fox (Solicitor General): Mr. Speaker, I suppose that if I were to follow the advice of Mr. Justice Hugessen whom the hon. member has just quoted, I would indeed file affidavits under section 41(2), or I would at least consider it. It is my position that the question of filing affidavits does not arise until one has decided whether or not a commission of inquiry has jurisdiction to inquire into those matters. If that commission of inquiry does not have that jurisdiction, I do not see why I would even consider the possibility of issuing affidavits under section 41(2). On the other hand, if the commission of inquiry is finally held to have such jurisdiction, which I believe would be a fundamental change in the constitution of this country, then I would re-examine the documents to see whether or not an affidavit under section 41(2) would be advisable under these circumstances.

McDONALD COMMISSION—NUMBER OF INCIDENTS REFERRED—POSSIBLE EXPANSION OF TERMS OF REFERENCE

Mr. Stuart Leggatt (New Westminster): Would the minister say, just so I understand his answer, whether he is now telling the House that up to this point he has done nothing in response to the subpoena from the Keable Inquiry? In any event, my question deals now with the terms of reference of the McDonald Inquiry. Will he now give an unequivocal assurance to the House that all the 26 items which the minister listed in his affidavit of October 12 before the Keable Inquiry, and which he refused to submit to the inquiry, will be submitted to the McDonald Inquiry and, second, would he also advise the House whether the terms of reference of the McDonald Inquiry which are limited to illegal acts, not legal acts, in view of the evidence now of provocations and dirty tricks in the province of Quebec, will be expanded since it can be held in camera? Will he now expand the terms of reference so that the total operation in terms of immoral activity on the part of the security force can be examined as well as the baldly illegal acts?

Hon. Francis Fox (Solicitor General): Mr. Speaker, first of all I would like to reply to the hon. member's question as to what I intend to do in connection with the subpoena from the Keable Inquiry. As I have indicated to the House before, I have already instructed my attorneys to file an appeal of the judgment handed down by Mr. Justice Hugessen. My attor-

neys will be appearing before the commission of inquiry in Montreal this afternoon to make representations on our position. As to the question of whether or not I would undertake to file with the McDonald Commission the 26 items to which the hon. member referred, I would not undertake to do so because I have indeed already done so. So far as the terms of reference are concerned, I think they are extremely wide. If the hon. member cares to refresh his memory he will see that the terms of reference include the right to inquiry into all the practices and procedures of the RCMP, and I cannot think of any terms of reference that could be wider.

Some hon. Members: Hear, hear!

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EXTERNAL AFFAIRS

CONFINEMENT OF ANATOLY SHCHARANSKY IN SOVIET UNION—EFFORTS TO UNITE WITH RELATIVES IN CANADA

Hon. Herb Gray (Windsor West): Mr. Speaker, I have a question for the Secretary of State for External Affairs. Will he confirm that, as reported in the press during the weekend, the government will be asking president Brezhnev of the Soviet Union in an urgent way to allow Anatoly Shcharansky to leave that country to be reunited with his relatives in Canada, and if Mr. Shcharansky is then allowed to leave, that the government will expedite his admission to Canada by order in council, if necessary? I am confident that these steps, if promptly undertaken by the government, will be supported by Canadians generally as being consistent with the cause of human rights in this country and throughout the world, especially as confirmed by the Helsinki agreement.

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, I called in the Soviet ambassador at 1.15 p.m. this afternoon and I made representations to him which reflected the declaration of various members of parliament on all sides. I think there were some 57 or 58 members involved, but I am sure they reflected the views of the House. I also assured the ambassador that there were relatives in Canada who were prepared to sponsor Mr. Shcharansky and that while, as the declaration of the members of parliament said, we did not wish to interfere in the internal affairs of the Soviet Union, I wanted his government to be aware of the fact that the government of Canada would issue an order in council expediting the entry of Mr. Shcharansky into Canada if that were deemed by the Soviet Union to be an appropriate course of action.

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ROYAL CANADIAN MOUNTED POLICE

KEABLE COMMISSION—MINISTERIAL RESPONSIBILITY

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I have refrained from referring to matters that have gone before the commissions. Today I heard the views of the Solicitor General in connection with this matter. Do I conclude correctly, after having read the generalizations, philosophical and otherwise, of the Prime Minister in a press conference, that the ministers of this government regard themselves above the law with the rule of law not applying to them? I ask that in view of the statement just made by the Solicitor General that he is not going to appear and that he has it in mind to appeal. If that is so, is the first step not to secure a stay of proceedings rather than stating that some day or some place an appeal will be taken? What manner of qualification within the rule of law is it which will permit a minister day after day and week after week on behalf of this government to engage in diversionary tricks in order to cover up?

● (1452)

Some hon. Members: Hear, hear!

Hon. Francis Fox (Solicitor General): Mr. Speaker, I have a great deal of difficulty understanding the question being put to me. It has always been made extremely clear in this country that we have a government of laws and not of men and that everyone is equal before the criminal law.

Some hon. Members: Oh, oh!

Mr. Fox: There is no immunity from the law. However, what the right hon. member is suggesting is that I be derelict in the pursuit of my own duty, which is to see to it, as a minister of the Crown, that federal Crown agencies are not turned over holus-bolus to inquiries of provincial governments.

Some hon. Members: Hear, hear!

Mr. Diefenbaker: That is a doctrine which has never before been espoused by any responsible parliamentary government in the history of the British tradition. What the minister says now is that he is here to protect Crown agencies, but he should be here to protect the rule of law and Canadian rights.

Some hon. Members: Hear, hear!

Mr. Diefenbaker: The Prime Minister laughs. No wonder he laughs. Look at the way he has diverted from the facts.

An hon. Member: Shame.

Mr. Speaker: If the right hon. member has a question, would he put it forthwith.

McDONALD COMMISSION—NUMBER OF INCIDENTS TO BE INVESTIGATED PRIOR TO ESTABLISHMENT

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, you are a prominent lawyer, and you realize that when the Prime Minister places himself in the position of a judge and laughs hysterically he invites what I have said, and I repeat it.

I have followed everything that has been said. I have read every item, and I have a couple of questions arising out of the conduct of McCleery and Brunet. Before the McDonald Commission was set up was there any incident to be investigated by

that commission other than the one the minister described as an isolated incident in connection with the break-in at a left-wing newspaper in Montreal? Was there any other incident to be investigated at the time the McDonald Commission was set up?

Hon. Francis Fox (Solicitor General): Mr. Speaker, I am not quite clear as to what the hon. member is referring to because when the McDonald Commission was set up it was because we obtained additional evidence indicating that other possibly illegal acts had been committed. The reason for setting up the commission was that there was evidence brought to our attention indicating the commission of other possibly illegal acts or questionable practices.

Mr. Diefenbaker: Mr. Speaker, that was not the explanation given earlier by the minister. He said there was an isolated incident. When did he secure information from McCleery and Brunet in connection with these other incidents? Was it before or after the commission was set up?

Mr. Fox: Mr. Speaker, the evidence referred to by the hon. member was secured during a meeting between the deputy attorney general of Canada and Mr. McCleery on, I believe, June 23, 1977. That matter was the suject of a memorandum to me which was then referred to the RCMP for analysis and examination. The Commissioner of the force reported back to me on June 29 that some further allegations were indeed substantiated. He at that point requested that a commission of inquiry be set up. The government heard his recommendation and decided to follow through with it.

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EXTERNAL AFFAIRS

RESUMPTION OF EXPORT OF URANIUM TO EUROPE—POSSIBILITY OF CHANGE IN POLICY ON SAFEGUARDS

Mr. Douglas Roche (Edmonton-Strathcona): Mr. Speaker, my question is to the Secretary of State for External Affairs, who has just returned from meetings with the European Economic Community in Brussels. Has there been any change in Canadian policy with respect to the full scope safeguards on the export of uranium in order to reach the draft agreement with the EEC to resume sales of Canadian uranium, and specifically will Canada retain its veto over reprocessing of Canadian uranium without our specific consent?

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, I do not think it would be appropriate for me to answer in detail at the moment because the agreement which was arrived at on an ad referendum basis in Brussels has not yet been discussed among my colleagues or referred to the council of ministers in the European community. As perhaps the hon. member noticed, I did decline to answer those questions in Europe on the ground that I wished to reveal it first in the House of Commons, and I can assure the hon. member that as soon as word is received from the European community as to whether it has accepted the ad referendum arrangements, I will make a full statement in the House at that time.

EXPORT OF URANIUM—AGREEMENT OF FRANCE ON INSPECTION OF FACILITIES

Mr. Douglas Roche (Edmonton-Strathcona): Mr. Speaker, it is precisely because members of this House deserve a statement that we are inviting the minister to make one at the earliest moment and particularly to bring the proposed new agreement with the EEC before parliament for ratification.

I have a supplementary question. Has France agreed to international inspection procedures on facilities which use Canadian uranium, since that is also at the heart of the issue?

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, if I understand the question correctly, and without going beyond the parameters I laid down just a few moments ago, I can say that I believe that the arrangements which have been arrived at vis-à-vis the Canada-France relationship would meet the requirements the hon. member has just stated.

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

Mr. Howard Johnston (Okanagan-Kootenay): Mr. Speaker, my question is for the Minister of Industry, Trade and Commerce, but in his continuing absence I will direct it to the Secretary of State for External Affairs, who I expect is knowledgeable about this matter.

Given the situation of both the copper and nickel industries in Canada and in the world today can the minister explain why a delegation led by the assistant deputy minister of Industry, Trade and Commerce, and including a representative of the Canadian Export Development Corporation should be in Indonesia discussing possible Canadian participation in a $1 billion coal mining project in South Sumatra, a project which, if completed, would almost certainly be in direct competition with Canadian coal mines in British Columbia and Alberta and certainly with the maritimes?

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, I am not completely familiar with that particular delegation. However, I ask the hon. member to recall that the province of British Columbia in particular has been in constant contact with us—and indeed with me personally in Vancouver some time ago—asking us to arrange for a mission overseas with regard to various forms of international agreements on coal sales from Canada. So it is not just a one-way street.

In terms of any co-operation with Indonesia I suspect—although I do not know the details—that there is involved the sale of Canadian mining equipment or some other high technology or manufactured goods from this country. However, I will make some inquiries for the hon. member and give him a full response.

Mr. Johnston: Mr. Speaker, I accept some of the points made by the minister about the sale of mining equipment, but I think we are engaged in the short-term rather than the long-term. There is another dimension involved in this particular mission at this time. At a time when Amnesty International in its Indonesia report can say that in no other country of the world are so many political prisoners held without trial for so many years and the unchanging pattern of imprisonment in Indonesia presents the gravest challenge to the concept of international responsibility for human rights can the minister explain why the Canadian Development Corporation should be involved in a venture which could compete not only with Canadian industry but could possibly also involve large scale use of the forced labour?

Mr. Jamieson: Mr. Speaker, the situation in Indonesia has been the subject of many public comments by the government of Canada and by others. Recently I said that the situation continues to concern us, although in fairness one has to acknowledge that there has been an improvement in recent times. The hon. member is opening up a very large question. The same kind of forced labour, for example—if it is indeed that, and I put in that reservation—is undoubtedly presently employed in a $50 million or $60 million cement plant which was also sold by interests in the province of British Columbia and elsewhere.

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● (1502)

AIR TRANSPORT

ADVANCED BOOKING DOMESTIC AIR CHARTERS—RIGHT OF WARDAIR TO PARTICIPATE—LIMIT ON NUMBER OF FLIGHTS

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, my question is directed to the Minister of Transport. Can the minister tell the House whether it is the intention of the government to change the CTC decision of last week and to allow Wardair to compete with Air Canada and CP Air in providing domestic air charters on the ABC concept?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, we have not yet had a chance to review the decision of the CTC or the question of our position and right to do so. My understanding of the decision was not that it excluded any particular carrier but that it gave the right of first refusal, in effect, to the main carriers in the cross-Canada service. I will be looking into the decision further.

Mr. Clark: A supplementary question. While looking at that decision, bearing in mind the very real impact upon Canadian unity that can flow from having more Canadians see more parts of the country, in that context will the minister very seriously review the decision of the CTC with a view to changing the ruling that would limit to a total of 50 the number of domestic air charters allowed next year to the two airlines that have in effect been granted an opportunity to operate in this field without competition?

Mr. Lang: Mr. Speaker, obviously I do not think it would be right to argue with the Leader of the Opposition or indeed to have him argue that kind of issue at this point in advance of looking thoroughly at all the issues. Of course the Canadian Transport Commission has the public interest very much in mind in trying to balance charter class fares with the development of ABC charters in this country. The issue is not free of complexity. I do not have to assure the Leader of the Opposition that this government is very interested indeed in trying to encourage the most efficient and economic way for Canadians travelling inside Canada. That will be very much our purpose but of course we have to bear in mind the desirability of retaining scheduled services for the purpose of moving from one part of the country to the other.

Mr. Clark: Will the minister give an undertaking that the principle that guides the review by the government will be that of allowing the maximum possible travel at the cheapest possible cost in Canada by Canadians rather than the principle of the protection of Air Canada?

Mr. Lang: Mr. Speaker, there is no intention on the part of the government to protect Air Canada or any other airline in any pejorative sense. I think it is important in this country that our regional, mainline and other air carriers have the proper scope for operations and to provide scheduled services in an efficient and economic manner. The question of what kind and combination of services is available is, of course, one with which we are concerned and we will be looking at the issue from that point of view. Without any doubt we will be trying to assure that there is as much cheap travel for Canadians in Canada as possible but if the Leader of the Opposition seems to think a miraculous wave of the hand is going to produce more of that as though costs disappear and scheduled services can be disregarded I think he is missing some very important points.

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PRIVILEGE

MR. CROSBIE—PRIME MINISTER'S REPLY TO QUESTION

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I rise on a question of privilege which deals with an answer given to a question I asked on Friday, December 9, and reported in *Hansard* at page 1729. If statements made outside the House are to be taken as correct, then the Prime Minister (Mr. Trudeau) gave an incorrect answer to a rather important question.

My question to the Prime Minister concerned a statement made by the Minister of Agriculture (Mr. Whelan) in Hamilton on November 29 to the effect that he was "sick and tired of the U.S. ambassador running around talking about free trade." I asked the Prime Minister whether a diplomatic note had been sent to the United States complaining of the U.S. ambassador "running around talking about free trade", in accordance with the statement by the Minister of Agriculture.

I was trying to find out if this is a statement of the policy of the government, that it is sick and tired of the U.S. ambasssador running around talking about free trade. In reply the right hon. Prime Minister said, "Yes, Mr. Speaker." That means that a diplomatic note was sent to the United States protesting that the government is sick and tired of the U.S. ambassador running around talking about free trade.

Since returning here this morning I see from the Ottawa *Journal*, in which the earlier report appeared, that someone called Richard O'Hagan in the Prime Minister's office says it was all a misunderstanding. He said it was one of those half distracted answers and that one could not have listened without wondering if he knew what he was replying to. This is quite an explanation—that the Prime Minister in the question period is distracted and does not know what he is listening to and does not know what he is replying to.

This is an apparently incorrect answer on a serious matter, given by the Prime Minister. It affects the United States and must be embarrassing to the U.S. ambassador. I personally do not agree with the statement of the Minister of Agriculture that the ambassador is running around and should not be talking about free trade. I think he is entitled to talk about what he likes and that he is quite an outstanding representative of the United States. The Prime Minister has not told the House that this was a mistake of his, a wrong statement, and that no diplomatic note has been sent. I raise this question now because I think it is a breach of our privileges and is certainly not calculated to improve relations between this country and the United States of America of which the Secretary of State for External Affairs (Mr. Jamieson) is so fond. Could we have the record straightened out?

Mr. Speaker: Order, please. The hon. member for St. John's West (Mr. Crosbie) raises a question of privilege which he would not have had an opportunity to raise at any earlier time as a portion of his remarks depended upon the presence of the right hon. Prime Minister in the House today to make some clarifying statement. I would presume that in the ordinary course the hon. member's remarks will be brought to the attention of the Prime Minister who will have an opportunity to comment, presumably when next in the House.

ROUTINE PROCEEDINGS

[*English*]

NORTHERN AFFAIRS

SPECIAL REPORT OF STANDING COMMITTEE ON RULES, ELECTIONS AND PRIVILEGES OF YUKON ASSEMBLY

Hon. James Hugh Faulkner (Minister of Indian Affairs and Northern Development): Mr. Speaker, under the provisions of Standing Order 41(2) I am pleased to table, in both official languages, copies of the Special Report of the Standing Committee on Rules, Elections and Privileges of the Yukon.

[Mr. Crosbie.]

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, questions Nos. 132, 250 481 and 764 will be answered today.

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

[*Text*]

NATIONAL DEFENCE—RECRUITING

Question No. 132—**Mr. McKinnon:**

1. How many (a) men (b) women applied to join the Canadian Armed Forces between January 1 and October 1, 1977 and, in each case, how many were rejected?

2. In each case, how many were rejected for (a) education (b) physical (c) psychological reasons?

Hon. Barney Danson (Minister of National Defence):

1.	Men	Women
Applicants	22,114	4,880
Enrolled	8,265	1,295
Difference	13,849	3,585.

2. (a), (b) and (c) Statistical data for rejection is not maintained since the DND selection system is based on the evaluation of the whole person and may be based on a single major deficiency or a combination of several minor deficiencies and this in turn will vary depending on the trade. The differences listed above are not all rejections, but in many cases include applicants who have either made applications for trades in which there are no vacancies and such applicants are then placed on waiting lists, or who have withdrawn their applications prior to being enrolled.

MONEY PAID TO MR. CALVERT BY CNR

Question No. 250—**Mr. McKenzie:**

Did Canadian National Railways contribute or donate money to Mr. Geoffrey N. Calvert, an actuary, to compensate him for writing and publishing a book entitled *Pensions and Survival—The Coming Crisis of Money and Retirement* and (a) if so, in what amount and on what date (b) if not, is CNR a member of the Canadian Pension Conference and did the Conference contribute money to Mr. Calvert to induce or reward him for writing and publishing the book?

Hon. Otto E. Lang (Minister of Transport): The Management of Canadian National Railways advises as follows: Canadian National Railways did not contribute or donate money to Mr. Calvert. Canadian National is a member of the Canadian Pension Conference. Canadian National's information is that the Conference did remunerate Mr. Calvert under arrangements related to the study that led to the publication of the book referred to.

DEPARTMENT OF LABOUR—OCCUPATIONAL HEALTH

Question No. 481—**Mr. Yewchuk:**

1. Did the Department of Labour receive any inquiries concerning occupational health matters from private citizens or businesses in (a) 1972 (b) 1973 (c) 1974 (d) 1975 (e) 1976 and, if so, how many?

2. Does the Department have a policy respecting responses to such inquiries and, if so, what is it?

3. Is the Department in any way obliged to deal with complaints relating to occupational health matters of national scope?

Hon. John C. Munro (Minister of Labour): 1. Labour Canada receives many inquiries from private citizens or businesses related to occupational health matters. No comprehensive departmental records are maintained because inquiries are received in our Regional Offices and at Headquarters by telephone, letter, and personal visits to our offices. However, the following information pertains to the number of written inquiries to the Minister's office concerning occupational health matters: 1972—0; 1973—4; 1974—6; 1975—6; 1976—6.

2. Responses to inquiries dealing with occupational health are prepared by knowledgeable occupational safety and health specialists who work in the Regional offices or the Occupational Safety and Health Branch of Labour Canada.

3. Labour Canada is obliged to deal only with complaints relating to occupational health in those businesses which fall under the jurisdiction of the Canada Labour Code—Part IV (Safety of Employees).

POST OFFICE DEPARTMENT—ADVERTISING CAMPAIGN

Question No. 764—**Mr. Epp:**

1. Are Canadian TV stations airing the information campaign conducted by the Post Office Department aimed at reducing vandalism of post office property and, if so, which stations are doing so?

2. (a) What is the cost of the advertising campaign (b) who is the advertising agency (c) were tenders called and, if not, how was the agency chosen?

Hon. J.-J. Blais (Postmaster General): 1. There was no compaign aimed at reducing vandalism in the Post Office.

2. Not applicable.

GOVERNMENT ORDERS

[*English*]

INCOME TAX ACT

MEASURE TO AMEND

Hon. Allan J. MacEachen (for the Minister of Finance) moved that Bill C-11, to amend the statute law relating to income tax and to provide other authority for the raising of funds, be read the third time and do pass.

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, on November 7 I replied to the minister on second reading of this

bill. Since that time we have heard the minister repeat ad nauseam, and quite frankly in a way that I think is totally unworthy of him, that he had been sitting here listening to debate on this bill for 32 or 33 days and that he has been forced to move closure on two occasions because the debate has taken an unconscionable length of time.

● (1512)

Just for the uninitiated I have before me a copy of Bill C-11. It contains some 100 clauses, with 225 pages of text. It covers a great diversity of sections within the Income Tax Act. For example it introduces amendments to the Old Age Security Act. Then, lo and behold, just a little trailer, well hidden under the back end of what you might call this huge vehicle, is an increase in borrowing authority of $9 billion. Well, the former minister of finance had tried to tuck it in on another occasion in an appropriation bill for supplementary estimates, where there was no opportunity to debate the increase in this borrowing limit. Fortunately, we spotted that attempted bootlegging. And it was a straight bootleg, Mr. Speaker, of an authority which would be slipped through the House. I am sure there was not even two members on the backbench who were aware of it—possibly the Cabinet knew about it; certainly the Minister of Finance knew about it; and possibly the parliamentary secretary. That is dishonest government. Legislation should not be handled this way when it deals with more than one particular statute and becomes an omnibus bill.

Certainly there are different principles involved in this bill. I would like to know, Mr. Speaker, just what might be the principle of it. It is described as an act to amend Income Tax. It comes into the Committee of the Whole as provided for by the rules of the House. All other legislation should go to committee, but a provision to amend the borrowing authority of the government is tacked on to this bill illegally, I suggest, because of the principle of it not being an amendment to the Income Tax Act but an increase in the borrowing authority.

There are changes in the Old Age Security Act included. Therefore the bill then becomes an act to amend a number of statutory enactments. Under that guise it should not be in this House but in the Committee of the Whole. The House cannot have it both ways.

I did not speak on a point of order at second reading with regard to this matter, nor did I speak in the debate on closure, but I am going to have a good deal to say about closure with regard to this bill. In the House over the past month a picture of misrepresentation was given. What else could the minister expect than what has happened during the past month?

We commenced in October with the Throne Speech debate. It was interrupted on October 21 on the Thursday of the first week of debate by a mini-budget, which in itself should have had a six-day debate. But no, it was bootlegged into the middle of another debate, which by tradition gives ministers and members of this House an opportunity to canvass conditions socially and economically, generally or in particular—whatever their choice may be.

On top of that along came the INCO lay-offs one day later, October 21, and Mr. Speaker refused a motion under Standing Order 26 saying that the matter could be discussed during the Throne Speech debate. Of course it could. Of course it was, but I think improperly. There was ample opportunity to use Standing Order 26 for sittings at night to discuss the whole question, instead of directing that a debate should take place with regard to a particular subject to the prejudice of other members. There were many members, Mr. Speaker, who were deprived of their right to speak during the Throne Speech debate because of those two actions, the introduction of the mini-budget and, secondly, the deliberate intrusion into the debate of the INCO situation which should have been handled in a different way.

Therefore when Bill C-11 came up for debate, many members who wanted to touch on subjects which were germane to income tax spoke on second reading, and the debate was there. The material was there. When was this going to be debated later? Next spring? The situation was now, and one could readily expect that the debate on second reading would be extensive. As reported at page 661 of *Hansard,* during second reading I said:

I hope some of the provisions will merit the fate they deserve and be defeated in the Committee of the Whole.

There were some very minor changes, but they do not go nearly far enough because the minister has had the temerity—I would not say gall—to use closure in committee of the whole. He is faced with this intriguing process. For purposes of information, he tabled a number of amendments to sections which were not reached before the guillotine fell. The net result is that he could not present his amendments or have them moved by one of his colleagues so that even without debate the House could consider the amendments.

In the end this bill will pass. The amendments will have to be introduced in the other place, and the bill—if they pass it there—will have to come back here for approval as amended by the other place. Of course those amendments will then be subject to debate. What does the minister hope to gain? He gains nothing by the premature use of the guillotine.

● (1522)

Let us look at how much time was taken up by the debate on second reading. There was a total of 27 hours and 20 minutes from November 7 to November 24, with interruptions for opposition days and Remembrance Day. On Monday, November 7, there was two hours and 53 minutes of debate; Tuesday, November 8, three hours and 14 minutes; Wednesday, November 9, two hours and 32 minutes—

An hon. Member: Too much time.

Mr. Lambert (Edmonton West): Members opposite feel there is too much time spent on legislation. They have not even seen it. They are not interested in it. Their participation in legislation is nil.

On Thursday, November 10, there was one hour and 18 minutes of debate; Monday, November 14, three hours and 25 minutes; Tuesday, November 15, opposition day; Wednesday, November 16, two hours and 23 minutes; Thursday, November 17, three hours and ten minutes; Friday, November 18, two hours and 30 minutes; Monday, November 21, two hours and 45 minutes, for a total debate on second reading of 24 hours and ten minutes.

There was a time allocation debate of two hours and 17 minutes. On Tuesday, November 22, there was the grand total of 30 minutes. On Wednesday ther was no debate because it was an opposition day. On Thursday, November 24, there were three hours and ten minutes. Therefore there was a total of 27 hours and 20 minutes for the bill, and two hours and 18 minutes for time allocation.

Let us look at committee of the whole. On Thursday, November 24, after the vote there were eight minutes; Friday, November 25, two hours and 56 minutes; Monday, November 28, three hours and 52 minutes; Tuesday, no debate, opposition day; Wednesday, November 30, two hours and 54 minutes; Thursday, December 1, three hours 40 minutes; Friday, December 2, opposition day; Monday, December 5, the debate on the allocation of time, two hours and five minutes, and then 30 minutes in committee; Thursday, December 6, three hours and 28 minutes; Wednesday, December 7, one hour and 42 minutes; Thursday, December 8, last opposition day; Friday, December 9, two hours and 50 minutes, for a committee stage total of 22 hours and one minute on a 225 page bill with more than 100 clauses.

Do members opposite have any idea of what is income tax and the number of subjects covered? How can they say we have spent too much time on this bill considering that it covered the income tax provisions of the March 31 budget plus the so-called budget in October? I am sorry, it was not March 31 but June, because it was in July that we passed certain amendments to the March 31 budget, if my memory serves me right.

During that time we did raise certain subjects that merit a great deal of attention. I am sorry that the government members did not feel persuaded to read in particular clause 75 of Bill C-22 passed in July under the guillotine, whereby it is a condition for purchasing and cashing Canada's Savings Bonds that the owner thereof shall have a social insurance number. This is nothing but pure bureaucracy run rampant.

Some hon. Members: Hear, hear!

Mr. Lambert (Edmonton West): It is totally contrary to the words of the late Prime Minister Pearson when introducing the concept of social insurance numbers some 13 years ago. Not only that, but the forms for purchase of this year's Canada Savings Bonds provide for the inclusion of a social security number. All the minister said is that we have been using them here and using them there, and they are on the income tax forms. There have been a number of salami slices from time to time, and some of their use is absolutely debatable. The use of the social insurance number is not compulsory at this time. There are thousands upon thousands of senior citizens, married women who have never had employment and children who

are too young to take employment who are the owners of Canada Savings Bonds. In future they cannot cash any coupons on Canada Savings Bonds without obtaining a social insurance number.

I have had scores of elderly persons come to me. Frankly, a number of them never had to have a social insurance number. They retired before the social insurance number scheme was even introduced. Therefore there was absolutely no need for them to have a number.

I invite hon. members on both sides of the House to examine the application form and the requirements and the instructions for obtaining a social insurance number. With the rush that is now on, in many instances there is a delay of three to four weeks. It is centralized in some office over on Riverside Drive.

The law does not state that one has to have a social insurance number. Why should a housewife who has never worked and has no intention of working be forced to take a social insurance number if a husband or a relative makes her a gift of Canada Savings Bonds, or if she should inherit them?

What about children? It is one of the better habits of parents that can afford it, and it is surprising how many can, to start their teenage children on the useful pattern of saving by giving them a Canada Savings Bond or two. It used to be one could get them for $50. Now they cost $100. It sounds somewhat ludicrous that a 12-year-old child should get a $100 bond as a birthday gift, but with inflation that kind of value is no longer strange. Yet what else could one do in order that a child might get interest?

● (1532)

I thought, speaking privately to the Minister of Finance (Mr. Chrétien), that he had not heard of this particular provision when it went through as part of the March budget. I spoke out on second reading, but it is evident he soon hardened his mind. I must say it is my intention, if my bill is reached—I have a private member's bill already on the order paper—to seek the repeal of that section. I hope there will be an opportunity to have the subject debated because I am sure that the correspondence and telephone calls I have received duplicate those which have come to the attention of almost every member in this House.

I am against the principle that there should be this watchdog over me and over everyone else in the country in the form of a social insurance number. It is wrong. Oh, it is nice from the point of view of the bureaucrat, but it has been proven time and time again that anything which is administratively convenient deserves to be looked at three times, not twice, and I am sure this system is likely to infringe upon the ordinary rights of the citizens.

We are getting so wrapped up in controls of one form or another, whether at the federal level or at the provincial and municipal levels, that we can scarcely call our souls our own. I think people are fed up with this, totally and utterly fed up with it. And it is time we did something about it.

Some hon. Members: Hear, hear!

Mr. Lambert (Edmonton West): The government is for the benefit of the people, it is not the people for the benefit of the government and those who administer government.

Some hon. Members: Hear, hear!

Mr. Lambert (Edmonton West): If that is what qualifies me as a Conservative then I am proud to be a Conservative when I say those words.

My hon. friend from York-Simcoe led a long fight with regard to the taxation of income benefits from insurance policies. There was, it is true, a retreat from the proposals contained in the original June budget; I am glad to say the minister did withdraw, the result, I imagine, of pressure from his own back benches as well as from pressure by members on this side.

Insurance looms very large in the minds of the citizens of this country who are not rich, and often not in receipt of moderately high incomes. There are many, many people who pay in a pittance on small policies which represent their conception of how they can best put money aside within their means, modest as they may be. These savings provide a well of investment funds for this country to use—they would amount to a great deal more if the state at all three levels did not take 43 per cent of the gross national product, in which case a lot more money would be available for insurance and investment by the people generally, and they would not then be obliged to rely on the great, God-Almighty state to provide for them after retirement.

Somebody asked me today: Do you think the demand for social services, homes for the aged, day care centres and so on, is the result of government action? Mr. Speaker, it is hard to say which is the chicken and which is the egg. Is it because we are now in the seventies that we feel the state should have the responsibility of looking after each and every one of us beyond the age of 65, and that it should also have the responsibility of providing facilities for the care of children while they are of pre-school and elementary school age? Is that the state of our society today?

To get back to the subject of insurance and taxing the benefits thereof, certainly there have been changes. Even now, the minister has backed away from the idea that interest for a loan from an insurance company would not be counted as an expense of business if the money had been borrowed for the purpose of carrying on the business. I think the original proposal was nitpicking, a process of making it more difficult for citizens who must comply with the Income Tax Act. There are too many examples of this.

Take the loans for the purpose of home insulation. What a joke! They are subject to agreement by all the provinces and are subject to a maximum limit of $350 restricted to homes built prior to 1941. I understand that some of the provinces may make supplementary loans or grants. But it is all subject to income tax. What incentive is there, Mr. Speaker? What encouragement is there to insulate a home at a cost probably in excess of $350 in many cases only to find that the money, when eventually received, is subject to tax?

● (1542)

We want as many people to insulate their homes in order to conserve energy. The principle of the plan is quite good, if we want to save energy. I have saved energy. I doubled the insulation in my home this year, and I spent the $350 on an aluminum door. My wife has told me that already it is very apparent that we are going to save a fair amount on our heating bill this winter. Even with the severe cold and heavy snows we have had so far, the house is much more comfortable. Why tax the plan? I regret that part of this particular bill.

I had hoped to see much more in the way of incentives in this bill. There are some incentives, hopefully for scientific research. The hon. member for Wellington (Mr. Maine) spoke in this debate earlier. Of course he stressed, as a caveat, that there should not be bureaucratic bungling or the insistence on so many rules that, no matter how well-intentioned the plan, it would be totally negatived by the philosophy that a good idea must be smothered with paper work. I might not agree with the hon. member on a lot of things, but on this one idea I do.

There are a number of other subjects which will be covered by my colleagues in this third reading debate. I do not promise it will be short, because closure is counter-productive.

Mr. Alexander: Right on.

Mr. Lambert (Edmonton West): If there has been a few more days allowed for consideration by committee of the whole, third reading would have been a matter of formality.

Some hon. Members: Oh, oh!

Mr. Lambert (Edmonton West): The hon. "kid freshmen" in the back benches on the government side speak as if they are wise veterans in this House. They have not seen the operation of this House from both sides. I learned about parliamentary procedure when I was a parliamentary secretary on the other side and from sitting in the chair. This House has a certain temper. By agreement between House leaders legislation moves. There is far more achieved by consensus between House leaders. I have participated in a lot of negotiations conducted in that manner.

An hon. Member: Since 1867.

Mr. Lambert (Edmonton West): After the hon. member is here another two months, he will change his mind, because two months is a relatively long time to him. If there is agreement between the House leaders, legislation will move. The worst one can do is impose the guillotine. It has been used fairly frequently of late. I suggest to hon. members that its continued use will be counter-productive. Government members have been invited to speak, to participate and to represent the ideas of their constituents. Far too many of them indicate the representation of their constituents in important legislation by sitting in their seats and remaining silent.

Some hon. Members: Hear, hear!

[Mr. Lambert (Edmonton West).]

Mr. Lambert (Edmonton West): They do not express themselves in caucus; they do not look at the legislation in caucus.

An hon. Member: When did the hon. member even sit in government caucus?

Mr. Alexander: We can hear you through the wall.

Mr. Lambert (Edmonton West): Government caucus is less important than opposition caucus. Hon. members opposite should find time to participate in caucus. They should ask their fellow members to participate, and then they will see how much time is spent.

I do not like this bill because of the number of things it does and because of some of the things it has omitted to do. I do not intend to vote for it.

Some hon. Members: Hear, hear!

Mr. Arnold Peters (Timiskaming): Mr. Speaker, I agree with one thing that the hon. member for Edmonton West (Mr. Lambert) said, and that is on the problems which have developed as a result of the use of closure in regard to this tax bill.

The government had a large number of amendments which it wanted to incorporate in the bill, but it was unable to incorporate most of them. In fact seven or eight essential amendments should have been incorporated, but most of the government amendments did not get into the bill. There were approximately 70 or 80 amendments to this bill, most of them from the government side.

Mr. Lumley: No.

Mr. Peters: Am I wrong?

Mr. Lumley: You are wrong.

Mr. Peters: Well, there were 40, 70 or 80. It seems to me there were a lot, because on two or three occasions thick sheafs of amendments were tabled. At least there were 25 or 30.

Mr. Lumley: Less than 30.

Mr. Peters: In any case, this bill was so bad that the government wanted to amend it in a number of ways. Perhaps this is the help the government receives from its backbenchers. If that is so, they deserve all the more credit. Backbenchers on the government side should be aware of the fact that their input has been restricted because of closure, and many of the proposed amendments did not get into this legislation.

● (1552)

A tax bill is an important piece of legislation. It is certainly important to the government and to the country, and if there ever were a time when the country needed help, it is now. I think that the major problem in Canada, now with 1.5 million unemployed, is the creation of jobs, and one of the things which the income tax system can achieve is to change the distribution of income, usually by providing those who are in a position to make more income with the possibility of making

more purchases, thus creating more jobs. That is not what the government has done.

The government said that what we have to do is to give corporations a sum of money which will allow them, as one hon. member said, to modernize their production facilities, and to provide incentives to them to increase their production so that more people can be employed. What the government has allocated for that purpose under this tax bill is $1.2 billion. Opposition members and Liberal backbenchers should have said to the government that that is not the way to do it. The 1.2 billion will not increase productivity but will go into savings. It cannot go either into increasing productivity or into modernization. It is estimated that, on the average, production capacity in Canada is operating at about 80 per cent.

One of the clauses in the bill which we did not reach because of closure makes this clear, and I am sure that some government members have done surveys and would be able to indicate to the government that it was making a mistake in spending $1.2 billion to increase our production capacity when already we are operating at only 80 per cent of that capacity. This has resulted in very few jobs in the past. Other incentives of a similar nature have not produced much in the way of jobs.

There are many people who are in great need of consumer goods and in great need of housing. In fact they are in need of almost all goods that our factories can produce, yet they do not have the money with which to purchase these goods. If these budget resolutions now translated into this tax bill were to produce jobs in Canada they would have to do so by reducing the income tax of those who do not have enough money with which to buy the goods which they need, and which are necessary to provide jobs and to increase our productive capacity. We have not done that. Again we are providing corporations with assistance which we know will not be of much help in that respect. The only justification for this is that they have contributed heavily to a particular political party during an election, and $1.2 billion might probably be well spent in that regard.

We did discuss several clauses of the bill and it seems to me that one of them had a great deal to do with the unity of our nation, namely, the provisions regarding the insulation program. This program could not be better designed to divide the country if René Lévesque had decided to bring in that kind of legislation himself. People in one part of Canada do not get the same breaks as people in another part of Canada.

We have a joint program in Prince Edward Island and Nova Scotia under which the people in those two provinces will receive $500 to insulate their houses, but in other parts of Canada, such as in Ontario, people cannot receive money to insulate a house unless it was built before 1921, and the maximum amount is only $350. This is a small program. Anyone who has bought any insulation material or done any insulation work on his property will know that $350 does not go very far. Now it is to be considered as part of one's taxable income anyway, so it will not amount to a full $350 for the purpose unless you have no income. And if you have no income, you could make better use of the $350 than to use it to insulate your house because you would probably be using wood to heat the house, and the more wood you cut, the less wood you will need because you get warm cutting wood.

Mr. Dionne (Northumberland-Miramichi): Is the hon. member suggesting we should burn our houses?

Mr. Peters: This is probably what the hon. member from New Brunswick believes. He is probably the kind of man who would do that. He is probably too lazy to shift his ass to cut down wood for burning so he would probably burn his house. I hope he does not decide to burn his neighbour's house as well. He has not had experience in cutting wood, although he comes from a province where there is wood and where people do cut down wood. The point I am making is not for that kind of member. He will go his own happy way to Brockville one of these days anyway, so we will not have to worry about him.

We are interested in having uniform programs across the country so that a Canadian in New Brunswick will not have to burn down his house to keep warm. People in New Brunswick, in British Columbia or in Prince Edward Island should have the same kind of insulation program.

Mr. Dionne (Northumberland-Miramichi): Mr. Speaker, may I rise on a point of order? To begin with, the hon. member who has just been wasting the time of the House has used some very unparliamentary language.

Some hon. Members: Hear, hear!

Mr. Dionne (Northumberland-Miramichi): I am prepared at any time to put up my knowledge and ability in wood cutting against the hon. member's abilities in that regard, and I am also willing to put up my knowledge of the bill. The hon. member has just referred to some 80 amendments. There were only 26 amendments proposed, 15 of which have been passed, and 11 of which are very technical amendments. If he wants to participate in this debate, he should stick to facts instead of making erratic statements.

Mr. Peters: I did not identify the hon. member. He identified himself in his remarks. If the shoe fits him, let him wear it. If the hon. member has something to say, he should stand up and make a speech like anyone else. It seems to me that we have given him credit which he does not deserve.

The point I was trying to make is that if we are interested in establishing unity in this country, sooner or later we will have to establish an insulation program that will be made available to all Canadians at the same price, that will operate in the same way and that will provide the same benefits to all. Frankly, I think we should establish such a program because it is an excellent way of reducing the heating bill, but if we are to have a program, not only should we be able to assist people in insulating their homes but we should ensure that there are not rip-offs by producers of insulation material.

• (1602)

There are insulation shortages in many areas. In the last two years the increase in the cost of insulation has been fantastic.

It behooves the national government to set more rigid production standards than we now have. We have quite often found, after re-examination of insulation, that specifications have been considerably lower than they should have been. There are facilities for testing the R factor, but they are not good enough, and we are being ripped off. We have found that the standards set for insulation have not been met.

Everyone is interested in heating, and we should be giving some consideration to the specifications of electricity, oil, gas, and all the other fuels which are used. While the R factor for insulation has been checked and been found wanting, it is also true that at peak periods Ontario Hydro does not provide the same heating capacity as it does at other periods. Electricity with a factor close to 120 volts, bought several years ago can be reduced in stages of two volts at a time, bringing it down probably four or six volts. Anyone who has electric heating can find at certain times, no matter what their thermostats indicate, that their heating units are not operating at nearly the capacity they do at other times.

This is also true with gas. The BTU rating of gas was considerably higher when gas was first brought to Ontario by Trans-Canada than it is today. Since that time plants using that raw material have been established. They have been able to take out high energy materials such as butane so that a person buying fuel today quite often finds that it does not produce the same number of BTU's as it did previously. We should be able to control those factors. If we are going to subsidize the re-insulation of houses we should guarantee that people get what they pay for.

We should also be providing some benefit to those who buy small cars with small motors. This would bring about a saving in fuel, which will without a doubt be necessary before too long.

Other problems with regard to the Income Tax Act have been discussed at some length. One matter was the roll-over of property. There should certainly be no objection to taxing the capital gain which may result from a roll-over of property, but in addition to expropriations there are other occasions when we should give people at least two years to buy a second property. We have allowed one year for those who have to move for one reason or another.

Ordinary people who get involved in roll-overs are not speculating and are not wanting to make any particular gain, but through the death of a spouse or through inability, because of age or poor health, to operate a business, whether it be a farm or a small business, a person may have to acquire other property he can manage. Two years is an arbitrary figure, and even it would not necessarily allow for changes which are made necessary. A two-year period quite often might work a hardship.

There are a number of changes proposed in this tax bill. Normally a tax bill has very little appeal, but this one seems to have some for larger companies. We are making it possible for large companies to do things which are not necessarily in our interest. At second reading the hon. member for Waterloo-Cambridge (Mr. Saltsman) pointed out that many problems have developed as a result of giving corporations and small businesses more money than they can spend. When that happens businesses increase savings and, as the Minister of Finance (Mr. Chrétien) said the other day, we may be saving ourselves right out of business. I read in a newspaper the other day that Canadians have $285 billion tied up in insurance plans.

When we give money to corporations and that money is retained by them, we find the same thing that is happening in the resource sector. Last week it was announced that 750 miners are to be laid off at Falconbridge. Prior to that 4,000 lay-off notices were given to employees of INCO at Sudbury, Thompson, Port Colborne and Timmins. Aid should be given to the resource sector to help it develop new mining propositions and new sawmills, and to help it modernize. However, when a mine or forest industry develops, management has some control over profits. Mining companies have the control of people's resources. They have some control over the costs involved in the development of resources because they can either "high grade" or "low grade". It is not impossible to know approximately how many tons of ore are available in a particular place and what the price for that ore might be. If the price of the product goes up, the amount of ore can be increased because low-grade ore can be mined. On the other hand, if the price of the ore drops, high grade ore can be mined; in other words, they use only the ore which produces a profit on the international market.

This bill would give companies like INCO a 3 per cent increase on their inventories. I agree that for manufacturing industries this is for the most part necessary. This means that if companies replace their inventories, this 3 per cent will help compensate for the inflationary trend which has developed over the period they have been holding their inventories. However, INCO, Falconbridge, Texas Gulf and other companies have built up inventories of base materials, paid overtime, and produced too much. They now have large inventories. It has been said that Sudbury has a seven or eight month inventory at the present time.

• (1612)

We paid a 3 per cent allowance to INCO to provide for that inventory inflation which they were already able to control by the type of ore they were mining. With the huge profit they had accumulated, the undistributed dividends and taxes they had been able to defer, they decided—and from a corporate point of view there is nothing wrong—to take their mining venture to Guatemala and Indonesia. With the help of export credits and of some other federal agencies they established themselves in countries that will allow them to compete with their own development in Canada. The result is that workers have been laid off in Canada, in many cases permanently, and the indication is that unless the world market increases within a relatively short time they will close the Canadian operations completely.

Miners are very important people, Mr. Speaker. We sometimes forget that there are only 750,000 miners, forest work-

ers, farmers and fishermen who provide all the wealth of this nation. Except in the financial area of lending money and collecting interest, all our wealth comes from these basis resources. The other ten million or so workers in one way or another are parasites on these industries. Now we find that 4,000 or 5,000 miners may be laid off permanently, and as well we have almost lost that many by attrition. We may soon find that communities supporting these industries are not viable, and that not only 4,000 or 5,000 people will be affected but rather up to 80,000 or 90,000 people who rely on the resultant business.

In spite of the mistakes of the past this income tax bill offers little help. The personal expense allowance has been doubled, but inflation has increased the cost of tools and expenses of the job by about 50 per cent, so this year workers would need $150 just to break even. The worker does not really receive any benefit from this provision and so cannot increase consumption to any degree. It was argued during debate that where it was absolutely necessary for a worker to drive long distances to and from the job, an allowance should be made for this, but the government refused. Concessions have been made to corporations and professional people but not to the working person.

If we are to receive any benefit from a budget and the income tax bills that flow from it, our purchasing power must be increased and jobs provided for those seeking them. These things should be the main purposes of a budget and I hope the Minister of Finance will bring one in without delay. Unless the young people of the country are assured of jobs we will have failed them and ourselves. No country of only ten million workers is rich enough to carry one and a half million unemployed for very long. The burden on the workers is too great and they will revolt. The one and a half million people looking for jobs that are not available will revolt as well, and we will all suffer the consequences. If we could decide on a redistribution of purchasing power perhaps we could eliminate this. Now is the time to look at redistributing the income of the ordinary Canadian rather than looking at handouts to the corporate welfare bums.

Hon. Alvin Hamilton (Qu'Appelle-Moose Mountain): Mr. Speaker, in speaking on third reading of Bill C-11 I recognize that in one way we are simply debating with a ghost, namely, the former minister of finance who provided the bulk of these proposals. We have to direct some remarks to the present minister, however, because there was a mini-budget since then.

I should like to start with the question of closure on a tax bill. I do not happen to believe in the principle of closure in a free parliament, and one of the reasons for that was demonstrated in this debate. Rightly or wrongly, this party decided to support the bill on second reading. If my memory is correct I sat in this House for a good many days on second reading and saw the debate winding to a close. We had only a few more speakers when suddenly closure was dropped upon us, and of course second reading was extended by the time necessary for debating the closure motion. To my complete surprise on the important part of the bill, discussion in committee of the whole, when it was clear that members of the opposition were seriously concerned about several matters of great import to their constituencies and the whole country, closure was again imposed.

To give an example, Mr. Speaker, one of the subjects on which I did not contribute, but which engaged the attention of many members on this side, was insulation. Perhaps in no other country except the U.S.S.R. is insulation more important than in Canada. At no time in our history have fuel costs been so high and the subject of insulation so important. The government had obviously erred and was caught in a differential type of treatment for the people of Nova Scotia and Prince Edward Island as compared with the rest of Canada. Instead of the minister admitting that the point had been well made and that he would do something to correct the situation, we debated it on and off for four or five weeks, and then the government surrendered outside the House in a meeting with provincial ministers.

My point is that if the government wants to govern, it must learn to recognize the feeling of the House and that discriminatory legislation cannot be put through without a long fight. My point is that closure is wrong, but when it is used it should be used with some sort of judgment and assessment. The House does not like closure, and unless there are matters of great national emergency it should never even be considered. The wrong place to apply closure is on the mundane things of tax law.

• (1622)

This budget did see some tax changes. I think it could be agreed now by all sides that the handling of the insulation program by the government was a failure, and it was made very clear in the debate.

Discussion of other points by hon. members should have been allowed, but this was not possible. We were cut off due to time allocation and closure. In particular, I felt the registered home owner savings plan was a good idea when it was brought in some three years ago. It encouraged the individual to save toward something necessary. The vast majority of people in Canada want to own their own homes. This program was cut off by the government without any consideration given to the tax liabilities of the poor devil who was encouraged to enter the program.

All of us, on both sides of the House, have many cases on file. I cite the example of a clergyman who does not receive much money by the very nature of his calling, who is provided with a free manse—as they call it—and who intends to retire in twelve years. He puts his money aside, a few hundred dollars a year into a registered home ownership savings plan, reduces his tax, and is pleased with the program. It means that down the road when he does retire, without a great pension, he will have a start toward purchasing his new home or the furniture therein. But suddenly it is announced that the program is cancelled. He has the alternative now of taking all that money back this year and paying full tax on it. He does not have the alternative of spreading it out, except if he buys an annuity, which does not meet his needs.

That is merely an example of the type of things that we, as members of parliament, should be debating, bringing the effect of tax law on individuals in Canada before the minister and before parliament. If I have a dozen examples, I would assume that every other member on each side of the House has an equal number. We cannot all participate in these debates. However, if just a few people had put their views forward, perhaps the minister would have been receptive and a change would have been made before the end of the year. This could have been done if there was a good mood in the House. You can only have a good mood in the House when it is obvious that the government is receptive to a positive, constructive idea.

The member for Edmonton West (Mr. Lambert) dealt with the subject of the social insurance number. We know from personal conversations with the minister that he was as deeply shocked as we were that the civil servants in the Department of Finance and the Bank of Canada would deliberately break a solemn promise of a former Prime Minister made on the floor of this House. The Minister knew that was wrong. He knew the people of Canada did not want this closing in of regulations and controls, and for them to be known after a few years as only a number, not as persons any more. The majority of people in this country, and all members of parliament know I am right. We know that the member for Edmonton West is right. We are only expressing truth. The late Prime Minister Pearson gave his solemn word that this would not be applied to income tax.

When the Minister gave his answer to our proposals in the House that this should be eliminated, he was very impressed with the arguments of the member for Edmonton West, of myself and of one or two others. But then he said, "The civil servants have have told me that it has been on the income tax form since 1966. Therefore, apparently, it is the law of the Medes and the Persians—it cannot be changed. God has spoken! I am simply saying that one wrong in 1966 in breaking that pledge of the Prime Minister made in 1964, does not make it right now—to break it again for the second time.

This is not only with respect to bond coupons. You find out in many places throughout the country that they are demanding social insurance numbers. I am saying to the minister and to the Liberal government: you know that I am right, you know the people of Canada are right. There is not a single solitary argument to support the requirement for giving a SIN number when you buy a Canada Savings Bond. The only argument advanced on the positive side is that if a bond is lost, it will be easier to trace. Do you take away the civil liberties and freedom of 20 million individuals on the argument that you might save or find a lost bond—like a lost $10 bill? It does not hold. Then we have the ministers statement that since the SIN number is on the income tax form since 1966, he could not do much about it today, and so it is an accepted part of the law of the land. In the debate concerning this issue that will continued across the country for the next eight to ten months, the government will be on the defensive, trying to argue itself out of this position on the SIN number.

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

The government stands condemend of allowing the civil servants of Canada to change a promise of a Prime Minister and to contravene the wishes of parliament by applying the SIN number to everything. Until the government is willing to stand up to these termites who eat away at our freedom, then that government does not deserve to sit in office, and has to go. Ten years, even one hundred years from now the reduction and loss of our freedom will be more important than the mistakes made on the tax side of this particular budget.

We have endured bad taxes for years, and will continue to endure them. But we do not want to have to endure restriction on our liberties. The hon. member for Edmonton West should be congratulated because he was the only member who spotted this when the bill went through last March or April. I certainly take full blame for the fact that I missed it. When I did find out, I did what I could in a constructive way to ask the government to get rid of this silly SIN number on things that are not necessary.

Closure has prevented me from discussing this fascinating principle of the roll-over of capital gains on property. There is certainly no justice in what the government has done in suggesting it apply to farms and suggesting it apply to small business because these forms of private enterprise, these people as a rule do not receive much money during their working years. A small businessman who owns a store, a farmer who owns his farm, from the records we can show that he receives an average income well below that of the working class, and well below what people should be getting for the tremendous investment that they have at the present time. It may interest the House to know that in 1975 the average income of a farmer across Canada was approximately $8,000 per farm. This year, 1977, with the figures in for the first ten months, the average farmer will end up with approximately $4,000 a year. This does not include any reward or return on his interest, labour or management. It is simply the amount of money he will have after he has paid his expenses from his gross income.

● (1632)

This is at a time when labour is going up 6, 8, 10 or 12 per cent a year, and that is a restraint. Government costs are going up about the same level. However, for one important segment of our income earners, the agricultural sector, and equally important to miners, there has been a reduction of 50 per cent of their net income in a two-year period from $8,000 to $4,000.

This question of roll-over should have been discussed as part of an attempt by the government to make it a little more fair for this chap. When he finally comes to the end of his work period, he should have a chance to roll his enterprise over and move into a similar type operation without having to pay a tax on the move.

I did not get the opportunity during the committee of the whole to ask why this principle of roll-over is not applied to ownership in the form of shares. We, as a national objective,

should be trying in parliament to do everything we can to get Canadian as individuals to own their own country.

Our tax laws discriminate against Canadians owning shares in companies in their own country. That is why we in this country, in major segments of our economy own such a small proportion of the shares of large international companies. Our tax laws discriminate against it. We double tax any person who goes into ownership in the form of shares. We are not going to double tax them under this principle of roll over if they buy in the form of land or property.

We have moved a little bit on shares in the legislation where we have agreed to give privileges to the person who gets options. However, this privilege of being able to be treated differently on options under this legislation, Bill C-11, only applies to a person who gets options in a Canadian-owned private company. Why could this principle not be applied to the foreign-owned private company?

Many Canadians find that the only way they can be rewarded for doing something in Canada or abroad is to take their reward in the form of shares. They not only get their reward in the form of wages, but in the form of shares. But the first thing that happens when a company begins to make money is that they buy out the Canadians. There is usually a by-law of the company, as a type of protection, that you sell back to the company you have joined.

Usually these companies are foreign owned. If they are in newly developing nations, they cannot pay a Canadian very much money for his know-how to make things work so they give him a share interest. If his ideas are good, and the majority of shares are owned by the nationals of that country, the minute the company does well and share dividends on shares are going to be paid, they think of how they can buy you out. When things are going well, they want the dividends to stay in their own country. One can understand that reasoning because we have it here in Canada.

I suggest, as a constructive type of proposal, that we should allow this concept of roll over of capital gains to extend to all forms of property. The accepted philosophy is to make it possible to tax a person when money is taken into income, but when rolling over from one form of property to a similar type of property, the roll-over principle should be allowed to cover all forms of property ownership.

The minister did not respond to the second proposal I made. I hope his staff, including the parliamentary secretary, will bring this proposal to him. These proposals were made for the simple purpose of directing to a new minister, who is not responsible for most of this bill, some ideas to make this a better bill. It is the duty of every member of parliament in the House, including the opposition, to put forward proposals.

Our party voted for this legislation on second reading with the understanding that when it would go into committee of the whole we could put forward proposals to be included in the legislation. We found out, through inexperience maybe, and through a philosophy present on the other side of the House, that they do not want to accept proposals from the opposition. I still hope they will learn to be democratic and learn that parliament is a place for talking.

Parliament is a place where you can put forward ideas in the hope that occasionally they may be a accepted. I am going to continue that policy of putting ideas forward. However, with the way this bill has been handled, with no sign of compromise and no sign of willingness to accept positive ideas, it is very difficult to keep up this belief.

Another subject that was not discussed in this legislation but should have been was the Turner budget of 1974. This budget we have now and this tax legislation are part of a series of continuing bits of tax law which all add up to disaster in Canada. I suppose everyone looked at the headline in this morning's *Globe and Mail*. I will read it to the House so that it will show on the record. It reads:

PM lost fiscal gamble; Canada pays with ailing economy

Then follows a fairly substantive analysis of all the mistakes the government has made since 1973 when Turner was the finance minister. The hon. member for Rosedale (Mr. Macdonald) was not able to change this drift and resigned from the portfolio. We see the very well-liked member from Shawinigan, the Minister of Finance (Mr. Chrétien), coming into the position with great enthusiasm that he might be able to turn it around and end this drift of blunders that have been consistently the same since 1973. They have put Canada, a very strong country, having the products that the world wants and having every reason to be going at full blast, into a position where it has lost four years. We have not only been in recession but in stagflation throughout the whole period.

The key phrase that has to be remembered about the Turner budget of the spring of 1974, and repeated again in the fall of 1974, is that it applied double taxation to the resource industries of Canada. That budget of 1974 said to the provinces which owned the resources, "You have gone too far. You have been too greedy in raising your taxes three or four times on the resource industries. We are going to get back at you by doubling the penalty on these resource industries and not making those provincial taxes deductible."

Today in several of our provinces, with the provincial governments having doubled and quadrupled their tax level and the federal government not making the provincial taxes deductible, we have tax liability of 85 per cent to over 100 per cent.

As you look at the mines, they are going down. It is not just the big Inco, Falconbridge and Cominco mines. It is the small Canadian mines which are only producing $100 million worth of stuff a year, pretty small I admit. Craigmont is closing down. It is running out of high grade ore. Gibraltar is closing off. Most people in Canada have not heard of these mines. Nothing was more successful than Gibraltar until Turner's budget came in 1974. I am simply pointing out the obvious. It is not only the 4,000 miners in Ontario, but the miners in every province in Canada—they are going down the drain in a fast slide because of the double taxation imposed in this country in 1974. No attempt has been made in the bill

before us to deal with this vitally important issue. So here we have a nation which should be strong, walking along on crutches.

● (1642)

Things are so bad that even the Prime Minister (Mr. Trudeau) has realized he cannot fool the people any longer talking about unity when the policies of his own government are dragging a powerful country to its knees. Here is a mining industry, the most efficient in the world, with the ore the world needed, forced to its knees, going bankrupt, going out of business. Yet all we are talking about in this House is what kind of temporary, stop-gap measure we can devise to keep the workers employed for a few weeks longer or induce them to share what work there is.

The answer is simple. Tax law is competitive law, and if our tax laws are more severe than those of our competitors the industries which suffer from them will go out of business. Canada does not have a monopoly in world markets.

The budgets of the last couple of years have been bad budgets because they have failed to deal with the great mistake which was made in 1974, the mistake of imposing double taxation. That mistake arose, naturally, from the philosophy of the government and the mandarins who advise it. Events have shown that it was not to the benefit of the mining industry, and now the administration must face the fact that the tax flowing into the treasury is being reduced rather than the contrary.

The only way in which a government which is bringing this country to its knees can win salvation under these circumstances is by admitting that it made a colosal blunder in 1974, changing its philosophy, and ending double taxation. This means letting the provinces keep what they have; let their tax be non-deductible, and then approach the provinces with the argument that, in line with the action taken federally, they ought to cut their own taxes closer to the 50 per cent level than to the 60 to 100 per cent level which prevails today.

In my opening remarks on second reading I spoke directly to the minister in connection with the theory of potential budgeting. I pointed out that the Economic Council of Canada has already mildly recommended that we move in this direction. I pointed out further that potential budgeting would only work during periods of slack employment and unused plant capacity. These two conditions have now made potential budgeting possible.

Potential budgeting consists simply of making tax reductions applicable to things which are not being done and which the nation wants to see done. This process helps the minister to balance his budget because he is not spending money. Let me give an example—there is only one example, to my knowledge, in the whole world, namely, the experience of the United States in 1964 when a young president, soon to be assassinated, accepted the concept, brand new as it was, and dropped the budget level by $10 billion. Everyone expected there would be a deficit at the end of the year of an additional $10 billion. But because tax reductions were applied to things the country wanted, and because additional productive capacity was put into existence, government revenues increased; instead of going down by $10 billion the treasury ended up with an extra $19 billion. This was how the American Republic was pulled out of the slump and placed on a rising cycle which lasted until 1968.

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

I gave that example to the new Minister of Finance and, after talking to him later, I sent him a letter in which I put these ideas on record so that he could make use of them if he wished. To make sure that no one will think this is a secret matter between myself and the Minister of Finance I propose to take the time of the House, in closing, to put those observations formally before the chamber.

Following up my budget proposals in my speech of November 17, 1977, I submit the following paper at the request of your parliamentary secretary.

At this particular moment Canada's interests require a dramatic incentive for individuals to move towards some form of solar assisted energy savings. This need fits in with the opportunity for potential budgeting.

In almost every case solar hardware is capital intensive. In other words, one large capital investment now versus the usual 20 years of annual energy bills.

My proposal is that any type of capital expenditure to reduce utilization by the individual of traditional energy sources should be given the same tax treatment that business gets, namely:

(a) 100% write-off for proven hardware

(b) 150% write-off for hardware still in experimental stages (See Income Tax Provision 1959-1971).

Then I listed the cases where the hardware has been proven and should be eligible for the 100 per cent write-off. Later, I listed 11 cases of experimental types of hardware which are still unproven. I will mention the 11 items on that list because they are the ones to which the House should pay attention. First, heat pumps. The reliability of heat pumps, whether air sourced or water sourced, has yet to be proven. Then there are the concentrator collectors for solar thermal energy conversion, commonly known as STEC.

The rest of the list reads as follows: heat storage facilities, methane production, vertical axis windmills, solar absorption air conditioning, residential photovoltaics, individual water recycling and conversion of waste to energy, conversion of cow manure to protein, energy plantation and the production of hydrogen. This is a first draft list of items which are within the performance capability of individuals and within reasonable economic parameters—I quote my source for that statement. Finally, I said to the minister:

What we are talking about in terms of national energy demand is small in percentage but important in dollars. Windpower, by 2000 A.D., could provide between one per cent and 5 per cent of our total national energy needs. Solar assisted heating of homes and water could by 2,000 A.D. provide between 10 and 15 per cent of our total national needs. Ten per cent of our national energy requirements would cost several billion dollars by 2,000 A.D.

In making these positive proposals I am trying to inject into this debate a constructive idea as to the way in which the minister could balance his budget without going further into deficit. I am proposing incentives in favour of the individual who takes the risk of developing techniques which have been carried out in the laboratory but which still remain to be proven by actual experience in a northern climate. Most of these things have been done in Canada, but still are not proven. Canada should move swiftly into using renewable

energy forms in replacement of the non-renewable forms which are being used at the present time.

● (1652)

What will happen from 1985 to 2000 if we continue to drift along utilizing oil, gas, and coal for our energy? Everyone in North America is dependent on those three forms. The cost will rise far beyond what it is today. It will put the United States and Canada into a tremendous deficit position in their international accounts. We are aware of what that means to our balance of payments position and inflation in our country. The danger should be clear from these figures.

Parliament should back the individual who is willing to take a risk providing things in the energy field. His proportion of the total energy field runs to approximately 15 per cent to 20 per cent. What we are doing is no more than what has been done for business. When business invests money in order to make money, that is tax deductible. That same principle should apply to the individual, if he spends money to reduce the amount of oil and gas necessary to heat his home, heat his water, and operate his car.

Our scientists and engineers have produced the ideas, but they are not allowed to go out and sell them. The knowledge contained in the laboratory report must be translated into an object which works, and that object has to be proven. In order to help the minister balance his budget, in order to alleviate the danger ahead as far as our balance of payments is concerned, and in an attempt to help the individual reduce his costs, I put these ideas forward.

We have not distinguished ourselves in the last two stages of this bill, on second reading and committee stage, because closure was used twice. I hope that these ideas will be accepted by the minister, the parliamentary secretary and those who make decisions. Then they can tell the mandarins in the Department of Finance and the Bank of Canada that these things will be incorporated into the next budget.

I am too late to save this bill because of the attitude of the government at the present time. We will have another budget in two or three months. Perhaps some of the constructive ideas regarding insulation, roll-over, and capital gains can be implemented. This is what parliament is for: we must be allowed to help the government get this country moving, balance its budget, and at the same time help Canadians. If that is the case, some of the dignity and usefulness will be restored to this place.

Some day a minister of finance will come into this House and realize that for the last 30 years every minister of finance has been under the thumbs of the financial advisers of the government. These financial advisers can be dedicated, sincere, and charming, but they do not know what they are doing. They have been consistently wrong for 30 years. This is a year of miracles, because economists are beginning to admit that they do not know what is wrong. The public servants who advise the Minister of Finance have not faced up to this truth. Perhaps it would not hurt to see a minister of finance applying ordinary common sense and a theory slightly different from the one used at present.

I reminded the Minister of Finance that he came from Shawinigan. Surely a person with common sense from Shawinigan has an obligation not to follow the sheep who come from the big city, because they are only taught to obey orders. Canadians would like to see some common sense from Shawinigan. The minister should take over the Department of Finance and be reasonable about some of these changes, not to mention the fact that parliament should operate in a slightly more democratic manner.

Some hon. Members: Hear, hear!

Mr. Bill Kempling (Halton-Wentworth): Mr. Speaker, the hon. member for Edmonton West (Mr. Lambert) and the hon. member for Qu'Appelle-Moose Mountain (Mr. Hamilton) have dealt extensively with the matter of the government using closure on this bill. I had intended to speak to that point at some length, but I will not, since they have covered it so expertly.

An hon. Member: Do you feel the same way?

Mr. Kempling: I feel the same way as my colleagues, because it is a regressive step for the government to use closure at any time. It was particularly regressive in this instance, because we were beginning to get into the nub of the bill. The government has brought in several amendments, and I am sure many more would have come to light had the debate continued.

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

Mr. Deputy Speaker: Order, please. The House will now proceed to the consideration of private members' business as listed on today's order paper, namely, notices of motions and public bills.

PROCEEDINGS ON ADJOURNMENT MOTION

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Deputy Speaker: Order. it is my duty, pursuant to Standing Order 40, to inform the House that the questions to be debated at the time of adjournment at 10 p.m. are as follows: the hon. member for York Centre (Mr. Kaplan)—External Affairs—Imprisonment in Soviet Union of Anatoly Sharansky—Efforts to obtain release; the hon. member for Central Nova (Mr. MacKay)—Royal Canadian Mounted Police—Minister's use of term "national security"; the hon. member for Northwest Territories (Mr. Firth)—Northern Affairs—Proposed construction of highway between Fort McMurray and Fort Smith—Inquiry as to federal aid.

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, I propose that the House proceed to the consideration of notice of motion No. 8 and that the preceding notices of motions on the order paper be allowed to stand, with the unanimous consent of the House.

Some hon. Members: Agreed.

[*English*]

Mr. Deputy Speaker: Before seeking unanimous consent, perhaps this is the right time to regulate the situation which is shown on the order paper where there are motions stood by unanimous consent previously. There is no difficulty in regard to most of these, but there is with respect to the motion of the hon. member for Lévis (Mr. Guay), which was stood at the request of the government on a previous date. I would not want my ruling of December 5 to be retroactive. I do not know under what condition that motion was stood. Was it because of the practice that has developed, because there was a need for the government to use its right to stand a motion at the request of the government? To put fully into effect my ruling of December 5?

● (1702)

I hope the House will agree that all notations appearing below the motions listed be eliminated and that, starting from today, we ensure that only those motions which are stood at the request of the government, after the refusal of an hon. member to give his unanimous consent to proceeding with those motions, be listed as having been stood at the request of the government as distinct from those which have been stood by unanimous consent. Is that agreed?

Some hon. Members: Agreed.

Mr. Deputy Speaker: Is there unanimous agreement then to standing motions Nos. 2, 4 and 5, as requested by the parliamentary secretary, and to proceed with motion No. 8 appearing in the name of the hon. member for Brandon-Souris (Mr. Dinsdale)?

Some hon. Members: Agreed.

PRIVATE MEMBERS' MOTIONS

[*English*]

HEALTH AND WELFARE

SUGGESTION SPECIAL SUB-COMMITTEE INVESTIGATE NEEDS OF HANDICAPPED CITIZENS

Hon. W. G. Dinsdale (Brandon-Souris) moved:

That, in the opinion of this House, the government should set up a special subcommittee of the Standing Committee on Health, Welfare and Social Affairs, to investigate and report on the needs of Canada's physically and mentally handicapped citizens; in order to provide a basis of information, necessary in avoiding the current costly duplication and overlapping of services, and essential in planning legislation for a comprehensive program of services at the federal, provincial and municipal levels of government to support and supplement the excellent work of voluntary organizations; all with a view to making it possible for the handicapped to live a creative, fruitful and independent life in the family and community, and thereby placing Canada in a position of leadership in the rehabilitation movement in preparation for the XIV World Congress of Rehabilitation International to be held in Winnipeg during June 1980.

He said: Mr. Speaker, I think this is about the fourth occasion in the pre-Christmas season that I have had the privilege of bringing in this motion, or a similar motion, before the House of Commons.

I would like to say right at the outset that last year, as an indication of the fact that this motion is basically humanitarian and has no partisan overtones, the hon. member for York South (Mrs. Appolloni) seconded the motion. I am sure the hon. lady is still in sympathy with its purpose. This year I would be very happy if the hon. member for Winnipeg North Centre (Mr. Knowles) would second the motion, because again I want to indicate that it is bi-partisan in all respects and also because this is the year that the hon. member for Winnipeg North Centre has been specially honoured in the House because of his long years of service. I might also say that he is a representative of the geriatric sector of the population which is becoming one of the largest segments of the population in percentage terms, standing at about 10 per cent and increasing fast.

Mr. Knowles (Winnipeg North Centre): Also the wisest segment.

Mr. Dinsdale: The resolution that is before the House this afternoon affects very directly the problems of our senior citizens. The reason I like to have it debated in December is that in the Christmas season we are always more responsive and sensitive to humanitarian issues.

Every hon. member is aware of the fact that one of the most popular persons in the rehabilitation movement is Tiny Tim. He represents the large number of children with handicaps. He himself comes from amongst their number and represents them in that successful fund raising program known as the Easter Seal Campaign.

Tiny Tim is associated intimately with Christmas in that famous Christmas story of Scrooge who, in the midst of Christmas activities many years ago, had a change of heart and Scrooge the hard-hearted, turned out to be Scrooge the humanitarian. I hope against hope that this afternoon any reservations that the government might have had in the past with respect to approving this motion will dissolve in the warmth of the Christmas spirit and that today we will be able to obtain unanimous consent for this motion.

It is a very simple motion proposing the setting up of a subcommittee of the Standing Committee on Health, Welfare and Social Affairs to give consideration to the needs of Canada's handicapped population in preparation for the World Congress which will be held in Winnipeg in 1980.

Last year we came within a hair's breadth of having this motion approved. The speakers who took part in the debate at that time all indicated that they were strongly in support of the motion, and the one deterrent was expressed by the hon. member for Fort William (Mr. McRae), who was then parliamentary secretary to the minister of national health and welfare, in the following words:

Mr. Speaker, the motion is an excellent one. I have only one reason for not accepting it at this point. It could have been accepted much earlier. However, we are now only a matter of weeks away from a new social services bill being dealt with in this House.

The handicapped in this country have been studied a great deal. It is now time for action. The bill to be introduced is an action bill. Action for the handicapped in this area will come sooner if we follow the normal procedure rather than setting up this subcommittee.

We know now that action has been deferred. I am not going to harp on that theme this afternoon, but the legislation has disappeared from the order paper. There is a promise in the Speech from the Throne that it will be resurrected.

I believe that in anticipation of this important congress in Winnipeg in 1980 we should get on with the very important business of gathering together all the data that is available so that we will have a comprehensive picture of the rehabilitation situation in this country in time for Canada to host that important congress adequately.

I have the assurance—perhaps that will help the government in making up its mind on this matter—from the government House leader that he sees no impediment to establishing a subcommittee of that kind. Perhaps I should read that assurance from the hon. gentleman into the record again:

● (1712)

As you know, the government will be introducing legislation during this session on the subject of social services, including rehabilitation of the disabled. This bill, after second reading, will be referred to the Standing Committee on Health, Welfare and Social Affairs where witnesses may be called and every facet of the bill considered. I do not think that anyone would object to the kind of work to which you refer being done at that time, perhaps by a subcommittee.

As I have indicated, the circumstances have changed from last year with respect to the legislation. That is largely because the funding formula has been changed, and it will be necessary to renegotiate the changed formula with the provincial governments, which have ultimate responsibility for the implementation of any legislation of this kind.

The hon. member for Toronto-Lakeshore, who is now the Parliamentary Secretary to the Minister of National Health and Welfare (Mr. Robinson), and who is with us today, indicated in his statement last year that he was in favour of the resolution as it appears on the order paper today. His only concern was that it be integrated with the proposed legislation. I trust that he will continue his support of the resolution today and also see to it that it gets consensus, because I think it is absolutely essential to have the reassurance that Canada was in earnest when it extended its invitation at the World Congress of Rehabilitation in Tel Aviv in 1976 to host the next congress in 1980. We are one year closer to that congress. There are only two years left. The congress will involve 7,000 people from all countries of the world, and it will consider in depth the problems of rehabilitation of the handicapped in all their aspects, including physical and mental handicaps.

There will be a series of seminars in all major centres in the week preceding the congress, which will have a major input in the expansion of knowledge in this field because only the professionals will be involved in the seminars. These will be the various professionals involved in the rehabilitation movement: physiatrists, doctors of physical medicine, social workers, occupational therapists, physiotherapists, psychologists, and other specialists in the field of human relations. There is going to be a post-conference series of seminars throughout North America, so I think hon. members can see that there will be a major breakthrough in the rehabilitation movement.

As I have intimated, the debate last year indicated that there was a misunderstanding of what we are trying to do. We do not want this subcommittee to be set up as a fact finding committee because there is much information available in Canada. It is an attempt to bring it all together. There are at least 48 volunteer agencies which are doing an outstanding job in the field of rehabilitation, but governments have not become too intimately involved in the process up to the present time.

There are rehabilitation centres in every major community of Canada. Recently Nova Scotia opened an excellent rehabilitation facility. A seminar was conducted there under the auspices of the Canadian Rehabilitation Council for the Disabled. A new organization known as COPOH, the Committee of Provincial Organizations on the Handicapped, has just come into being. An executive director has been appointed. He is a well known leader in the field, Mr. Wilf Race. He has worked for the government in several capacities with respect to handicapped citizens. He is handicapped himself, and he will carry the responsibility for the input of physically handicapped citizens in the rehabilitation movement itself. There are outstanding leaders of international repute. I previously mentioned Dr. Gustave Gingras.

Canada has been accepted as the host country for 1980 because of our outstanding reputation in this respect. We are not trying to indulge in a fact-finding operation. We want to bring all the facts together in a formal report so that it will be available to the people who visit Canada in 1980. There is an upsurge of interest in Canada and all over the world in the problems of the handicapped. The desire for independent living is being expressed at the present time all over the world.

Last week I attended a debate at the United Nations Third Committee where I was asked to make a statement on behalf of Canada with regard to a resolution which very closely parallels the resolution we have before the House today. Canada is a co-sponsor of that resolution, and its intent is to establish an advisory committee—that is the intent of my

resolution here—which will sponsor the Year of Rehabilitation which is scheduled to commence in 1981. This will flow out of the congress which will be held in Canada in 1980, so hon. members can see that the two go hand in hand.

Let me quote briefly a short excerpt from the statement I made last Thursday afternoon in the United Nations Third Committee as follows:

> We view the Committee's primary task as that of promoting greater public awareness of the disabled and the problems with which they must cope. For too long they have been ignored by the community or thrust onto the sidelines with a pension and a shrug. There has been the usual discrimination that kept the handicapped people out of sight and out of mind, hidden away in institutions that were little better than human warehouses. Most severely disabled people died at an early age. Those who survived and made it did so through exceptional ability, family resources, hard work or just plain luck.

Then I went on to congratulate the international community for becoming involved in this process. I am sure hon. members will be pleased to know that the resolution passed unanimously—by consensus, as they say—in the United Nations body. Canada was a co-sponsor and took an active part in the debate. It was supported by a series of other countries, and I will name just a few: Algeria, Argentina, Belgium, Canada, Costa Rica, Cuba, Democratic Yemen, Egypt, Finland, Federal Republic of Germany, Greece, India, The Philippines, the United States of America, Yugoslavia, and so forth. This resolution was unanimously supported.

The congress will be much more significant in terms of humanitarian causes sponsored in Canada than was the Habitat Conference in Vancouver. We hope that the federal government will give the same financial support to the Rehabilitation Congress as it did to the Habitat Conference because I am sure the results will be much more positive.

In closing let me give some of the priorities, as I see them, as we prepare for the 1980 congress. It is imperative that the new social service legislation be in operation. I picked up a publication at the United Nations last week entitled "Recent Trends in Legislation Concerning Rehabilitation Services for Disabled Persons in Selected Countries." Unfortunately, Canada is not included in this presentation. I think it is important that Canada proceed as quickly as possible with its social service legislation so that we might be in the forefront of leadership in this regard.

● (1722)

The second priority we should establish is an advisory committee to keep the government abreast of developments in the field of rehabilitation in anticipation of the 1980 congress. Advisory committees should be operating at the provincial level as well, and the province of Ontario has already set up such an advisory committee.

The third priority is to provide funds for a resource and information centre. We have all this information and we have all sorts of expertise. We have outstanding leadership as well, but it all needs to be brought together so that it can be readily available for the 6,000 or 7,000 people who will come to Canada looking for leadership in two and a half years. The Department of National Health and Welfare has already sponsored a study through the Chedoke Institute at McMaster, establishing the need for a resource and information centre. It must now assist the Canadian Rehabilitation Council for the Disabled in setting up such a centre.

Fourth, the government should provide funds for a co-ordinator to assist the Canadian Council for the Disabled in organizing the congress. It will be largely a congress of voluntary agencies supported by the federal government, the provincial government, and the municipal government of Winnipeg. This means it will be people talking to people rather than governments talking to governments, and with this sort of dialogue I think we can achieve positive results.

Finally, we should have a subcommittee of the Standing Committee on Health, Welfare and Social Affairs bring in a report on much the same basis as the excellent report brought down by the subcommittee that dealt with the problems in Canada's penal system, operating as a subcommittee of the Standing Committee on Justice and Legal Affairs.

These are all positive recommendations, Mr. Speaker. I do not want to speak at great length, and I wish to allow other members an opportunity to take part. I hope we will get a consensus for this resolution in the Canadian parliament on the same basis as we achieved unanimous support last Thursday at the United Nations.

Some hon. Members: Hear, hear!

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I should like to indicate once again my wholehearted support of the motion presented by the hon. member for Brandon-Souris (Mr. Dinsdale). I also want to commend him for the persistence with which he pleads in this House the rights and needs of our disabled people.

The hon. member made some reference to the years that some of us have been here. I believe he is a member of that club himself. In years of service he is about No. 3. There is an advantage to being in this club of members with longevity in that one realizes if he sticks with an issue that is right and just, sooner or later it will be achieved. It is tragic that so many of these issues are won later rather than sooner, but if we have to cope with a government that moves slowly it is a good thing that there are members who stick with an issue until it is won.

I hope today may be the day when the effort of the hon. member for Brandon-Souris (Mr. Dinsdale) is rewarded and this House agrees to the motion which simply states that, in the view of the House, the government should arrange for the appointment of the subcommittee to which the hon. member has referred.

It seems to me that to take that position, especially in view of the international congress that is to be held in Winnipeg in 1980, is an important gesture in showing our increased concern for the rights and needs of our disabled people. It is as recent

as during the days when Mr. St. Laurent was Prime Minister that the first disabled persons' act was put on the statute books of this country. There was, of course, a blind persons' act many years ago, but the fact is that we have been slow to recognize the rights of this particular group of people at the federal level. We all subscribe to the theory that there should be more equality of opportunity in our society. We tend to think of that in terms of the greater equalization of incomes of people, but it seems to me this is an area where something more than money is required.

Persons with handicaps or disabilities, start the race of life on unequal terms. They deserve not just sympathy or adequate compensation but every possible opportunity for rehabilitation and training so that they can have a life as nearly normal as possible. I think it is fair to say, as has been said by so many people, that civilization is judged very largely by what it does for those who are old or young or handicapped or disabled in various ways. We have made some strides in this direction in this country but they have been too few and are terribly disjointed. Not long ago the Canadian Council on Social Welfare published a volume entitled *On Again Off Again*, or something like that, about the disjointed nature of the services and legislation for our disabled people.

I do not want to take the time of the House because I should like to see the motion considered and passed, not just given the usual treatment of being talked out. I am pleased that the hon. member for Brandon-Souris brought this forward again. I think this House owes it to the disabled people of Canada and to Canada's good name to get more active in this field than we have been to this point. For that reason I hope the House will agree to pass this motion this afternoon.

Mr. Baker (Grenville-Carleton): Mr. Speaker, I rise on a point of order. At the opening of the debate in this private members' hour Your Honour associated my name as seconder of this motion. I am very proud of the association because I have spoken before in this House on these matters and in support of the hon. member for Brandon-Souris (Mr. Dinsdale). I understand it was the intention of the hon. member for Brandon-Souris, however, to have the motion seconded by the hon. member for Winnipeg North Centre (Mr. Knowles) in order to demonstrate this year, as was demonstrated last year, that the motion enjoys the support of all parties.

If it is possible I should like the unanimous consent of my friends in this House to withdraw my name as seconder and substitute therefor the name of the hon. member for Winnipeg North Centre so that this very appropriate indication of support could be made to this House and the country.

Mr. Deputy Speaker: Order, please. Hon. members have heard the request made by the seconder of the motion. Is there unanimous consent to make the change and replace the name of the hon. member for Grenville-Carleton (Mr. Baker) with the name of the hon. member for Winnipeg North Centre (Mr. Knowles), and does the hon. member for Winnipeg North Centre agree to second the motion?

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

Some hon. Members: Agreed.

Mr. Deputy Speaker: May I take a second to bring to the attention of the House that before voting on this motion or accepting it, something in the motion might have to be changed. The motion is addressed to the government. I think the House of Commons is master of its own committees and the motion should be addressed to the House of Commons. In due course we will come to that aspect of this problem.

● (1732)

Mr. W. Kenneth Robinson (Parliamentary Secretary to Minister of National Health and Welfare): Mr. Speaker, at the outset I would like to congratulate the hon. member for Brandon-Souris (Mr. Dinsdale) for bringing this very important matter before the House. He has done it before and has shown a great deal of persistence, and he should be congratulated for his persistence as well. I believe the hon. member for Winnipeg North Centre (Mr. Knowles) pointed that out quite adequately. I would also like to congratulate him on the recommendations that he has suggested in his remarks, which I am sure will be considered very carefully by the government when this whole matter is being considered. Whilst I am handing out accolades, I should mention the tie he is wearing today, which I understand has emblazoned on it a wheelchair, being the symbol for disabled people generally. He is to be commended too for this outward manifestation of his feeling for people who are disabled in this country.

Mr. Speaker, it is with great pleasure that I speak on this motion today because I feel that the government has accomplished much in the field of services for the disabled to date. However, as the country is evolving, the services should also expand to serve a larger target group. Society would benefit more if it could give to all of its members a better quality of life that would lead them to become more independent, to participate in industry and society according to their abilities.

Those considered physically handicapped represent a sizeable 10 per cent of the population, and yet, whenever normalization and integration of this group is discussed, two kinds of barriers are mentioned with respect to the physically handicapped, architectural barriers and attitudinal barriers; and for the mentally and socially handicapped, attitudinal barriers. According to a number of professionals in the rehabilitation field, it is really a toss-up as to which kind of barrier is the most important cause preventing the handicapped from full participation in community life. Many of them, in fact, are convinced that attitudinal barriers are the most pervasive kind of negativism. They feel that eradication of these should be a first priority.

In connection with attitudinal barriers facing the handicapped, a Canadian researcher, A. Ruth Hilland, in an article published in *Rehabilitation Digest* of February 1975, suggests that the roots of this prejudice lie in the fact that society values people because they have social standing, wealth, beauty, are active, useful, productive and efficient. When such criteria are applied to the handicapped it is surprising that they are devalued. She feels that before our attitudes with

respect to the handicapped can be changed, society's values must be changed. I quote from her statement as follows:

And should it not be possible for differences not to lessen a person's worth, not to mean that he should be treated as 'less than human'? A change in attitude on the part of the non-disabled will come about through increased exposure to the disabled.

She stresses that the exposure should be "normal". In other words, people must see the handicapped every day in normal situations; in the classroom, in ordinary jobs, housing, neighbourhood, clubs, communities, using ordinary transportation and so on. Entertainment channels, she feels, are also a good source of depicting the physically unattractive as esteemed, valued and respected, such as the television serial we have all become acquainted with entitled "Ironside".

The handicapped have always wanted, and are now demanding, respect of their basic rights: the right to rehabilitation, the right to work, and the right to be integrated into society. The handicapped person needs others to understand and to truly realize that he is a person like any other with the same requirement to love and to be loved, to work and enjoy himself, and the ability to overcome his handicap if he is given the necessary technical aids. The sentiment is strongly reinforced by a comment made by Jacques Couillard, the Director of Social Rehabilitation at the Quebec Workers' Compensation Board, and I quote:

Each time that we put the handicapped apart, each time that we treat him differently, we do not help the way he views himself nor the way the public views him . . . instead we make his job of integrating himself into society even more difficult.

This statement is most real to those handicapped individuals confined to institutions, most often homes for the retarded, the aged, or the chronically ill. Granted, they are treated, housed and fed, but nothing else. Is it any wonder, then, that an alderman who lived in an institution in Thunder Bay was first in line for a place in a "group home", an alternative concept in housing, preferable by far to these disabled individuals who do not require nursing care. The disabled want and are entitled to live with dignity and as independently as possible. But more adequate housing fulfils only part of the need; it is also necessary to provide these persons with the services required to live independently. They might include the following:

1. Attendant care to permit a disabled person to perform such activities as dressing and bathing.

2. Day care services for those who work and have family responsibilities.

3. Homemaker services.

4. Meals on wheels.

5. Recreation services.

6. Adequate transportation services.

7. Access to all community services and employment.

It is possible for the provinces, at the present time, to provide a number of these services through the Canada Assistance Plan, in particular, day care services, homemaker services, and meals on wheels, when the recipient is a person in need. The disabled, however, are also quick to remind governments that programs in Sweden, for instance, indicate that it often costs less to provide a person with the services necessary to make him independent than it does to maintain him in an institution. For example, when our older population experience difficulty in keeping their homes going, they frequently have no choice but to move into an institution where they could be separated.

No institution can provide the warm, comfortable, normal day-to-day life we all become used to. Disruption of this pattern of life tends to destroy the life of older folks. There are more disadvantages. They have found that a lack of privacy is the worst thing about institutions, especially when it is combined with a feeling of solitude; life then becomes hardly worth living. This situation was portrayed vividly in a film from the National Film Board shown recently on French television and entitled "Au bout de mon âge" by George Dufaux.

Many handicapped persons are looking forward to the day when they will be able to return to or join the labour market. Employment to the majority of the handicapped means a regular pay cheque and independence. They do not want special treatment; they want jobs that society accepts as valid work. In essence, the handicapped call for greater employment opportunities within a broader range of formats. They want a job and a chance to prove themselves; they also ask that their abilities and not their disabilities be stressed.

At the Employability of the Handicapped Conference held in Toronto in November 1976, one of the most frequent remarks was that employers in diverse trades and work situations found handicapped individuals to be among some of their best employees—dependable, honest, self-starting and hard working. Despite this well established fact, handicapped people still often find themselves hampered by the attitudes of personnel officers, the physical barriers in many work places, problems of transportation, and by a general lack of awareness of what they can do. Welfare rolls are swollen by handicapped persons who are far from being there by choice but yet have not been able to find any work. Estimates for reducing the welfare rolls paid for by our tax dollars through employment of handicapped individuals range as high as 40 per cent. Only a small segment of the physically handicapped is incapable of working. In a society as technologically advanced as ours, work is no longer defined in terms of physical labour.

The motion now before the House deals mainly with the needs of the physically handicapped. The mentally handicapped, the mentally retarted in particular, have the same need for community integration. Why confine them to expensive institutions and pay for their upkeep when they could be in the labour force earning their own living and or participating in their community's development? In 1967, the Department of National Health and Welfare authorized a special mental retardation fund of $2,500,000 to be allocated over five years to health and welfare research and demonstration projects. In addition, support for research has been made available under the public health research grant. The Canadian Association of Mental Retardation receives sustained assistance in the form of an annual operating grant from the

federal government and assistance from the provincial governments.

They will be studying, over a period of time, the actual operation of model systems of community services for the mentally retarded in order to arrive at sound decisions concerning the mechanisms and timing of transfer from institutional to communal living. Great interest has, I know, been aroused in the pilot program in Lethbridge, Alberta and its progress will, it is hoped, chart guidelines for the future development of services to the mentally handicapped in Canada.

● (1742)

With regard to employment, it is very unfortunate that a large percentage of retarded adults are embarrassed about working in sheltered workshops and are discouraged by the low status jobs they must do. Employment plays an important role in their life and contributes in many ways to self-confidence and self-esteem. The kind of training they receive often does not prepare them for a regular job. I am sure that there are many valuable and meaningful jobs retarded adults can do and should be encouraged to do. I strongly believe that we should establish proper training programs which will prepare and encourage them to undertake a rewarding job. Consider for a moment that mental retardation is one of the major handicapping conditions of childhood, and is one of the most common disabilities.

"The question of income maintenance", states a brief presented by the National Steering Committee of the Physically Disabled, "has been an issue of great concern to Canada's physically disabled population for decades". The advent of the Canada Pension Plan and the Canada Assistance Plan in the mid-sixties provided the disabled with income to meet their basic needs.

The disabled have pointed out, however, that their basic needs are not the same as those of the non-disabled and that, in fact, "any disability", as one of them said, "is a luxury I can ill afford". The same brief explains that the question of protecting a disabled person's income from the erosion of costs incurred as a direct result of the disability is as important as the income itself and has equal applicability to those in receipt of social allowances as it does to those who are able to provide for themselves. For example, many physically disabled persons are capable of accepting remunerative employment, but the costs of transportation to and from work, if the individual cannot use public transportation or buy his own car, may be so high as to make employment unprofitable.

To assess the impact of inexpensive, reliable transportation services for the disabled in terms of employability alone would be an impractical task, and to assess the impact of such a service on other areas of a handicapped person's life would be downright impossible. What I am saying is that this service is not a special favour to the handicapped but a necessity, a right.

As most hon. members are now aware, a block financing proposal has recently been made to the provinces to cover the costs of social services including transportation services for the disabled. It represents the substituting of one financing arrangement, namely block funding, for another, the conditional shared cost arrangement associated with the new social services legislation, Bill C-57.

Under the block financing arrangement, the provinces will have more latitude in deciding upon those services which may be funded with the assistance of the federal contribution. It will be the prerogative of the provinces to establish the criteria for eligibility as well as for the specific needs identified within their respective communities.

In the event that the block financing approach is adopted, it will be made clear that one of the purposes of increased federal financing is to support the development and expansion of social services which respond more adequately to the needs of the mentally and physically handicapped and various other groups.

Canada's disabled are entitled to a more "normal", a more equal and a happier lot within our society. Adequate social services legislation is just one step toward achieving this goal.

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, I had no intention of standing, but when I noticed that another member from the government was going to stand, I became a little concerned because this is the type of motion we can all easily support.

As has been pointed out by my good friend from Winnipeg North Centre (Mr. Knowles), who is a mentor of mine and, I think, of a good many members of this House, this motion is not a demand but only an expression of the opinion of this House. Therefore, I wanted to stand up for one or two minutes to congratulate the hon. member for Brandon-Souris (Mr. Dinsdale), who I believe is talking about leadership from the federal level.

The hon. member is trying to have us understand that we must create a climate of acceptance in terms of our handicapped and disabled. We at the federal level must create a climate for concern and a climate for action. This is what he has done in his motion, which states we should set up a subcommittee.

Canada will be the host country in 1980, as I understand it, to some 7,000 people from across the world who have the same kind of concern that the parliamentary secretary just delineated with some emotion. We all have the experience of associating with handicapped people who, in my humble opinion, are seeking equality of opportunity. We all have handicap clubs within our constituencies. I have been very fortunate to attend some of these and have been very impressed with what I have seen. I have been very involved in trying to bring their concerns to my fellow citizens who are more fortunate.

What we are trying to do here is to indicate that there should be leadership from the federal government. In fact, in reply to a question from the hon. member for Grenville-Carleton (Mr. Baker), the President of Treasury Board (Mr. Andras) indicated there was a study on his desk which states that it is time for action, time for the federal government to

show its concern by bringing the handicapped into the public service. This is a very commendable suggestion which we hope will be looked at by the President of Treasury Board.

As the hon. members indicates in his motion, we are trying to make it possible for the handicapped to live a creative, fruitful and independent life in the family and community. Like many people, they do not want handouts or welfare. They believe they have the physical and mental capacity to be productive. That is the message they are bringing to us.

In conclusion, I say without any hesitation or reservation that there is a skilled bank in the ranks of our handicapped, mental and disabled from which we have not had sufficient withdrawals. Those are not my words; I have heard that sentiment expressed. It is very touching and moving.

This motion of the hon. member for Brandon-Souris must have our support. The hon. member has had this motion before the government on three, four or five occasions. He must have that support and this sub-committee must be set up in order that we can delve into this vey important matter, hopefully to come up with the required solutions so that these very productive Canadians have an opportunity to be even more productive than they are now.

Mr. Bob Kaplan (York Centre): Mr. Speaker, I would like to begin by thanking my friend, the hon. member for Cochrane (Mr. Stewart), for allowing me to take a moment of time that was designated to him to indicate my support and enthusiasm for the resolution.

I hope that if a subcommittee is set up and it embarks on this work, it will be very cautious about adopting ideologies with regard to treatment of the handicapped. Those of us who watch events taking place in the United States will be aware of a federal law recently passed which is in the process of implementation now. It is referred to in the trade by the nickname "mainstreaming".

Mainstreaming of the handicapped, particularly handicapped young people, involves removing them from institutions and putting them back into the general community schools. The theory is that in the general community they will learn to integrate better. They will avoid the isolation that comes from being educated and growing up only with the handicapped.

As much as this is an interesting idea, an idea that in the case of many, many handicapped people should be pursued, I want to warn the House and indicate to hon. members that it is extremely dangerous to move so rapidly from one ideology to another. Surveys and studies are indicating now that these institutions which are being abandoned have indeed worked very well for the majority of people who have gone through them.

● (1752)

As for the small minority which might be capable of "mainstreaming", the benefits to them might be outweighed by other factors, for example, the lack of the individual attention or special consideration available to them in schools or institutions specifically set up to serve their needs.

I wish the hon. member well. I hope a committee of this sort could be launched to do the work he has in mind. I hope, too, that it will learn from the mistakes of the United States, that it will not swing from one ideology to another but adopt a middle course and be guided by the many years of experience, both good and bad, which are available to those dealing with the handicapped.

Mr. Ralph Stewart (Cochrane): Mr. Speaker, as the hon. member for Winnipeg North Centre (Mr. Knowles) so ably pointed out about a year ago in debate in this House:

> One of the ways to measure a society is to see what it does for the less fortunate. The more we do for the disabled and the more we give them the chance to live normal, natural lives, the better is our society.

Access is the key toward promoting this normal, natural life for the disabled. Barrier-free environments benefit everyone. Studies of improved access to the University of Chicago showed that 80 per cent of non-disabled students chose to use the new entrances. Insurance companies report that buildings which have been made accessible to the handicapped by using non-skid surfaces, freely opening doors, suitable step dimensions, and so on, have shown a decreased accident rate for all users.

People in special categories are people who work, pay taxes, answer summonses, and are asked to contribute to voluntary organizations. Too often, however, they are not able to get into places of business, into the office where tax errors can be discussed, into the building where the traffic fine is to be paid, or into the church or "Y" where they would like to participate.

I have said nothing about the inaccessibility of places of education and employment. In view of these facts of life, is it any wonder that somewhat close to 40 per cent of the handicapped are unemployed—note, I did not say unemployable. That this figure is not higher is a credit to the determination, ingenuity and ambitions of those disabled individuals who continue to function in society in spite of the fact that at times it seems to be designed to frustrate and discourage them.

The latest available statistics show that the number of people age 20 to 64 injured in car accidents alone in Ontario increased from 54,053 in 1971 to 62,018 in 1975. This is an increase of approximately 12.5 per cent. Though there is no way of calculating how many were permanently handicapped, it can safely be assumed that a substantial number of these people have been disabled to the extent that they must now depend more on society for aid in the activities of daily living than they ever did before their injury. The enormity of this problem is put in more tangible perspective when you consider that one is seven people in this country cope daily with some form of handicap which significantly affects not only the style, but the quality of their lives.

It is not possible to calculate the number of lives that could be positively revitalized and the amount of potential that could be freed by simply making every building, every facility, and every area of a given community, accessible. Total and auto-

matic accessibility must be recognized as essential before the quality of life available to able bodied individuals can also be truly shared by the handicapped.

Some may say, "This is an ideal, a dream; that it is simply too expensive to consider the concept of total accessibility". Is it? In 1967 a cost study report in the United States conducted on a one-story building on a level site, a multi-story on a sloping site, and so on, showed a range of 0 to 2.5 per cent increase to accommodate the handicapped, with a saving in one case. The increase was less than 1 per cent unless an elevator had to be added.

The National Research Council of Canada has maintained since 1963 a standing committee on building standards for the handicapped which updated the standards issued with every new issue of the national building code. It is presently called supplement No. 5; a new code was issued in the summer of 1975. This supplement has been adopted by the government of Canada for new buildings but not for buildings which it leases. A number of provinces and cities have also adopted the supplement or are in the process of developing their own provisions or expanding on the established codes, using supplement No. 5 as a guideline. For example, the social planning and review council of B.C. has a committee on architectural barriers which prepares reports and briefs and encourages the adoption of its version of the supplement. This demonstrates the dynamic and growing involvement of each province with the problems of accessibility and the fact that access is the right of everyone.

The handicapped simply "want in". They "want in" to employment, to community living, to maximum participation in community life, to the planning of systems and services designed to help them. At the same time, they "want out"—out of institutions, out of dead-end sheltered workshops, out of welfare, out of being pitied, out of being thrust on to the sidelines with a pension—

Some hon. Members: Question!

Mr. Stewart (Cochrane): The Minister of National Health and Welfare (Miss Bégin) has made it clear that she is dedicated to aiding, and, indeed, most anxious to aid, the disabled in their desire to leave the institutions, to achieve integration and to becme full and contributing participants in Canadian society. All of us here will have a part in the achievement of this goal in our capacity as legislators. For this reason it is my pleasure to commend the hon. member for Brandon-Souris (Mr. Dinsdale) for having proposed this motion. It is the type of motion, the type of sentiment, which will focus the awareness of all members on such things as barriers.

Some hon. Members: Carried!

Mr. Stewart (Cochrane): It is not, however, by means of a subcommittee that this should be—

Mr. Deputy Speaker: Order. The time allotted to the consideration of private members' business having expired, I do now leave the chair until 8 p.m.

At six o'clock the House took recess.

● (2002)

AFTER RECESS

The House resumed at 8 p.m.

GOVERNMENT ORDERS

[*English*]

INCOME TAX ACT

MEASURE TO AMEND

The House resumed consideration of the motion of Mr. MacEachen (for the Minister of Finance) that Bill C-11, to amend the statute law relating to income tax and to provide other authority for the raising of funds, be read the third time and do pass.

Mr. Bill Kempling (Halton-Wentworth): Mr. Speaker, as I was saying at five o'clock, one of the tragedies of this bill is not what is in the bill but what is missing. It is an act to amend the Income Tax Act, and it could have been used as a lever to get the economy moving. Whatever plan is brought forward by the Minister of Finance (Mr. Chrétien) in the months ahead most assuredly will contain amendments to the Income Tax Act.

I was shocked to see in one of the major newspapers a headline referring to plant closings and lay-offs. We read more and more about inflation, plants closing, unemployment, increased trade deficits and a staggering balance of payments deficit. We had an inflation psychology before, and now we have the reverse of that in our economy today. People are reading and seeing so much about gloom in the economy that it affects decisions which should be made in conducting business. When one looks at manufacturing industries in Canada, particularly in Ontario and Quebec where the bulk of them are located, and when one looks at the trade deficits those companies face, which are estimated to amount to $11.5 billion by the end of this fiscal year, one realizes that industry is eroding.

In 69-70 the trade deficit in manufactured goods was approximately $1.5 billion. From 1972 the trade deficit increased to a point where it was better than $10 billion in 1976, and unfortunately it is estimated to be $11.5 billion in 1977. The budget should have had provisions which would be beneficial to the manufacturing trade, but there is little for them. There is a great deal of discussion about low productivity in Canada, but little in the bill to offset that.

Some people regard productivity as a matter of labour, but it is also capital availability, interest costs, energy costs, man-

agement expertise, labour talents, transportation costs, machinery efficiency and the kind and quality of research and development. All of these things play a part in productivity. The $11.5 billion deficit is directly connected with research and development in Canada.

Comparisons have been made between Canada and Japan, and Canada and Germany. In Japan in 1969-70, something in the order of 26 per cent of the GNP was spent on research and development, new plants and machinery. Today they are reaping the benefit of that decision and action. The investment tax benefit in Quebec is 7.5 per cent, in the Maritimes it is 10 per cent, and in the rest of Canada it is 5 per cent. When it is looked at closely, the investment tax credit for research and development is also subject to tax. It is like the insulation tax: the grant is given and then it is taken away. In this case the same thing is being done. The net income from the 5 per cent investment tax, when it is netted out, is approximately 2.5 per cent.

● (2012)

Once again we see the government dealing in sleight of hand taxation. It announces a tax incentive and then taxes that tax incentive. In the case of research and development, people will find that in practice they must deduct from their research and development the 5 per cent investment tax credit before they calculate their tax, and then they must deduct the investment tax credit from the tax payable. The net effect is that they get only half the rate the government says they will get. I say that is absolute fraud. Many decisions are going to be made by some people who will not look very closely into this or discuss it with their auditors. Many decisions are going to be made based on the fact that people will feel they are going to get 5 per cent, 7.5 per cent or 10 per cent investment tax benefits, but they will not. They will realize that when they make up their income tax returns next time around.

It is like the insulation grant. The government makes grants because of the energy crisis and comes along after and taxes part of those grants away. The problems facing Canada are real and deep, and the solutions should not be saved or stored for some appropriate political time. That is what is happening now.

The government could have put into Bill C-11 many measures which would have stopped the disastrous attitude which is being instilled and the doom which is abroad in the country today. The government could have stopped a good deal of that with a little bit of blue sky in the budget speech or in Bill C-11, but it is not there; and judging from what we hear from the Minister of Finance (Mr. Chrétien), the Prime Minister (Mr. Trudeau) and all others who speak on these matters, we cannot look forward to a tax cut, in spite of the recommendations of major organizations in this country such as the Economic Council of Canada, the Conference Board, the Canadian Chamber of Commerce and the Canadian Manufacturers' Association. All these organizations have recommended tax cuts at the sales tax level, at the corporate level and at the personal income tax level. Why has the government not done this? We see the disaster which is upon us in the resource industries and the difficulty our mining industry is in right now. We are now beginning to feel the effects of the 1974 double taxation which was imposed by a former minister of finance, Mr. Turner, and much of our mining industry is in serious trouble today and will be in the future.

Where will employment be created? The government says that new employment initiatives have to come from industry. What is there for industry? There are no particular tax benefits. As I said, the research and development tax credit is a sham. It is only half of what the government says it is, when it is worked out. If industry is to be required to employ the unemployed in this country, it will need much more stimulation than that. That additional stimulation should have been in the budget. There should have been some stimulation for the manufacturing sector of our economy.

It is estimated that if our economy grows at an annual rate of 5.5 per cent, it will take something in the order of five years to bring our rate of unemployment down from its present 8.7 per cent to 7 per cent. There is a tremendous job to be done. At a time when our plants are operating at 80 per cent capacity the government introduces a bill to amend the Combines Investigation Act and has even suggested that the committee hearings on that legislation be limited. This is the wrong time to introduce that type of legislation. Every major economic body in Canada has suggested to the government that there be a major cut, particularly in sales tax and in personal income tax.

The submissions of the Economic Council of Canada, the Conference Board, the Canadian Chamber of Commerce and the Canadian Manufacturers' Association all agree that personal and business tax cuts are needed. They all agree that retail sales tax should be reduced and in some cases removed. They all agree that productivity must be improved if we are to compete in the marketplace in the months ahead.

To the business community the picture facing us is pretty dismal. We are not competitive in any of the minerals we are selling. We have seen what has happened in the nickel industry, and it is suggested that the copper and iron ore industry could be in as much trouble in the months ahead. We have some difficulties in the agricultural industry. They may right themselves, but they are there. Only a few years ago we controlled the world's nickel supply. We had about 95 per cent of it in our hands, and now that share is down to about 40 per cent.

In view of this situation I would have thought that the government would have used this last budget to do something about the double taxation on our minerals. Depending upon which province is involved, that taxation runs anywhere from 85 per cent to 100 per cent. In one province that taxation was over 100 per cent until the residents there saw to it that the government of the day was turned out. We face a tremendous balance of payments problem, and the amount of money that is going into investment in industry is shrinking each month. I wonder why the government contributes to organizations like the Economic Council of Canada and then does not heed its

recommendations. I read with a great deal of interest the 14th Annual Report of the Economic Council of Canada. One recommendation which is found at page 87 of the report is as follows:

> We recommend that, over the next two fiscal years, the federal and provincial governments implement permanent personal income tax cuts that would increase the annual disposable incomes of consumers by a total of $2 billion in addition to reductions resulting from indexation.

At page 88 we find the following recommendation:

> We recommend that provinces reduce their sales taxes by at least 1 percentage point on taxable consumer goods and services other than such items as gasoline, alcohol, and cigarettes.

Recommendation No. 4 at page 91 is as follows:

> We recommend that the federal government, together with representative organizations, establish appropriate advisory and consultative mechanisms (with adequate staff resources) to examine serious long-term structural issues.

The following remarks are very appropriate and are as follows:

> It is possible to move the economy back to a more desirable growth path, but this will require structural change as well as demand stimulation. Even with the initiatives that we are suggesting, unemployment rates will probably not fall below 7 per cent until after 1980. Inflation will persist roughly in line with the inflation rates of Canada's major trading partners. Without improvement in this country's capacity to control costs and improve productivity, we face the prospect of persistent overall government deficits, no improvement in current account balances, and rising foreign indebtedness. Neither federal nor provincial governments will have much flexibility for new expenditure programs. A concerted effort to improve the structure of the Canadian economy over the medium term is obviously needed.

● (2022)

They finally conclude:

> The Council believes that Canadians and Canadian Institutes can cope with the challenges foreseen. This task will require a realistic assessment of problems; it will require imagination to perceive opportunities; it will require confidence to achieve change; and it will require greater trust and understanding among the different groups in the Canadian economy.

How true that is and how wise that group of people was to put those words into the report. The tragedy is that no one on the government side appears to be listening and the shame is that they do not seem to care.

I know that some other of my colleagues want to contribute to this debate and I have said what I wanted to say. I am unhappy with the progress of this budget; I am unhappy with the fact that closure was imposed on the debate; I am unhappy that more was not done. There was plenty of time between the introduction of the budget last March and the introduction of this bill when many things could have been put into the ways and means motion, but the government saw fit to do less than nothing on it.

I am particularly unhappy that the minister has not seen fit to come forward with a concrete plan. In fact, he seems to be telegraphing to the community at large that nothing will be done about taxation; we will have the same level of taxation in the months ahead. He says there will be no personal income tax cut and no business tax cut.

We see the Prime Minister (Mr. Trudeau) arranging a conference of first ministers, and one wonders what they are going to talk about. One of the commentators today said there cannot be too much to that conference because the press and the media will be allowed to see what is going on, which in itself is a change of base. The other comment was that the letter of invitation which went out to the first ministers was 11 pages long. The Prime Minister had not much to say in those 11 pages. We are drifting and floating.

The Minister of Employment and Immigration (Mr. Cullen) was in Toronto a few months ago. Speaking to a business group he said that if the business community was not prepared to increase its investment and create more jobs, the government was going to do it. When we look at the mess in the Post Office, I wonder who on the government side will do this.

Look at Air Canada, and at the mess in CNR and DREE. You name it, Mr. Speaker, there is hardly a department in government that has not some real problems. These are the people who plan to bring the Canadian economy back into some semblance of order. I do not think they have the horse sense on the other side to do it. These are the people in the main who got us into this mess and I cannot see them getting us out. The only way in which I can show my indignation over the lack of action is to say that when the vote comes, I do not intend to support the bill.

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, thank God we are on third reading of the bill so that we do not have to consider it clause by clause; but I think it is important that the appropriate place to have considered the bill clause by clause was during the debate in committee.

The matters which I wish to speak about have been, to some extent, untouched as a result of the closure motion which was imposed on the debate. It is really a sad comment upon the way we do business in this place that somehow we cannot find a rational way of examining something which is as important as a tax bill. Perhaps we could spend less time on some legislation, but surely a tax bill deserves an intensive and meaningful examination by experts in the House, members of parliament who specialize in this matter, with a committee of people considering it over an extensive period of time. We should all have a look at the procedures in this place so that we do not keep running into the problem of our most important piece of legislation going through by default. That is exactly what will happen this week with regard to the bill, I am sure.

The purpose behind any income tax legislation from time immemorial has been the redistribution of income. Along with that question of redistributing income, the spin-off from that has been that we use it as a lever in the economy to increase employment or to cure whatever ills there may be from time to time. There is no question that today unemployment is the key problem right across the country. When you examine the fiscal approach to income tax which this government has displayed you find that this legislation will have a negative effect on employment creation.

I want to deal with that a little more extensively, but before doing so I would like to take a look at what we have been doing over the last 10 or 15 years with regard to our fiscal approach to income tax. Since the Second World War most

modern western industrial governments have been engaged in creating what I think is probably improperly called the welfare state. We have attempted, through income tax and through various welfare schemes, to redistribute income. It has been the conventional wisdom amongst all political parties that in fact it is desirable that we provide for those who live in our society more equality of income; in short, that we provide more at the bottom and, if possible and necessary, reduce the incomes of those at the top.

In fact, in 1951 when professor Gillespie of Carleton University did an extensive study of this, the poorest fifth of our population accounted for 4.4 per cent of the money income in Canada. In that same year the richest fifth were taking 42.8 per cent of the money income in Canada. Twenty-five years later, after the alleged progressive income tax bill, after significant changes in the old age pension, significant changes in family allowance and significant changes in unemployment insurance, in 1975 the poorest fifth of our population has had their share of the money income reduced to 3.9 per cent and the richest fifth of the population has continued to take 42.4 per cent of the money income. After all these years we have not changed the relationship between the poorest and the richest in Canada.

We have, of course, increased the pay packet. How much real increase there has been is debatable, but the increase in the pay packet has not been the problem. The problem in Canada continues to be the disparity in incomes between regions and between people, and this particular bill not only does not redress this problem, as I will argue, but it makes the problem considerably worse because of the tax provisions, particularly under RRSPs and child care deductions. It continues to redistribute income in reverse by giving those with higher incomes the largest benefits.

We have not had very much in original throught from the government in terms of income tax changes. In the United States we have had the new administration, the Carter administration, starting to examine some of the realities of income tax. One of these realities is something referred to as the three-martini lunch.

● (2032)

Mr. Kempling: The three-beer lunch.

Mr. Leggatt: The three-beer lunch is equally deductible if you are lucky enough to be a businessman. If we look at the present deduction provisions in Canada, the amount of revenue that is lost as a result of those unreal deductions—deductions that are only marginally connected to the question of whether they were incurred in the course of doing business—we could find that the amount of tax we would have to impose on the average or lower level taxpayer could be substantially reduced. I agree with those who say we have to plug the loopholes that lead to waste in public expenditures, but let us remember there is also waste in the private sector.

As I travel across Canada at public expense and see my friends who travel from Vancouver to Toronto and back to attend important meetings, I am not always convinced that such meetings are necessary. If they were not tax deductible there would not be so many. As a result, companies would have more profit, or more money to invest in employment, or, as the hon. member for Halton-Wentworth (Mr. Kempling) suggested, in research and development.

We have to look at the three-martini lunch in this country too. We have to look at a tax structure which shows the operator of a Shell gas station paying a lot of tax whilst the Shell company pays almost none. The operator wonders about the tax system that allows major multinational oil companies to escape with massive deferred taxes whilst he pays through the nose. Those are some of the changes that have not been examined, Mr. Speaker.

If we went back to the Carter Commission principle and decided to tax money as it flows, from whatever source, we could begin to have a genuinely progressive tax system. We have built in so many exemptions, so many anomalies, so many devices that were apparently justified at the time they were argued for, we have given in to so many pressure groups, that only accountants can understand the statute and sometimes not even they.

We have a tax system which lacks principle and lacks a theme. The real tragedy of the rejection of the Carter report is that we could have begun to provide some principle to back up the income tax system. Carter said we should not make distinctions between types and sources of income. When we rejected that principle I believe we also rejected our capacity to redistribute income in Canada. As long as we continue to permit anomalies and loopholes, they continue to exist in a graduated tax scheme, to the advantage of those at the upper end of the tax scale.

If in the last 20 years we compare the percentage of income tax paid by the corporate sector and the personal sector, the corporate sector continues to pay less and less of the total. I offer the following examples. In 1961, 30.5 per cent of the total revenues of the federal government came from personal income tax and 22.7 per cent from corporate income tax. In 1976 the personal sector was paying 43.5 per cent and the corporate sector share dropped to 15.7 per cent. That argues for a further examination of the way we tax.

Since I am arguing in favour of the Carter position, I should point out it was also his position that we should integrate entirely personal and corporate tax. Instead of having a 20 per cent dividend credit, Carter argued that the entire scheme could be integrated. I could accept that as rationalizing the tax system as long as those rates were genuinely progressive.

What we have had is a tax system which has not redistributed income because in the corporate area the capacity for deductions is almost endless. People in business have a tremendous scope and range in their deductions. If we eliminated corporate taxes, if we integrated it entirely, as long as it was progressive and redistributed income in Canada—which it does not—then I would say Carter was on the right track.

We talk about the person who runs a gas station, works long hours and pays what he believes to be an unfair tax and what I believe to be an unfair tax. The total amount of deferred tax from the oil sector alone—and I am only talking about major companies—is $1,036 million. That kind of money would go a long way toward a guaranteed annual income. If we do not think about moving toward a guaranteed annual income or a refund of tax credit, then nothing is going to be done about unemployment. The idea that unemployment is something out there is a vacuum does not work. Unemployment is created when there is a lack of purchasing power over a large section of the community. It grows like a snowball, and each time someone is laid off, the consuming public is reduced by one.

When the president of Ford Motors asked Walter Reuther what he was going to do when the plant was automated, he replied that he did not see that as the problem. He said, "Who are you going to sell cars to when nobody is working in the plant?" We have to adjust the income tax system to provide purchasing power for people at the low end of the income scale. When you help people of low income you are doing more to spur the economy than at any other level. Someone earning $7,000 or less will spend tax credits if they are made refundable. The money will go back into the economy for food and essentials and thus is a spur to the economy. This income tax bill fails to look seriously not merely at the distribution of wealth but at the whole question of creating employment.

In 1974—and I am sure the latest figures are worse—there were 252 people in Canada with incomes of over $50,000, who paid no tax whatsoever. Under the provisions of the Income Tax Act this was perfectly legitimate. But I would like to examine the equity of each and every one. I think that those who have consistently paid their tax, have not looked for loopholes and have not gone for setting off holding companies etc., to pay their tax, have a right to be represented in this place when 252 people pay no income tax whatsoever.

• (2042)

Of people who file income tax returns, the lowest 70 per cent receive 40 per cent of the tax subsidy benefit. The top 11 per cent get what is an incredible 33 per cent. That has been the effect of what has been alleged to be a progressive income tax system. The National Council of Welfare estimates the federal government lost $6.4 billion in revenue as a result of the exemptions and loop holes, and all of the funny little things that had been built into this system as a result of lobbyists from one part of the community or the other. If you had that $6.4 billion you would not have to worry. You would have a guaranteed annual income scheme. You would not need to worry about it in the future. That represents something like 20 per cent of the federal budget. There is not much question that we have not been redistributing income in Canada.

When the RRSP system came in, people ran around and said, "Good, we have this nice tax shelter for the average guy instead of somebody who is really well off". The facts are the reverse. People of average income get almost no benefit whatsoever from the RRSP.

Mr. Baker: What income did you say?

Mr. Leggatt: About $12,000. This provision of the income tax cost Canadians in revenue $513 million. That is another provision which not only does not redistribute income, it redistributes it in reverse. For example, if you were earning less than $5,000, your tax saving with an RRSP would be $1.02. If you are earning over $20,000, your tax saving is $551.88. So on a dollar basis the RRSP has done a wonderful job of making the rich richer and the poor poorer.

I agree it is desirable to try to keep Canadian capital at home to encourage Canadian savings. But this is the wrong way to go about it. It does not make any kind of contribution. At the moment Canadians are saving as if it were going out of style. The problem is not Canadians saving; the problem is Canadians are not spending. To move the economy forward, Canadians must spend. Ask any bank manager or credit union manager and they will tell you savings were never better. But they are also finding that foreclosures were never more frequent than they are right now. Funds that people are now starting to squirrel away must be shaken loose in terms of consumption, not in terms of capital investment, because as so many speakers have indicated before in this House we have lots of unused capacity. There is not much point in increasing our capacity. What we need to do is increase our purchasing power.

The next area of income redistribution in reverse is the provision for child care deductions. Those deductions have been doubled under the bill. The child maximum is now $1,000, rather than $500, and the per family maximum goes up from $2,000 to $4,000. If you are at a $10,000 income level, a $1,000 deduction is worth a tax saving of $210. If you are in a $50,000 income category it is worth $430. Exactly the same process. Those with the highest incomes receive the most benefit from this particular tax legislation and those with the lowest incomes receive the least benefit. I see the Parliamentary Secretary shaking his head. In fact, that is unassailable logic. There is really no argument that can be presented with regard to that particular provision.

What can we do? What are the positive things that we can do in terms of making this bill a progressive bill?

An hon. Member: Scrap it.

Mr. Leggatt: First of all, it has been said many times that we have $1.2 billion in tax concessions. If we took that $1.2 billion and put it in at the lower level as a tax credit, we could create 100,000 to 150,000 jobs in Canada as a result of increased demand. Again, that should go in the form of tax credits. In other words, let the person who does not have sufficient income to pay tax file a return and receive a refund cheque. That cheque will be spent as soon as it is received, and it will be spent on the products of manufacturers who are crying for purchasers. They are not crying for any more tax hand-outs. They have all the tax hand-outs they need, and they have not done anything. They have not created any employment. But it will create employment if we provide people with

purchasing power at the low end who will spend it on essentials—food, clothing and furniture.

The $400 million capital works program was supposed to create 60,000 jobs. That is the same program that was in place in 1971, and is as cautious and as conservative as anyone can get. We have moved so far right in this country that even that one does not appeal and it makes the Conservatives blush when it is rejected by a Liberal government.

We have $500 million allocated to housing and urban transit. That is hardly revolutionary. Certainly the urban transit section was promised in the last election and I am sure we will have it promised again in the next election. There is one thing the government does not like, and that is to waste a promise by keeping it; they like to make the same one over again.

Last but not least, there is $50 million assistance to the small businessmen. Let me tell the government what they are doing to the small businessman in my community. If I want to buy textiles or shoes made in central Canada, I am happy as a Canadian to pay a tariff to keep workers working in Ontario and Quebec, and to some extent in the Maritimes. But what I object to is when the government not only puts a tariff on such goods, but puts a quota on them as well. This means you cannot bring goods into the country, no matter what the price is. In British Columbia the people of the lower mainland say: "Well, if that is what you are going to do I will just go to Bellingham and buy it, because it is available there." Who suffers? The small businessman in my community who cannot bring those products into his store but whose competitors do across the border.

We complain about Canadians being competitive. Here we are with a provision which denies the merchants of the lower mainland an opportunity to compete with the people across the border—at any price. Many people purchasing goods in British Columbia would be happy to pay more if they could obtain the product, but they cannot. I can recite a whole range of products that are not available because of this dumb quota system that has been imposed. It has driven the small businessman absolutely round the bend in British Columbia. What happens when we in British Columbia stand and say we will pay the tariff, but at least let us bring the goods in? When I asked the Prime Minister the other day about where we were going to build our ships in our twenty-ship replacement program, why, we are going to buy six of them abroad! We are not going to use the shipyards in British Columbia or Nova Scotia. We are going to go abroad for that. British Columbians are tired of that kind of attitude. We are willing to pay the price of being Canadian, but do we have to pay double? That is what we are going to do. Canadian workers and Canadian shipyards are not being used sufficiently to build those ships. We will not merely be paying more for products that are being protected, but we do not even allow our merchants a decent chance to compete with their competitors across the border. That is an example of the industrial strategy that this government exercises.

[Mr. Leggatt.]

● (2052)

The last thing I want to deal with is an idea that is long overdue. That is the question of a refundable tax credit system. Call it a guaranteed annual income. Call it anything you want. Almost every province in Canada has gone on record as favouring a refundable tax system. I can go through the provinces, starting with British Columbia which did a study in August 1977. I quote from page 2 of the August 1977 study of that cautious and conservative government:

> The province of British Columbia recommends, therefore, that the premiers appoint a committee representing all provinces to inquire into the basis upon which a refundable tax credit scheme could be developed and implemented for all Canadians.

The point is the same. A tax credit or tax refundable system puts money in the hands of those who will spend it, and will start getting this economy back on its feet. As long as we have this dog in the manger attitude, this completely cautious, unchanged attitude in terms of the way this government treats income tax, we cannot spur the economy. Another example is the cautious Ontario Conservative government, and I quote:

> —the recently announced federal tax credit of $50 per child is a further improvement to the current structure—because the value of this reduction is generally independent of income. However, the credit is not refundable, and so its advantage to low-income persons is limited.

That statement is found in the Ontario tax study No. 14, Ministry of Treasury, Economics and Intergovernmental Affairs. Other governments have done some thinking about this, but not this one. There is no original thinking going on.

I will give one minister some credit for having done a bit of thinking about it. Unfortunately, we can never tell if she is being quoted accurately. The Minister of National Health and Welfare (Miss Bégin) said some very interesting things about the idea of a guaranteed annual income or refundable tax credit. I hope she will not be up in her place tomorrow denying that she said this, but I quote from the November 8 issue of the *Globe and Mail:*

> This is sometimes called a negative income tax.
>
> She said three groups—low-income workers, one-parent families and unemployed workers between 50 and 65—would be the initial targets of a program which ultimately could reform the entire welfare system—
>
> Tax credits, such as those for political contributions, are set at fixed levels and give rich and poor the same benefit at tax return time. Rich and poor, for instance, deduct the same amount on their tax forms for children—
>
> "Tax exemptions favour the rich but tax credits favour the poor," she said. "The tax system shouldn't be loaded in favour of any group."

I certainly welcome that statement by the Minister of National Health and Welfare. I hope it represents government policy, but I wait in some agony when I look at this tax legislation, which does not have an iota of this principle behind it. In fact, it has gone in the reverse direction. I wish the minister had fought a little harder in cabinet to get these very fine principles that she enunciated. I see the former minister of national health and welfare is agreeing to this. In any event, somebody should have been fighting in cabinet to get these refundable tax credits into the piece of nothing tax legislation we are now looking at.

I left out reference to two very important governments. One was the government of the province of British Columbia which pioneered this question of providing a "mincome" for people, seeing that poor people are well looked after. The NDP government of Manitoba of all governments has probably done the most. They actually instituted and have in place a negative income tax scheme.

I want to give a few examples of that previous government's program; I hope their successors will continue it. In that province, if your income is at the $3,000 level, you can receive a tax refund from the provincial government of $529. That is the maximum they allow. Imagine the effect that could have on the total economy, having a cheque in hand and being able to spend the money on products of manufacturers who are sitting idle looking for purchasers and consumers. There is no indication, other than the *obiter dicta* of the Minister of National Health and Welfare, that anyone has any real appreciation of this problem.

Let me put it another way. We spend a lot of time talking about DREE grants and regional disparities. The real regional disparities are not DREE grants. They result from the income tax system. The poorest people get the worst break on income tax. Newfoundland and the maritimes, which have the lower average income people, have been shafted by this Income Tax Act. They have not been shafted by DREE because those provinces have not enough attention in terms of capital direction. But their people remain at the low levels of income and are not given the income tax breaks that the rich are given. That is where you find the real disparities of income tax. I wish the rich people of Newfoundland and Nova Scotia would pay some attention to that particular problem. On an average basis, they have suffered the most in terms of this particular principle.

In order to redistribute income, we have to abandon the principle of universality. It is a principle that has been cherished in my party for a very long time. I can understand the rationale behind it. In fact, the provincial governments for some time now have accepted and realized you cannot redistribute income on the universality principle.

If we decided to raise the old age pension to $250 using the principle of universality, that would result in only an additional $7 a month to an income tested recipient. However, it would result in an increase of $107 to someone who is not income tested; in other words, someone who already has a substantial income. It is time we in this House, and I might say we in this party, abandoned that particular principle. In fact, it militates against the redistribution of income to those at lower income levels.

I feel exactly the same way about the debate that raged before I came to this House on the FISP program, or the question of family allowances. Family allowances have to be based on an income tested basis in order to be just. You can no longer use the argument that it is a tax back. I will not accept that argument until we get to a 100 per cent level of tax, and it is probably not desirable that we ever do.

We have to go to the income tested principle behind the payment of a guaranteed annual income and the payment of family allowances—the whole umbrella of welfare services. There was a time when it was very degrading to have a means test. That has now gone. We are now able simply to look at tax returns to determine income levels. Since that onerous provision has been taken away, we in this House must now abandon the principle of universality and get down to the job of redistributing income to the poor. We cannot do that when we make every program universally acceptable. It is just not cost effective and it is not wise because we do not tax all of that money back.

Mr. Lalonde: Will the hon. member for New Westminster (Mr. Leggatt) tell me whether the hon. member for Winnipeg North Centre (Mr. Knowles) agrees with his philosophy on this matter?

Mr. Knowles (Winnipeg North Centre): He knows I don't.

• (2102)

Mr. Leggatt: The answer is no. I think this Chamber would be a very odd place if we all agreed with each other on everything. I know one thing, though. The hon. member for Winnipeg North Centre (Mr. Knowles) and I are going in the same direction and we are members of the only party that is; everyone else has abondoned the concept.

Since reference has been made to my hon. friend I might say that the hon. member for Winnipeg North Centre has made a larger contribution to the redistribution of wealth in Canada than any other person I know; so when we do have a difference of opinion about the best approach to take—and we do disagree publicly in this party from time to time; we disagree in this chamber—it does not detract one whit from my hon. friend's contribution.

I end with a plea to the government. I have no hope we can block this bill, but surely in the next piece of legislation of this type we could begin to go about the serious business of providing a guaranteed annual income or a refundable tax credit for those who fall below the income tax line. Until we do this we shall not be able to accomplish anything meaningful with respect to the redistribution of income in Canada.

Mr. Gordon Ritchie (Dauphin): Mr. Speaker, before I make my main speech I would like to mention something I had not thought of till now. There is in my town an experiment started by the NDP government, funded primarily by the federal government, on the effect of a guaranteed income in a community of approximately 10,000 people both rural and urban. While the details of minimum income are closely guarded there are certain obvious things one can see, and from what I understand after discussing the matter with the people involved there is evidence that most interesting and untoward changes have occurred. For example, people arrange their incomes so as to take advantage of the income guaranteed, by the state. If everyone was on a salary and if every dollar that came in by whatever means could be recorded, administration

might be easier, but in many cases it is extremely difficult to determine the actual income of a particular person or family.

I think we should wait for the results. It appears they will not be assessed for some time but I understand from those who are knowledgeable on the subject that the figures really do not prove anything. They do not prove whether a guaranteed income would work or not, though there are instances where industry was perhaps retarded among individuals who were content to accept what the pay was and let it go at that. I might just add that if anyone wants to think a guaranteed annual income is an easy thing to administer, that it is a cure-all and a panacea, he is mistaken.

In this third reading debate I would like to comment on one or two things. The budgetary changes are not particularly sweeping. Despite a little tinkering here and there they have not changed the situation a great deal. It is unfortunate that closure was invoked in the Committee of the whole stage because certain clauses should have been tested and discussed more carefully.

I would like to dwell on the roll-over provisions, especially with that portion which has to do with capital gains. The mere fact that the government has had to introduce modifications to this tax shows that it is virtually impossible to administer with any degree of fairness without causing serious loss of business, which is the lifeblood of our communities.

During the long debate on the capital gains tax and in dicussion of the white paper on taxation and the subsequent legislation arising out of it, the issue of capital gains arose time and again and we heard a great deal of evidence about the difficulty of assessing capital gains and their subsequent taxation. We heard how in the United Kingdom such files were laid aside because only very senior tax people could work on them. This meant that many years elapsed before complex situations were clarified with resultant uncertainty and dislocation in business. If capital gains tax were introduced on the basis that it was a fair way to tax—and on the surface there is much to suggest this—time has proved that increase of property values which occurs over a lifetime of business is largely a reflection of the inflationary situation of our day. Slavish adherence to the capital gains tax is really a salute to the philosophy of Carter that a buck is a buck and should always be taxed by any manner or means.

In the United States, where the experience was similar to that of the United Kingdom, Congress at the turn of the century passed laws imposing capital gains tax and then spent a great deal of time passing further laws providing loopholes in order to obviate undesirable effects on the economy.

Capital gains tax is difficult to administer. It is regressive and inimical to family business continuity, let alone expansion. No one quarrels very much with the theory that those who buy and sell farms, properties, et cetera, should pay a tax if they do so regularly and are making a living out of it. But the capital gains tax is detrimental in that it hits hardest at those who buy for production, those who spend a lifetime building up a business or establishment only to find that much of their gain is lost through the capital gains tax. If there were no inflation or if the capital gains tax took into account the inflation rate, there could be some redress. But the situation with respect to capital gains shows there should be a wholesale re-evaluation of the value of this tax. We should examine whether or not it should be done away with altogether or whether it should be drastically changed.

When the capital gains tax was introduced its main intention was not to unduly tax businesses and proprietorships that were of long standing, but to catch the individual who was using the no-capital-gains-tax-situation to buy and sell on short intervals, thus circumventing the normal income tax levies. But the Department of National Revenue had moved to close many of these loopholes before the capital gains tax was even instituted, so it is possible that this tax is now doing considerably more damage than its value. It is felt most severely not by the extremely wealthy or by the large corporations but rather by individuals whose assets are tied up in a small business. If there is to be a capital gains tax it would seem to be more logical that we introduce it on a diminishing basis, as is common in some western countries. If it is meant to catch the individual who buys and sells for profit rather than for the sake of acquiring a productive instrument, surely a diminishing rate of tax should be paid on the capital gains portion. It seems logical to me that if a person holds a piece of productive property for ten years he should pay no capital gains tax.

The present legislation broadens the capital gains principle but in theory at least it recognizes that the tax has serious disadvantages and that it impedes the roll-over of farms and small businesses. Its effect is merely to postpone the tax bill and sooner or later a business will be largely wiped out by the tax liability it will incur. Nevertheless, a quarter of a loaf is better than nothing.

● (2112)

I would like to reiterate the comment I made during committee of the whole, that the important thing will be what is the interpretation of the changes which the government has proposed. As regards farming, it seems that it is going to be very narrowly interpreted and perhaps confined only to land. There should be some way in which regulations should be at least outlined when legislation is introduced.

Furthermore, the intentions of the government can be seriously reduced by the actions of tax officials. My experience has been that our tax system is not particularly sympathetic to individuals who are in business on their own. There is a general feeling amongst many, perhaps because most people are wage earners, that individual businessmen and farmers make too much money and somehow are able to not pay their fair share of tax. There seems to be some change in the public perception of business, as many now realize that a high standard of living necessitates a vigorous and active business climate.

I should like to refer to what is being said about our general economic situation. The present issue of "Canada's Energy

Resources", issued by the Canada-Japan Trade Council, at page 8 reads as follows:

> Canada is a nation heavily dependent on foreign trade. We cannot achieve prosperity by continuing to borrow many billions yearly, much from outside Canada, to pay for governmental deficits and provide social services or offset deficits in balance-of-payments. That's the road, if followed too long, to national bankruptcy. It is employment of people in producing goods and services, generating what can be sold at a profit in Canada or abroad, that is needed to bring better balance to both the internal and the external accounts of the nation. Our "Energy Potential" is one of Canada's greatest means of achieving these desirable and needed ends.

There is no point discussing the merits of a guaranteed annual income if we do not have the goods and services necessary to bring that into effect.

A veteran political columnist, Bruce Hutchinson, in the Ottawa *Journal* of December 1 published a column called "Two Nations Deep in Economic Trouble". He pointed out economic policies in Washington and Ottawa have followed a course of zig-zags and U-turns, with an unknown destination. It seems that experts in the economy certainly agree that the North American economy is not likely to become much richer in the immediate future, and if there is not wise management, can be a lot poorer.

In the United States the Carter administration has deserted its original design of high prosperity and low inflation and has gone into pump priming, reminiscent of the new deal decade with its tax cuts and huge budgetary deficits. Nor is there much disagreement in Congress about these tax reductions except on details. The U.S. government will run a deficit estimated at $58 billion and next year this will be much larger. Even so, considering the size of our economy, our national deficit of $9 billion plus is still relatively one-third higher than that of the United States. In fact, we are considerably worse off than the United States, and anyone can ask whether larger spending and deficits will assure satisfactory economic growth and full employment. Furthermore, the provincial budgets are showing real deficits.

Turning to the international side, the United States will run a foreign trade deficit of $20 billion to $30 billion, but as Canada's net deficit will be $5 billion, in U.S. terms this would mean $60 billion. Canada's growth rate will be half or less than the U.S. rate, while its inflation rate will be 2 percentage points higher. By most standards, in a country well endowed with natural resources we have brought ourselves to a sorry spot in our economy.

If it were just the economy alone that was in trouble, that would be one thing. We are in trouble in a political way—whether or not Quebec remains within confederation. The Minister of Finance (Mr. Chrétien) has listed the problems that are piling up: loss of population, businesses moving out of the province, and a faster rate of unemployment than in the rest of Canada. Slowly but surely Quebec is divorcing itself from the rest of the country, as is evidenced by the *Globe and Mail* article entitled: "The Black View of Canada from Abroad".

The latest indication of this is in the francophonization of companies. A corporate official of a national company headquartered in Quebec had this to say: "It is becoming more and more apparent to us that employees in English Canada are becoming less and less enthusiastic about working for a Quebec based corporation." Some Quebec executives are complaining that there is an unfortunate nationalization taking over in English Canada. Buyers will purchase products from all over the world, but some say: "We wish you weren't located in Quebec." It is the hardening in the rest of the country against the unreasonable situations that are present in that province, which is quite understandable. Telephone calls by private individuals in the rest of Canada to business in Quebec invariably turn up only francophone speaking individuals, and the smaller the individual businessman, the worse the situation is. Naturally distributors and merchants in other parts of Canada attempt to procure new sources when their supplies are diminished. Some might say this is unfair but it is quite a natural reaction. Not only is this political situation hurting Quebec, but it is also hurting the rest of Canada. It is hurting our image abroad.

When Mr. Davis of Ontario went to Japan, as well as the usual complaint that Canadians produce poorly, he had to refute the possibility of Quebec separation, a refutation that one can question is seriously valid. *Fortune* magazine has told its business readers that the threat of separation has produced a lack of capital, securities and potential investment in Quebec. There is a very black view taken by a correspondent writing in *Finance-Seer*, a journal directed to businessmen in the United States. He points out that the PQ leaders are greatly underestimated, and because they have downgraded their plans for a new currency, a new Quebec central bank and a Quebec army, it does not mean they have given them up. He points out that foreign bankers and investors might wake up to the fact that their loans are being paid for in worthless Quebec dollars.

Many of the problems of the Canadian economy may be traced to excessive government spending, with a whole host of programs in the social welfare field. As Canadians found that the necessity to pay and save money for individual care diminished as in the health field, their tax dollars were funnelled to Ottawa and redistributed to the provinces.

This has created great strains on confederation, so much so that it is now in danger of breaking up. Canadians were a lot happier when the people of each region had to look after their own health, welfare and education. This may have brought with it a certain amount of inequity, but this was preferable to the present situation.

Some of these untoward effects in our economy were initiated long ago, but certainly the Prime Minister (Mr. Trudeau) and a past minister of finance, who now lives in Toronto, Mr. Turner, must bear a great deal of the blame for the bad news. That national unemployment rate is 8.4 per cent. Inflation is accelerating. The real labour income of the worker is diminishing, estimated by some to be 4.3 per cent last year. There is a record high current account deficit, with record borrowing abroad. Our budget deficit is some $9 billion and will be higher next year. Our resource industries are falling

behind. They have been one feature of the economy which has presented us with stability, stemming from the decision of the budget of 1973, when Mr. Turner said, in speaking of overshooting the target, the following:

We recognize that we are running a risk, and that the risk is on the side of overshooting. That is a risk worth taking at this time in the interest of dealing more effectively with unemployment.

It is clear that the Prime Minister and Mr. Turner have lost the gamble. The long years of increased social benefits culminated in the rich and expensive unemployment insurance scheme. With low interest rates and a booming economy, there was too much money in circulation and inflation became double digited.

● (2122)

The decision to keep the domestic oil price significantly below the U.S. level has had its effect, and we have not adapted to this. With our domestic supplies of oil diminishing, we have still to take this step. There does not seem to be any doubt that the increase in the price of oil which will eventually have to come about, will come about when we least wish it. High unemployment was aggravated by the long period of wage and price controls. Had they been short and sharp, the high rise in unemployment would have been stopped, but the uncertainty of many companies in dealing with the Anti-Inflation Board has caused the economy to slip into stagnation. How things have changed since the former minister of finance, Mr. Turner, said in his May, 1974 budget:

We Canadians today have reached at threshold of great challenge and great opportunity.

We have a great opportunity to demonstrate our ability to deal with the deflated economy, with unemployment and with our political realities in regard to the province of Quebec. Nearly all top flight financial people feel that the most important mistake was the overexpansion of our money supply in the 1972-1974 period. It was aided by the high profits accruing to resource and corporate producers, with higher government taxes and higher wages which were not reduced once the commodity boom was over.

Our economy has been badly managed in these few years and we are seeing the result of it still. Even the Prime Minister has said there is no immediate turn around in sight. This budget does little to give confidence to Canadians that we are doing anything more than what the hon. member for Halton-Wentworth (Mr. Kempling) called drifting.

Mr. Stan Darling (Parry Sound-Muskoka): Mr. Speaker, I am pleased to say a few words on third reading of Bill C-11. I have been in my seat most of the time listening to various speakers. I listened with considerable interest and participated myself during committee of the whole stage. This bill, as we know, suffered the guillotine of closure last Friday. As I mentioned at that time, the opposition and parliament as a whole should not debate this bill *ad infinitum* without any foreseeable end to the debate, but I believe there were about 16 clauses which we had considered in detail and the 16th clause was passed around 3.30 p.m. Friday afternoon. But the

[Mr. Ritchie.]

100 clauses that were left went through by 4.15 p.m. or 4.30 p.m. with great speed and with no debate. As was pointed out by some hon. members during the debate today, a good many of these 100 clauses merited some thought and discussion. I wanted to bring that to the attention of the House.

I am particularly interested in some of the clauses. I am not a lawyer and I am not too familiar with some of these tax credits, but there were certain items which, speaking as a layman and speaking on behalf of a great many taxpayers in the low tax bracket or even on behalf of those who do not pay taxes, merit some comments from me.

First and foremost, the ordinary working man who, prior to this legislation, received an allowance of $150 for business expenditures has felt that this was not sufficient, and the government in its generosity has increased it to $250, which is certainly not very much. I know hon. members opposite will agree that $250 is not a great deal of money in this inflationary period because there are many workers who must drive some distance to their place of work and who must have meals away from home during the pursuit of their jobs. As I said, this includes construction workers. I mentioned to you in particular, Mr. Speaker, that this applies also to railroaders with whose problems you are certainly familiar. I assume you were more familiar with them a few years ago than you are at present, but I am quite sure you have lent a sympathetic ear to that request.

An amendment was brought in requesting that the government reconsider the amount and bring it up to $400. This amendment was defeated and I am sorry that was the case. A great many of these workers have legitimate costs which are pretty high and which they can document. It seems rather unfair that a businessman can deduct his expenses but a good many other workers who have as just a cause cannot. I might say, having been a rural insurance agent for a great number of years and a real estate broker later, that I am well aware that it cost me a lot of money to do business, but I was able to deduct legitimate business expenses. The tax man probably did not look at them all as legitimate and threw out a good many of them, but I guess that is the name of the game.

One other item which was of particular interest to me was the amendments dealing with life insurance. The clauses were amended and the bill, so far as life insurance is concerned, was certainly considerably improved. Originally, when life insurance proceeds were to be paid at death, death tax would be imposed which was, as we said, almost robbing the grave and stealing from widows and orphans. I think that struck home and the government amended the clause.

Another legitimate amendment concerned deduction of interest on a legitimate insurance loan for business purposes, and I recall government members' reaction at the time I proposed this. I can still hear the former minister of finance as much as telling me I was crazy to even consider that. Thank the Lord the majority of the House is crazy along with me, because the government has accepted my proposal to deduct the interest on insurance loans as a legitimate business expense.

There is only one kicker left and I wish to bring it to the attention of the House, namely, that if a loan is made on a life insurance policy and happens to be more than the premium, it is considered as income for the year. As I pointed out to the Minister of Finance (Mr. Chrétien) and his parliamentary secretary, I doubt there would be more than one in a thousand loans that would qualify under that provision, because in a great number of loans made on life insurance policies the interest which would be eligible as a deductible expense would not be as much as the loan. I felt that because of the bookwork and all the problems the department—I assume it would be the Department of National Revenue—would have in trying to collect those isolated taxes, it would be hardly worth the candle. I wanted to bring that to the attention of the government and in particular the Parliamentary Secretary to the Minister of Finance (Mr. Lumley), who I am pleased to see present here.

The so-called budget—"so-called" because at the time it was supposed to be just a ways and means motion—is supposed to do a good deal of things to generate activity in the economy and provide jobs, but when we ask how many jobs will be generated as a result, many of us are pessimistic, to say the least.

● (2132)

We all know that the unemployment rate is at a high 8.4 per cent. I believe that is the highest since 1940, and it is a cause of serious concern to all of us. Programs are in place to provide jobs. The Canada Works Program is of a temporary nature. It is certainly welcome—there is no question about that—but in my riding there is high seasonal unemployment. In Parry Sound-Muskoka I believe we were allotted $1.1 million, which was considerably more than many other ridings, but considerably less than some others. That amount will provide only 311 jobs, and only for a fixed period of time. Something has to be done to put more money into the economy.

It has been suggested—and I agree—that the sales tax is a regressive tax. It hits everybody. It hits those people who do not make enough money even to pay income tax. If the sales tax was reduced, a great deal more money would be put into the economy. People would benefit because they could purchase more goods and services. That would certainly improve the economy.

I come back to what I suppose is a pet theme of mine, that is, the 10-cent federal sales tax on gasoline. To me that is a very bad tax. I believe it was imposed on July 1, 1975. It was imposed to balance our oil accounts, I suppose. Then we were told it was to help conserve gasoline. However, the amount of gasoline which has been saved or which has not been used because of that 10-cent tax is infinitesimal. I said earlier that we might have saved 100 gallons, but it has probably not even been that amount. People are still driving their cars. They still need their cars. Many people use their cars for business purposes. For them, using their cars is a necessity. Working people can deduct the cost of their gasoline, trucks and cars as legitimate business expenses, and I agree with that. However, the majority of people are not pleasure drivers; they are not Sunday drivers; they have to use their vehicles, whether they be half-ton trucks or cars, to drive up to 100 miles a day and return. Sometimes they drive even further than that. In order to keep their jobs they have to pay those expenses, and many people feel like quitting because it costs so much to get to and from their jobs. The alternative is welfare or drawing unemployment insurance for the first while.

Most people are proud and want jobs, and if the government will not cancel this 10-cent gasoline tax, the tax should be reduced by seven cents to three cents. A recommendation of that kind was made by the tourist industry. The amount collected by the government since July 1, 1975 with this 10-cent surtax is absolutely astronomical. I would be very interested in knowing what that amount is.

We must cut down on the cost of government. Government expenditures are very high and are very difficult to restrain. We are living in a time of restraint. Various ministers including the Prime Minister (Mr. Trudeau) have stated that because of this restraint the public service has been or will be reduced. Last week the latest figures showed an increase in the public service of, I believe, about 15,000 persons. I believe the public service now numbers 480,000. At this rate the number will be half a million before too long. The government should be looking into this very seriously.

We have made certain concrete and positive suggestions with regard to this bill. The $100 tax allowance for taxpayers is supposed to take place in early 1978. That amount is not very high, and I do not think it will generate very much economic activity. We hoped that allowance would be put in place in 1977 as well as in 1978 and successive years.

As a member of the housing committee I have spoken with some feeling and force on the insulation program. The grant is to be $350 for eight of the provinces. The unfortunate thing is that that $350 is considered to be taxable income. I admit that many old age pensioners, widows and others who are re-insulating will not pay tax on this grant, but many low income families who are receiving just enough to pay income tax are going to have to. They will probably think two or three times before bothering to apply for a re-insulation grant. I was given astronomical figures by the minister, after consultation with his officials, as to what this is going to cost the government. Of course, I took that with a grain of salt. If the government wants the re-insulation program to get off the ground, it should make the grants tax deductible just as it does in Nova Scotia and Prince Edward Island. I am aware of high electricity costs in those two provinces, but Parry Sound-Muskoka is not exactly the banana belt of the Dominion of Canada. Yesterday morning it was 34 below zero in Burks Falls where I live, and that is the good Christian temperature, not that crazy Celsius.

Insulation is very necessary for the homes in my area and in other northern areas. Surely to goodness if there are high energy costs in Nova Scotia and Prince Edward Island, there are other items of just as much importance which are also

expensive in northern Ontario, northern Alberta and other northern parts of the country. People in those areas should also qualify under the re-insulation program so that grants can be deducted from taxable income. There is still some time for the government to recant. I hope it will think this over and admit that its proposal is nonsense. We know the number of people who have applied under this program. I mentioned this during the committee of the whole last week. We also know the number of grants which have been approved and paid. The number is very small compared with what the government expected. Those figures prove that the plan cooked up by the Minister of Energy, Mines and Resources (Mr. Gillespie) and the Minister of State for Urban Affairs (Mr. Ouellet) is not successful in creating work. If people would take advantage of this program, that would cut down on energy consumption. I hope something will be done in this regard. Clause 116 provided authority for the government to borrow $9 billion. That is another thing that was sneaked in that a lot of us are wondering and worrying about.

• (2142)

The member who spoke previously, the great socialist from New Westminster, made some comments that had merit. He pointed out that 43 per cent of the income tax revenues came from individual taxpayers and a much smaller amount came from corporations. It is because of the items I have mentioned that so much is collected from the ordinary taxpayer. A reduction in the sales tax would benefit everybody and generate more money for the economy. There is also that iniquitous 10-cent tax on gasoline. It is an unfair tax because it penalizes people who cannot claim expenses for driving to and from work as deductible, even in cases where the distance is considerable.

In view of these items, Mr. Speaker, I hope something can be done to amend some of the clauses on third reading. I know the bill will probably go through but I am not prepared to vote for it in its present state.

Mr. Bert Hargrave (Medicine Hat): Mr. Speaker, I have a few short comments to make in this third reading debate which will relate fairly directly to the comments I made on second reading debate on November 17 and in committee of the whole on December 6. On those occasions I dwelt on two major aspects of the impact of this tax bill on Canadian agriculture and I want to dwell on them a little more in some new ways tonight.

The first matter is the serious consequences of the capital gains tax on the roll-over of incorporated family farms and partnerships to the next generation brought about by the ravages of inflation since the advent of the new capital gains approach to the tax system that has been with us for about seven years. This change is distinct from the situation of an individual farmer—one who is not incorporated or in a partnership—who has this privilege of roll-over.

The second matter I dwelt on in some detail referred to my representations to the Minister of Finance (Mr. Chrétien) and other ministers who made up what I think is properly called a contingency drought committee composed of eight Cabinet ministers. This committee was quite active last spring and summer and I think it is still active in regard to the continuing and worsening drought in southern Alberta and southwestern Saskatchewan. In this area I called for a tax deferral program that would recognize the particular problems brought on by this drought in the cattle industry in southern Alberta and southwestern Saskatchewan. The program would have to last until the drought is over and grass and feed supplies return to more or less normal. This, of course, may take several years.

The proposal to allow a tax deferral program would encourage the necessary cow numbers to be reduced to levels that could be supported on local grass and feed supplies in spite of the considerably larger taxable incomes that would result from this conditional scale down of cattle. I think it was a reasonable suggestion that I made in the course of the earlier debates. It is the prudent course to follow under severe drought conditions instead of buying expensive feed over a long winter. There is now every indication of an extremely cold and long winter. This was the lesson we learned in the drought and depression days of the 1930's, but there were no tax problems then and we did not have to worry about the level of taxable income.

I am pleased to report three weeks after the suggestions were put forward that I have received good support for them from the farm audience over a wide area, including a big part of western Canada, parts of Ontario and even within this House from members of other parties. This gives me some satisfaction. Since preparing those earlier remarks some additional background information has come to my attention with respect to the capital gains roll-over item.

I should like to refer to the 1971 census figures. In that census tabulation there were 21,019 family farm partnerships or 8.1 per cent and another 7,011 family farm corporations or 3.1 per cent. These 29,000, which the census describes as commercial farms, made up 11.2 per cent of all farmers in Canada in 1971 and accounted for at least 20 per cent of total farm production. Some 113,000 commercial farms accounted for about 77.5 per cent of the total production in Canada in 1971. In other words, incorporated family farms and partnerships account for a disproportionately large share of Canadian farm production.

The figures given by the Minister of Finance showing only 2 per cent of farms being incorporated leave the wrong impression. Not only is the percentage too low but the minister did not look at what the 3.1 per cent produced on their farms—over 20 per cent of the total farm production. This is, of course, together with the partnerships. These categories do not enjoy the roll-over privileges for intergenerational transfer that individual farmers now enjoy. I submit that incorporation does not resolve either the liquidity problem or the ability to pay capital gains tax.

• (2152)

Recently there has been some research announced just within the last month. It was done at the University of Guelph,

in a study by Gellner and Brinkman. This study found capital gains were an important component of farm returns. Between the years 1971 and 1974 covered by the study, capital gains amounted to 35 per cent of total farm returns. However, the study pointed out that capital gains by contrast on comparable nonfarm business amounted to 25 per cent. The point I am making is, if a distinction can be drawn between unincorporated farm operations and other businesses, and this is so, the same distinction can be drawn between incorporated family farms and farm partnerships on the one hand, and other incorporated businesses on the other hand.

Surely, we now have a travesty of justice as a result of the critical impact of capital gains under extreme inflationary conditions, wherein efficient farmers and ranchers are being taxed out of existence. There can be no real long term gain for government or the nation in taxing our best farmers in a manner to drive them out of their successful business, preventing a logical transfer to the next generation.

I want to associate myself with the remarks made this afternoon by my colleague from Qu'Appelle-Moose Mountain (Mr. Hamilton) on roll-over in the corporate structure. His approach to this same subject was most appropriate. I also want to associate myself with his appropriate reference to today's lead story in the Toronto *Globe and Mail* with the headline—it is a catchy headline and an excellent story—"PM Lost Fiscal Gamble—Canada pays with Ailing Economy". I suggest this should be required reading, not only by members of this House but any Canadian who is concerned about our critical economic situation today.

In closing, Mr. Speaker, as I indicated in the committee of the whole in reference to this capital gains roll-over item, there has been no change in the Department of Finance's views for almost three years, yet there has been an incredible increase in the impact of capital gains tax on family and incorporated farms due to our continuing and increasing inflation. Surely a new look now is absolutely essential. I would like to remind the Minister of Finance (Mr. Chrétien) of his closing statement to me in the committee when he said:

> I should, however, like to find a date which might be suitable, and I will ask my staff to get in touch with the honorable member. If this cannot be arranged, I shall certainly make sure there is a meeting with my officials on this subject.

This, of course, was a reference to my suggestion that Canadian cattle producers would like and deserve the chance to meet with the Minister of Finance and his senior staff on this very important subject. I take this opportunity to remind him of that statement and hope that something will come of it. I did not mean to imply at that time, nor do I now, that it should take place in the heat of this long debate with which we are still involved. I hope, however, that such a meeting, when it comes, is more productive than the last meeting three years ago, at that time with a former minister of finance, Mr. Turner. In spite of two closure motions to get this tax amendment bill to this third reading stage, it is still not too late to call upon the minister to recognize the genuine sincerity of at least some suggestions coming out of this debate. I suggest he implement at least some of them. If not now, then certainly he should make appropriate plans to incorporate them in the next budget.

Mr. Bill Jarvis (Perth-Wilmot): I am not going to take much of the House's time, Mr. Speaker, but this debate does provide me with an opportunity to tell the parliamentary secretary, and through him the minister, just what I think of the economic policy of this government. I welcome the few minutes available to me before ten o'clock.

I would like to say to the parliamentary secretary, in the minister's absence, that while there has been much political hay about the economic mess, for which the government is responsible, we must try to make the best of what we have. We have heard about the delays, the stone-walling and the holding back of this important measure, but I wonder if the government knows what it has done to Canadians since last March, even a small group of Canadians, some of whom may be represented in the Liberal caucus. There may even be one or two in ours and elsewhere. Chartered accountants have been sitting behind their desks since March with clients flooding in their doors on the basis of the original budget, which was allowed to die an ignominious death. But no CA has been able to file a return with any degree of certainty whatsoever on the basis of that budget statement.

What has transpired has been this. A client will come in during this last fiscal year and the chartered accountant will say to that client: "I have no idea whether to file under the March budget statement; that was the previous law, I will find out for you". First of all he phones the regional tax office, and they reply: "We do not really know, but you may have an option to file under both; send us an accompanying letter".

Put yourself in the position, not only of the chartered accountant, but of the client to whom he must have given advice since March of this year, almost nine, ten months ago. It is simply inexcusable. If the opposition, according to government spokesmen, lacks integrity for delaying this bill, that lack of integrity is minuscule compared to the lack of fiscal integrity that this government has exhibited since March of this year. Not only has the government been callously indifferent to the economy of the country, but it failed to implement the so-called budget of last March. Then they come roaring in after the throne speech debate and, I suppose, expect passage of the bill within hours. This is simply indefensible.

Mr. Deputy Speaker: I regret that I have to interrupt the hon. member because in accordance with Standing Order No. 40, a motion to adjourn the House is deemed to have been moved and seconded at this time.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

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

Adjournment Debate

ROYAL CANADIAN MOUNTED POLICE—MINISTER'S USE OF TERMS "NATIONAL SECURITY"

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, the minister, on December 6, when asked to define the term "national security" put in the context of the BNA Act or in jurisdictional or legal sense, replied that he took a great deal of guidance from section 16 of the Official Secrets Act. He stated, sir, that the mandate of the security service was derived, almost totally, from that definition—which talks about subversive activities, not national security per se.

What I would like to say to the Solicitor General (Mr. Fox) tonight, in an attempt to be a little provocative, is that he is bandying about the term "national security" as little more than a parliamentary buzz word. He has not, so far, related it in a definitive, constructive way to justify the tactics, legal or political, that he is using vis-à-vis provincial inquiries that are attempts to gather information.

● (2202)

In a recent report dealing with governmental operations with respect to intelligence activities, Mr. Commager noted that in the United States—

—The emergence of intelligence over the past quarter-century as an almost independent branch of the executive, largely immune from either political limitations or legal controls, poses constitutional questions graver than any since the civil war and reconstruction.

Mr. Commager goes on to say that:

The metamorphosis of the two concepts of national security and secrecy are extremely ominous.

He decries the audacity with which the claim of national security is used as a cover for almost anything the executive wishes to do, and notes the casualness with which the term national security has been accepted, a term or phrase unknown to the constitution. He describes it, not as a substantive power, but as a principle in search of a definition, a definition which the Solicitor General, in Canadian parliamentary terms, is unable to provide.

Recently in a Toronto newspaper the Solicitor General was quoted as saying that national security was clearly a federal responsibility under the constitutional provision to provide peace, order, and good government. Of course, he was quoting section 91 of the British North America Act which outlines not only the power of parliament but the restrictions as well. Section 91 reads:

It shall be lawful for the Queen, by and with the consent of the Senate and House of Commons to make laws for the Peace, Order and Good Government of Canada in relation to all matters not coming within the Classes or Subjects by this Act assigned exclusively to the Legislatures of the Provinces.

In my opinion, the term "provide" used by the minister cannot be construed to mean "make" in the act. The latter term means to "legislate"; the former to do a service. To "provide" peace and order can only mean to "administrate and enforce". Thus the government in this case cannot with certainty say that it is responsible constitutionally to provide peace and order in the provinces. That exclusive power is contained in section 92 of the BNA Act, and it relates solely to the provinces. The 1871 addition to the BNA Act in which it gave temporary authority to parliament to "administer peace and order" in the Territories is support for that opinion.

[Mr. Deputy Speaker.]

If an attempt is made to determine just what national security involves, we must refer to law in its present context. There seems to be no statute or definition of national security. The term has been pulled out of thin air. We can therefore only surmise what it may mean.

Section 46 of the Criminal Code deals with treason, et cetera. It also deals with offences such as spying. The Official Secrets Act and War Measures Act are both likely being used to uphold the term "national security". Yet these acts, including the Criminal Code, are, within the meaning of the administration of justice, a provincial responsibility. The Protection of Privacy Act reveals that subversive activity as defined comes within the same meaning.

In an attempt to strengthen or provide legality for federal responsibility, the Solicitor General is in fact saying that the administration of justice in the field of national security is its responsibility. This pseudo axiom is supported by him in the Commons debate of November 15, 1977, page 885 of *Hansard*:

By convention, the responsibility for national security devolves upon the Prime Minister and is shared with those ministers charged with specific responsibility for the police, external relations and the administration of justice.

It would appear that the present government is on the one hand running the country by convention, but, finding that hat does not fit, is falling back on section 91. The term "administration of justice", as used by the Solicitor General, clearly reveals his government is under the illusion it is responsible for that function. He has yet to face section 92 and the forbidding clauses in section 91.

The divisions of powers between parliament and the provinces are explicitly set out in sections 91 and 92. No matter how the present government attempts to circumvent these sections in justifying its role in national security, it cannot be certain to do so without violating the constitution.

The next step of the government can easily be anticipated. In order that they may constitutionally provide legality for the RCMP Act, they will once again refer to "provide peace and order" under section 91. They might be better advised to look at section 91(27), but that is a variation of a theme. To repeat myself and bring this into context, I am of the firm opinion that the legislating of a police act, excepting in the Territories, can only be done under the authority of section 92 which reads:

In each Province the Legislature may exclusively make Laws in relation to Matters coming within the Classes of Subject next hereafter enumerated, that is to say:

14: The Administration of Justice in the Province . . .

The administration of justice requires laws to be enforced, one of which is a police act. Each province has therefore legislated its own police act. Now if we return to section 91, we find that parliament is expressly forbidden to pass laws coming within the classes of subjects by this act assigned exclusively to the legislatures of the provinces. It, therefore, has absolutely

no constitutional authority to pass a police act involving provincial jurisdiction. To me, it is as clear as that.

To continue to fiddle and fuddle around "peace and order", "administration of justice", "conventions" or whatever, is to only further compound those sins of omission and commission which have brought about the present controversy.

● (2207)

Mr. Roger Young (Parliamentary Secretary to Minister of Justice and Attorney General of Canada): Mr. Speaker, the royal commission on security in 1969 made it clear that it was the duty of the state to protect its secrets from espionage, its institutions from subversion and its policies from clandestine influence.

The national security of Canada, understood in its domestic context, includes all of these responsibilities.

The maintenance of such national internal security is the responsibility of the government of Canada. This responsibility is derived not only from statutes and regulations such as those relating to the RCM Police but also from the provisions of the constitutional framework requiring the federal government to maintain peace, order and good government in Canada.

In its operational context, the maintenance of national security is upheld by the RCM Police, specifically the security service. The scope of the mandate of this group is found in law at section 16(3) of the Official Secrets Act. In this section, subversive activity means: (a) espionage or sabotage; (b) foreign intelligence activities directed toward gathering intelligence information relating to Canada; (c) activities directed toward accomplishing governmental change within Canada or elsewhere by force or violence or any criminal means; (d) activities by a foreign power directed toward actual or potential attack or other hostile acts against Canada; or (e) activities of a foreign terrorist group directed toward the commission of terrorist acts in or against Canada.

NORTHERN AFFAIRS—PROPOSED CONSTRUCTION OF HIGHWAY BETWEEN FORT McMURRAY AND FORT SMITH—INQUIRY AS TO FEDERAL AID

Mr. Wally Firth (Northwest Territories): Mr. Speaker, I am taking this opportunity to raise an important matter, one which I have brought to the attention of the House previously on November 9 of this year. It concerns the development of a transportation system which would serve the Northwest Territories, specifically, the construction of two highways directly affecting the economy of the north and more particularly the western part of the Northwest Territories.

The first of these proposed developments is the construction of a gravel highway to link Fort McMurray, Alberta with Fort Smith in the Northwest Territories. I recently met with the deputy premier of Alberta, Dr. Hugh Horner, to discuss this project. Dr. Horner, who is also the Alberta minister of transport, expressed serious and favourable interest in this proposal on behalf of the provincial government. He and I both agree that a highway along this route would provide long term benefits for the province of Alberta and more immediate benefits for the Northwest Territories.

It is clear, however, that a massive project such as this should not be financed solely by a provincial government. I am therefore seeking support from the federal government to enable this development to take place. I am urging that representatives of the government meet with me and with representatives of the Alberta government to discuss the possibility of proceeding with this project. I hope the government of Canada will see to it that a satisfactory financial agreement can be reached in order that work may begin as soon as possible.

The second proposal concerns the construction of the Liard highway to link Fort Nelson, B.C., with Fort Simpson in the Northwest Territories. Construction of such a highway would bring about important benefits for the Northwest Territories, for the Yukon and for British Columbia. In addition, it would open up the agricultural possibilities of the Liard area. I do not think many people are aware of those possibilities but I am firmly of the opinion that there is great agricultural potential in that area.

● (2212)

At present, the British Columbia government has paid for a 20-mile section out of Fort Nelson and a 50-mile stretch which exists in the Northwest Territories from Fort Simpson to Fort William. However, there have not been any serious efforts made to complete the project. I would like to know why the federal government has dragged its feet on this project. I would also like to know when the Treasury Board and the Department of Indian Affairs and Northern Development are going to make a decision on the construction of the Liard highway. I raised this issue with the President of Treasury Board (Mr. Andras) recently in the House, and was informed that I should have directed my question to the Minister of Indian Affairs and Northern Development (Mr. Faulkner). I would like some indication from the government whether or not they will proceed with the construction of this highway; I do not care where the answer comes from.

I am not alone in urging the completion of the Liard highway. The Northwest Territories' finance committee is also urging the federal government to complete the Liard highway. In view of the high unemployment rate at the present time, a project such as the Liard highway and the highway which is to be built from Fort McMurray to Fort Smith in the Northwest Territories would provide much needed work. I hope a favourable decision will be reached shortly. I also hope the government will look seriously at the policy recommended by the previous minister of Indian affairs and northern development, and that the policy of northern preference will be adhered to.

Mr. Roger Young (Parliamentary Secretary to Minister of Justice): Mr. Speaker, as the Minister of Indian Affairs and Northern Development (Mr. Faulkner) indicated on Friday, the department would be prepared to look into the matter raised by the hon. member. Up to this time, however, the

department has not been involved. The study referred to by the hon. member has been undertaken by the Alberta government and refers to a road in Alberta included in the DREE-MOT-Alberta northlands area. This road has not been included in the current three year western northlands agreement which ends this year. Depending on Alberta's priorities regarding road construction, it is possible that a highway to Fort Smith could be included in future western northlands agreements.

Should such a highway be considered for construction, naturally Parks Canada would be concerned over the proposed route in light of the ecological impacts on Wood Buffalo National Park. Parks Canada would seek preference for a route along the east side of the Athabasca river lying outside the park which would have minimum impacts on the important animal and waterfowl habitats inside the park.

The department, through the northern program, would also take an interest in any portion of the proposed road which would lie in the Northwest Territories. However, the department's participation in the construction of such a road would be subject to departmental priorities for road construction in the Northwest Territories. As the minister himself stated on Friday, at the present time we are in a period of restraint and will have to decide among the different priorities. As the hon. member will recall, the minister expressed his view that his priorities lie with the construction of the Liard highway which he has been discussing recently with Treasury Board and from whom he is expecting a decision early in the new year.

Mr. Deputy Speaker: The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at 2 p.m.

Motion agreed to and the House adjourned at 10.16 p.m.

HOUSE OF COMMONS

Tuesday, December 13, 1977

The House met at 2 p.m.

• (1407)

ROUTINE PROCEEDINGS

[*English*]

ENERGY

SUGGESTION LOWER CHURCHILL FALLS PROJECT BE DISCUSSED AT FEDERAL-PROVINCIAL CONFERENCE—MOTION UNDER S.O. 43

Mr. Jack Marshall (Humber-St. George's-St. Barbe): Mr. Speaker, I wish to move a motion under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. A statement made by the Minister of Employment and Immigration (Mr. Cullen) on the CTV program "Question Period" indicated that the development of the Gull Island site in Newfoundland is the type of project that could provide long-term employment. This is worthy of serious and urgent consideration since such a development would assure benefits to not only the Atlantic region but to Canada in added energy resources. I move, seconded by the hon. member for St. John's East (Mr. McGrath):

That the development of the lower Churchill hydro project be placed on the agenda for the federal-provincial conference on the economy in mid-February as a matter of priority.

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

Some hon. Members: No!

* * *

ANTI-INFLATION PROGRAM

PROPOSAL TO PERMIT WAGE INCREASES TO EQUAL INCREASES IN COST OF LIVING—MOTION UNDER S.O. 43

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I rise under the provisions of Standing Order 43. The rate of inflation, contrary to the assertion made in Vancouver yesterday by the Minister of Finance (Mr. Chrétien), is increasing, not decreasing. We are now experiencing an average for the last three months of almost 11 per cent which is substantially higher than it was at the time when wage and price controls were imposed. In view of the fact that the government has indicated that wage and salary increases will be restricted to six per cent which will mean a decline in the average Canadian family's standard of living of about $450 for 1978, I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That this House calls upon the government to permit wage and salary increases within the framework of the controls program to at least match increases in the cost of living and thereby avoid any losses in our standard of living.

Mr. Speaker: Presentation of such a motion pursuant to Standing Order 43 would require unanimous consent. Is there unanimous consent?

Some hon. Members: No!

* * *

[*Translation*]

ROYAL CANADIAN MOUNTED POLICE

SUGGESTED JOINT FEDERAL-PROVINCIAL COMMISSIONS TO INVESTIGATE ALLEGED CRIMES BY FORCE—MOTION UNDER S.O. 43

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

In view of the need to bring to light certain RCMP activities which are at least compromising, if not outright criminal, the reluctance of the Solicitor General of Canada (Mr. Fox) to co-operate with the inquiry commission which has been set up by the Quebec government, the doubts which are entertained regarding the objectivity of the McDonald Commission, which appears to be a duplicate of the Keable Commission, and because the whole thing is aimed apparently at covering up an ill advised authorization issued by the federal government, especially before, during and after the October 1970 crisis, I move, seconded by the hon. member for Villeneuve (Mr. Caouette):

That the House request the attorneys general and the justice ministers of all provinces to set up a fair and impartial joint inquiry commission to look into the criminal activities of the RCMP.

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

Some hon. Members: Agreed.

Some hon. Members: No.

Sport

[*English*]

THE MINISTRY

PROPOSAL TO REDUCE SALARY OF MINISTER OF EMPLOYMENT AND IMMIGRATION—MOTION UNDER S.O. 43

Mr. James A. McGrath (St. John's East): Mr. Speaker, I rise under the provisions of Standing Order 43 to put a motion on a matter of urgent and pressing necessity. Last Sunday on the CTV network program "Question Period", the Minister of Employment and Immigration repeated his contention that Canadians were not suffering from unemployment. He said and I quote "... they've had income and they're drawing unemployment insurance now and doing very nicely." Well, Mr. Speaker, the minister has obviously insulated himself from the cold reality that one million Canadians are facing this winter by virtue of their unemployment and rising food and shelter prices. I would move, seconded by the hon. member for Provencher (Mr. Epp):

● (1412)

That the minister's $1,200 a week ministerial income be reduced to the average unemployment insurance benefit of $100 per week.

Mr. Speaker: Presentation of such a motion would require unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

SPORTS

COST OF FILMING COMMONWEALTH GAMES—MOTION UNDER S.O. 43

Mr. Bob Wenman (Fraser Valley West): I rise under the provision of Standing Order 43. In view of the fact that amateur athletes and supporting organizations are struggling to raise money for training in preparation for next year's Commonwealth Games, and in view of the fact that the minister has recently announced a federally financed $840,000 film production of these same Commonwealth Games, and in view of the fact that a satisfactory film of the 1974 Canada Games cost only $12,000, I move, seconded by the hon. member for High Park-Humber Valley (Mr. Jelinek):

That the Canada Council give the Minister of State (Fitness and Amateur Sport) a home movie camera and air fare to the commonwealth country of her choice to make and star in her own movie and the money saved from her $840,000 extravaganza be spent to send athletes for training and competition opportunities in preparation for the games.

Mr. Speaker: The motion can be presented for debate only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

[Mr. Speaker.]

ROYAL CANADIAN MOUNTED POLICE

EXTENSION OF TERMS OF REFERENCE OF McDONALD COMMISSION TO ALLOW EXPOSURE OF ACTIVITIES OF FOREIGN POWERS—MOTION UNDER S.O. 43

Mr. Otto Jelinek (High Park-Humber Valley): Mr. Speaker, pursuant to the provisions of Standing Order 43, I rise on a matter of urgent and pressing necessity arising out of the fact that late last week during the hearings of the McDonald Commission Chief Superintendent Donald Cobb was denied the right to name a foreign power operating within Canada let alone the possibility to elaborate on what potentially could be a very damaging factor in our nation's security. My motion therefore, seconded by the hon. member for Central Nova (Mr. MacKay) is as follows:

That this House instruct the Solicitor General to extend the terms of reference of the McDonald Commission in such a way as to allow witnesses not only to identify foreign powers operating within our national boundaries but to allow detailed exposures of any or all questionable practices by foreign interests operating in Canada.

Mr. Speaker: Is there unanimous consent for the presentation of such a motion for debate?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

THE CANADIAN ECONOMY

REQUESTED ACTION TO PROTECT COMMUNITIES AND JOBS IN SUDBURY AREA—MOTION UNDER S.O. 43

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, I rise under the provisions of Standing Order 43 to ask the unanimous consent of this House to deal with a matter of urgent, pressing and most serious necessity. In view of the fact that thousands of people in the Sudbury basin now face the catastrophe of unemployment at a time when there are no alternative jobs for them to go to, and in view of the fact that this government has so far refused to take any action on this matter to protect the jobs of these Canadian workers and taxpayers, and in view of the fact that I now have before me approximately 28,000 cards signed by Sudbury area residents calling on the Prime Minister to take action to protect the jobs of the workers and the lives of the communities in which they live, I move, seconded by the hon. member for Brant (Mr. Blackburn):

That this House instruct the government of Canada to take the following actions as have been advocated by more than 28,000 Sudbury area residents and listed on these cards addressed to the Prime Minister.

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

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

THE CANADIAN ECONOMY

INFLATION AND UNEMPLOYMENT—REQUEST FOR NEW MEASURES TO COUNTERACT

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, my question is to the Prime Minister. The Prime Minister will recall when he announced the imposition of controls he projected that unemployment in the country—excuse me inflation—well unemployment is as bad as inflation, and it is difficult to know which crisis of mismanagement we should be addressing.

Some hon. Members: Hear, hear!

Mr. Clark: The Prime Minister at that time projected inflation would be down to six per cent last year and down to 4 per cent this year. The figures indicate that in fact we are dealing with a rate of 9.1 per cent inflation now; that the Prime Minister was more than 100 per cent wrong in his projections. The fact facing this parliament is that there is no economic legislation on the agenda of the House of Commons now to deal with the twin crises of inflation and unemployment. What economic measures does the Prime Minister and his government intend to introduce to change the direction of an economic program that has obviously failed?

• (1417)

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the Minister of Finance and myself have indicated that over the three-year period, that is to say by the end of December 1978, we expect to be on course and to have inflation down to a rate of six per cent or lower. I gave these figures in the House about a month ago and so did the Minister of Finance. Of course, if you look at a month-to-month basis, there are ups and downs.

Some hon. Members: Oh, oh!

Mr. Hees: They are all down.

Mr. Trudeau: Even members opposite know that in the first and second years of controls we were ahead of target and we reached a lower rate of inflation than had been forecast in the guidelines.

Mr. Hees: Through no fault of your own. It was agricultural prices that went down themselves.

Mr. Trudeau: I hear the hon. member for Prince Edward-Hastings saying "It is through no fault of your own because agricultural prices went down by themselves." Agricultural prices are now going up by themselves. It is part of the up and down which has not been controlled by the government or by the controls program. As members opposite know, this recent spurt in inflation is caused essentially by energy and food prices. Energy is responding to a world level of prices. Food is also responding to a world level of prices. We never pretended we could control those. I remind members opposite that in July and the month preceding July in 1974, we said that those were two elements we could not control since in the one case the price is set by the OPEC nations.

Some hon. Members: Hear, hear!

Mr. Clark: We now have a yo-yo theory of economic management in the country.

Some hon. Members: Hear, hear!

Mr. Clark: The Prime Minister asks us to believe that because he was wrong in the past, he is somehow going to be right in 1978. The CPI figures released today provide further evidence of the failure of the economic policy of this government. I want to repeat this question to the Prime Minister since there is nothing on the agenda of parliament to bring some leadership to the Canadian economy. Will the Prime Minister of Canada introduce to the parliament of this country immediate measures to try to turn around an economy in which economic leadership has clearly failed under his government? Will there be measures?

Mr. Trudeau: Mr. Speaker, the Leader of the Opposition talks as though he does not know what is in front of the House. Even this very day we have bills proceeding through the House, such as Bill C-11 of the Minister of Finance.

Mr. Hees: You mean that tired old bill?

Mr. Trudeau: It is a tired old bill because the tired old member from Prince Edward-Hastings is making it that.

Mr. Hees: Get some new writers, Pierre. You are running down. I have heard you bad, but that is the lowest you have ever been.

Mr. Trudeau: These lines happen to come from the hon. member for Prince Edward-Hastings. On inflation, we have indicated that decontrols will begin in April and that before they begin, parliament will have to pass several measures relating to the post-controls period. We are waiting for the opposition to deal with measures in front of the House before putting those forward.

Mr. Clark: The Prime Minister well knows that Bill C-11 which will be passed today has been in effect since June of this year. It is not new. It is not dealing with the problems that are facing Canadians right now. The Prime Minister seems unprepared to bring in the kind of basic reforms that are needed or to recognize that his decade of economic management has been a tragedy for the country. The CPI figures released today indicate that the Canadians who are suffering most are those who can least afford that kind of impact. Will the Prime Minister introduce, preferably before Christmas, measures or announcements of policy assigned to bring immediate relief to unemployed Canadians and Canadians among the working poor who simply cannot afford to pay 16 cents more for every dollar's worth of food they buy?

• (1422)

Mr. Trudeau: Mr. Speaker, the day after we introduce measures of this kind they are always described by the opposition as being insufficient. They say: You did that yesterday; what do you propose to do today? Now, the Leader of the Opposition is complaining about a tax bill which gave considerable relief to the Canadian people and which his party has not yet seen fit to pass. I would remind him, if he wants immediate relief for those hit by unemployment, that this government introduced what is probably the most forward looking unemployment insurance scheme in the world—and it was criticized by people on that side of the House.

Mr. Stevens: People want jobs, not hand-outs!

Mr. Trudeau: It was this government which established indexing in connection with family allowances and old age pensions, a provision which does provide relief for those who are hardest hit by the high cost of living. These are measures which the government introduced and which we had to push through parliament, always against the resistance of people on the other side of the House.

Mr. Clark: The Prime Minister can treat this as a joke or as a matter for some kind of debate. The fact is that because of the policies of the government there are countless Canadians who cannot afford to pay for the food, the clothing and the shelter they need. What we want to know is whether the right hon. gentleman intends to go on ignoring the plight of the hundreds of thousands who are in desperate need in Canada today or whether he intends to introduce emergency measures to help the unemployed and working Canadians on low incomes who need help right now.

Mr. Trudeau: The Leader of the Opposition has referred to those who cannot afford to buy food and clothing. I am not sure whether he was making a dramatic speech or whether he is really concerned with the plight of these people. I would point out that the Canada Assistance Plan is designed precisely to meet such circumstances. It is administered by the provinces and the federal government pays some 50 per cent of the shot to the extent, currently, of some $7 billion a year. If the opposition is proposing that we increase old age pensions, increase family allowances, increase payments under the Assistance Plan—

Mr. Peters: Hear, hear!

Mr. Stevens: Give them jobs!

UNEMPLOYMENT—REQUEST FOR IMMEDIATE MEASURES TO ALLEVIATE

Mr. James A. McGrath (St. John's East): My supplementary is addresed to the Minister of Finance and I can assure the Minister of Finance that this no laughing matter. The people of this country want jobs, not welfare.

Some hon. Members: Hear, hear!

Mr. McGrath: I should like to take up where the Prime Minister left off. Given the fact that of the one million or so Canadians who are unemployed 35 per cent have been unemployed for three months or more—their right to unemployment insurance benefits has expired and they must now fall back on welfare and the humiliation of the means test—

Some hon. Members: Order!

Some hon. Members: Question!

Mr. McGrath: Since this places an increasing burden on the provinces, which provide 50 per cent of the welfare payments, I ask the Minister of Finance whether he supports the view of his colleague, the Minister of Employment, that the unemployed are doing very nicely, thank you, or whether he intends to bring in immediate measures to deal with the spectre of hardship which hangs over the unemployed of this country right now.

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, we delivered on October 20 last an economic speech in the House which is now considered by the House and I would like to remind the opposition that they voted on second reading for those economic proposals. I would like to say that beginning next month, some substantial tax cuts will be granted to average and low wage earners to stimulate the economy and increase demand. I hope to be in position in the next few weeks to introduce a program urging contractors to add to their staff thus allowing a greater number of individuals to find employment. However, I do not think that a substantial increase in the federal budget or federal expenditures would improve the competitive position of Canada. What is important at this time is to keep our markets and I am pleased to report to the House that for 1977, we have increased our trade surplus from $1.1 billion to $2.5 billion, which means that Canada's economic situation is improving in relation to other countries. Yesterday, I read in the press that according to American economists in 1978 Japan alone would do better than Canada.

• (1427)

[*English*]

Mr. McGrath: Mr. Speaker, I have a supplementary question for the Minister of Finance. I would remind the Minister of Finance that in so far as the working poor and the unemployed of this country are concerned his tax cuts are mere tokenism, and they will only last for two months. Is it the intention of the Minister of Finance, given the fact that the only positive response we have had from the minister and his colleagues is that they are going to have a first ministers' conference dealing with the economy some time in February—

Some hon. Members: Question!

Mr. McGrath: Would the minister of interprovincial relations stick to his own business of looking after the provinces.

Some hon. Members: Oh, oh!

Mr. Speaker: Order, please. Would the hon. member complete his question.

Mr. McGrath: If the minister of intergovernmental relations, or whatever it is, will contain himself.

Some hon. Members: Order.

Mr. Speaker: Order, please.

Mr. McGrath: I ask the minister whether it is the intention of the government, instead of waiting for medium term measures to be decided on by a first ministers' conference at the end of the winter, to do something now to relieve the spectre of hardship which hangs over the unemployed of this country who have to get by on $125 a week, or those who no longer qualify for unemployment benefits but have to fall back on welfare? What does the government intend to do about this right now?

Mr. Chrétien: Mr. Speaker, on January 1 the federal government, through its budgetary measures, will be putting back into the economy $1.9 billion in tax incentives. Those matters were discussed with the treasuries of all the provinces in October and they agreed with the trend of the policies I was proposing. I will be having another meeting with them in January to review the situation, but I hope that the measures that we will be bringing in on January 1, 1978 will be passed very rapidly by the House of Commons.

* * *

ANTI-INFLATION PROGRAM

SUGGESTION WAGE INCREASES BE PERMITTED TO EQUAL INCREASES IN COST OF LIVING

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, the finance minister knows that his great tax credit amounts to only $2 a week for the average family. Considering that the rate of inflation now is almost 11 per cent, and given the fact that the minister has decided to change the regulations governing wage and salary increases to restrict them to six per cent, which will mean a substantial drop in real family incomes for all Canadians in 1978, will the minister at least change the guidelines and permit Canadians to have wage and salary increases which are commensurate with the increase in the cost of living?

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I do not intend to change the announced policy on controls. We should begin to lift them on April 14, 1978.

[*English*]

PROPOSED INCREASES IN COST OF AUTOMOBILES AND PETROLEUM—GOVERNMENT ACTION

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, may I direct my supplementary question to the Prime Minister. Considering that there are two aspects of the cost of living in which the government does have a direct role to play and which are seriously affecting Canadians now—I refer to the increases in the price of petroleum and cars—and considering the fact that General Motors, Chrysler and Ford all have profits substantially higher on the Canadian side of the border than on the U.S. side, according to a government report, would the government now take steps to ensure that the announced price increases which are coming in the automotive industry in January do not take place in Canada, and will he take steps to order the oil companies not to announce price increases in the petroleum sector which are also coming in January?

• (1432)

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the price of petroleum in this country has been kept, through enormous subsidies, below world prices, since the fall of 1973. Even the Leader of the NDP should understand that Canada cannot continue to subsidize forever its citizens with the taxpayers money and buy our oil in Canada at prices below world prices. This government, over a period of five years now, has brought these prices up slowly. They are moving towards world prices but have not yet reached them. Canadians will have to realize that the world prices for petroleum, the cost of investment in petroleum research and development in various parts of the world, these prices are at datum and we have to live with that. Once again the government has heavily subsidized in particular the five provinces of this country, and done it partly at the expense of the two western provinces, namely, Alberta and Saskatchewan. The NDP Premier of Saskatchewan has always complained that we have kept his prices too low; the NDP Leader in Ottawa is complaining that prices are too high. Mr. Speaker, this government has taken the view that a gradual phasing in of that price was the proper policy to adopt. But Canadians will have to face reality eventually, they will have to face the fact that those are the world prices for petroleum products.

There was also a second question. Perhaps I can deal with it next, Mr. Speaker.

Mr. Broadbent: Considering that the Premier of Saskatchewan, contrary to what the Prime Minister is alleging, has always maintained that any price increase should only take place if all the additional revenue were to go to the people of Canada instead of the oil companies, in flat contrast to the policies of this government, I should like to ask the Prime Minister whether he would consider adopting the policy that has been implemented by the Premier of Saskatchewan for the whole of Canada.

Second, to come back to the question he did not answer that pertains directly to the increases in the consumer price index that were announced today, which pertains to automobiles that are owned by 80 per cent of the Canadian families who are paying anywhere up to $1,000 up more per car than Americans for vehicles produced in Canada, will he stop these companies from increasing the price of cars to Canadians this January?

Mr. Trudeau: In October of 1975 we introduced a measure to control the cost of living, control prices and control incomes. The NDP has never supported it.

Some hon. Members: Hear, hear!

Mr. Broadbent: It has not worked.

Mr. Trudeau: Many of the union leaders in the country have never supported it. We are bringing the controls to an end in April. I find difficulty with the logic of the Leader of the NDP who, now that controls which he never supported are coming off, is saying we should start controlling certain products. It does not seem very logical to me.

Some hon. Members: Hear, hear!

Mr. Speaker: Order, please.

* * *

[*Translation*]

ROYAL CANADIAN MOUNTED POLICE

INQUIRY WHETHER ALL AGENTS OF FORCE WILL BE APPEARING BEFORE McDONALD COMMISSION

Mr. René Matte (Champlain): Mr. Speaker, I would like to address a question to the right hon. Prime Minister. Would he tell the House whether his government will bring all cases of RCMP agents provocateurs before the McDonald Commission, including those of agents who have been reported dead, missing or held in jail?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, we intend to put before the McDonald Commission all the information we have concerning every aspect of any "irregularity" on the part of the RCMP or of any other security force in this country. We want this royal inquiry commission to know all the information which we have in our possession and which might have any kind of relevance to any irregularity or any misconduct on the part of our police forces.

REQUEST FOR INQUIRY INTO DEATH OF MICHEL VIGER

Mr. René Matte (Champlain): Mr. Speaker, I would like to ask a supplementary question.

In order to further enlighten the House on the very serious cases concerning the 1970 October crisis, could the Prime Minister tell the House whether his government is prepared for instance to inquire into the death of Michel Viger, the one who sheltered and hid those responsible for Pierre Laporte's death? And in spite of all denials that could be made by RCMP authorities, would the Prime Minister agree to bring before the commission all evidence related to the role played by this same Michel Viger within the RCMP?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I will do better than that. I will urge the hon. member to testify in person before the commission, to put before this inquiry commission all the information he seems to have in his possession. We are sure that the hon. member will be invited to display all his knowledge and to prove, if he can, the allegations he is putting forward.

Mr. Matte: Mr. Speaker, I should like to ask the Prime Minister whether his government will give me the same cooperation as to the government of Quebec? If the answer is similar to the ones given to the House in 1970 and in 1971, or if these questions concern the security of the State, I should like, of course, the Prime Minister to tell me to what extent I may count on his co-operation when I appear before the McDonald Commission?

Mr. Trudeau: Mr. Speaker, if the hon. member wants to give evidence before this commission on matters coming under federal jurisdiction, namely on the RCMP, he will have the cooperation of the government. If he wants to give evidence before the federal inquiry commission which would tend, for example, to investigate the Quebec Department of Education, on the pretext of telling about some teachers in that province who show their students how to make bombs, we will say that, unfortunately, such facts should not be brought before a federal commission but rather a provincial one.

* * *

[*English*]

THE CANADIAN ECONOMY

INFLATION—REASON FOR UNITED STATES SUCCESS IN COMBATING WITHOUT CONTROLS

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, my question is for the Prime Minister. Faced with the 10.8 per cent annualized inflation which we have had in the past three months, and bearing in mind the Prime Minister's reference to earlier questions that somehow our inflation record is being unduly influenced by world conditions, would the Prime Minister indicate to the House why the Americans have been able to get their inflation level down to approximately one-third of ours in the past three months to which I have referred, and secondly, could he indicate in what way controls have contributed to our inflation level, bearing in mind that the Americans have succeeded in bringing their inflation down to one-third of our level without controls?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, that is not too difficult to understand. If the hon. member looks at the record of the U.S. performance and Canada's performance in the past three years, he will see that whereas Canada's economy slowed down to the rate of nearly 0 per cent, the U.S. was in a recession; that country's eco..omy was getting smaller by close to six per cent. In that period of time Canadian unemployment was one per cent to two per cent below American unemployment. When you see that trend in an economy, when the American economy actually receded whereas ours was merely growing very slowly, when they had a recession whereas we had a slow-down, when they had very high unemployment compared to high unemployment in

Canada, which is now even higher than in the United States, you get deflationary pressures, which means that inflation does not go up quite so fast, which again means that when you reach a recovery stage, recovery from minus six per cent to plus four per cent, recovery is somewhat faster.

These are matters which must be looked at in perspective. In the second part of this question the hon. member asks about controls. He has a figure now on a month-to-month basis which shows high inflation, but he could have looked at any period of time in 1976 and he would have seen that whereas our guidelines for inflation were eight per cent, a factor of six plus two for productivity, the CPI was growing at something like 5.6 per cent on a year-to-year basis. So the hon. member will see that over the long run we have performed much better than our guidelines have shown.

Some hon. Members: Oh, oh!

Mr. Trudeau: Mr. Speaker, I hear guffaws. I ask you, as a reasonable man—

Some hon. Members: Oh, oh!

Mr. Speaker: Order, please.

INFLATION—EFFECT OF DEVALUATION OF DOLLAR

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, I noticed that the Prime Minister likes to deal with this subject in a very abstract way, as if he has had no hand in the unsatisfactory economic condition of this country at the present time. I noticed the Prime Minister made no reference to devaluation in this country. Would he indicate if he feels devaluation to date has had any hand in raising the inflation level in the country, and if so, how much?

● (1442)

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, undoubtedly the inflation has an influence in increasing the cost of living in this country.

Mr. Chrétien: Devaluation.

Mr. Trudeau: Devaluation.

Some hon. Members: Oh, oh!

Mr. Trudeau: If the Canadian dollar is worth less, it means we have to pay more for our imports. Therefore the price of our imports and our import substitutes are higher, which is an addition to the cost of living. This translates itself into a higher CPI figure. That does not mean there are indigenous forces which are forcing the prices up. This means the world is judging that the Canadian economy is not performing up to par, and therefore, the Canadian dollar is not worth as much. This is why the dollar falls and CPI goes up as a consequence.

Mr. Stevens: Mr. Speaker, in view of the Prime Minister's answer with respect to devaluation, I was wondering if he could indicate if the Minister of Industry, Trade and Commerce was expressing government policy when he stated last week in this House that he liked the 90 cent dollar, notwithstanding its inflationary impact?

Mr. Trudeau: Mr. Speaker, I stated in the throne speech debate that the fact the Canadian dollar was worth less was a signal that we were—

An hon. Member: Worthless!

Some hon. Members: Oh, oh!

Mr. Trudeau: It was a signal the markets of the world were giving us to the effect that our costs were too high and our productivity was too low.

Mr. Hees: Why don't you do something about that?

Mr. Trudeau: I am being asked once again by the indomitable hon. member for Prince Edward-Hastings why we do not do something about it. I will remind the hon. member that when we brought in controls he voted with us.

Mr. Hees: Right.

Mr. Trudeau: The controls have the effect which I stated in my previous answer.

Mr. Hees: But, that did not increase productivity.

Mr. Trudeau: During the entire year of 1976, we had inflationary rates below our objectives, and we outperformed the inflationary projections. Thus, over the long period, we expect to be on target.

Mr. Hees: But, productivity is away down, and you will not do anything about it.

* * *

[*Translation*]

AIR TRANSPORT

INQUIRY AS TO REPORT OF COMMISSION ON REQUEST OF FRENCH AIR TRAFFIC CONTROLLERS FOR DISAFFILIATION

Mr. Roch La Salle (Joliette): Mr. Speaker, my question is directed to the Minister of Transport.

In December of 1976, Quebec air controllers filed a petition for disaffiliation from CATCA. The hearings of the commission ended in June of 1977, that is six months ago, and since then not a word has been said by the commission about the report it was to produce. Can the minister tell us today when he expects a public announcement about the decision of the Labour Relations Board with regard to the petition of the Quebec air controllers last June?

[*English*]

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, I would be surprised if any minister would know that in advance of the commission actually finishing its report; but in any case, the commission does not answer to parliament through me.

[*Translation*]

Mr. La Salle: On a supplementary, Mr. Speaker.

On November 2 last, the Minister of Transport promised, on behalf of the government, to amend the Public Service Staff Relations Act so as to give the board the power to grant the petition of the controllers, and the Minister of State responsible for federal-provincial relations reiterated that promise at a later date. In other words, he added that the federal government had said to the Gens de l'Air: "If you lose your appeal before the board, we will grant it through another act". In view of the circumstances, does the minister still intend to keep his promise of November 1976 which, as I said, was confirmed by his colleague, namely that if need be the government would amend the Public Service Staff Relations Act in order to meet the request of the Gens de l'Air du Québec?

[*English*]

Mr. Lang: Mr. Speaker, the hon. member did not state accurately the change which was proposed or which was promised. If the hon. member goes back and gets the exact words of our statement at that time, I will inform him that that continues to be our policy. We had discussions with various parties during the course of the last number of months as to when we would make a legislative change or introduce one to the House. There was general agreement not to do so until the judgment of the commission came down.

* * *

FRESHWATER FISH MARKETING CORPORATION

REASON FOR DELAY OF FINAL PAYMENT TO FISHERMEN

Mr. Cecil Smith (Churchill): Mr. Speaker, my question is directed to the Minister of Fisheries and the Environment. Due to a ceiling on borrowing, the Freshwater Fish Marketing Corporation board has decided not to make the final payment of $1.5 million to Manitoba commercial fishermen for the 1975-76 season. The payment was due the first of December. This final payment was to help fishermen to prepare for the winter season and also to provide them and their families with some money for Christmas. Mr. Speaker, this final payment belongs to the fishermen. I ask the minister what action he is taking to ensure that the fishermen will receive this final payment before Christmas. Also, what action is being taken to market the 14 million pounds of fresh fish which is now in cold storage in Winnipeg? Have there been any negotiations with the Food Prices Stabilization Board?

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): Mr. Speaker, the hon. member forgot to indicate that this decision was made by the board. The board of the corporation consists of ten members, four of whom are active fishermen. Also he forgot to indicate that the fishermen received some $4 million over last year's payments to them, because of the chance the corporation took by accepting a much larger volume and having the problems which the corporation now has. The board's decision was made with full knowledge of the facts. The corporation is endeavouring to liquidate the surplus which has been accumulated. At the moment, I will reaffirm my confidence in the board's ability to make this sort of decision.

Mr. Smith (Churchill): Mr. Speaker, I should like to ask the minister why the chairman of the FFMC, at a meeting in Thompson, Manitoba on November 21, with the Northern Manitoba Commercial Fishermen's Association, made absolutely no mention to those fishermen that there would not be a final payment for the 1975-76 season?

Mr. LeBlanc (Westmorland-Kent): Mr. Speaker, the chairman is not a dictator. He consulted the board, and the board made its decision in a vote.

* * *

[*Translation*]

ADMINISTRATION OF JUSTICE

REQUEST FOR AMENDMENT TO PERMIT USE OF FRENCH IN ONTARIO COURTS

Mr. Jean-Robert Gauthier (Ottawa-Vanier): Mr. Speaker, I want to direct a question to the Minister of Justice. Since the use of French in the Ontario provincial courts is tolerated only in a discretionary way and without any legal guarantee, and since section 127 of the Ontario Judicature Act formally forbids the use of any other language than English in Ontario courts of justice, what pressures does the Minister of Justice intend to bring to bear on his Ontario counterpart, Mr. McMurtry, to make sure that section 127 of the Judicature Act is amended so as to allow the use of French in all Ontario courts? Moreover, when does the minister intend to table the amendments promised in the Speech from the Throne aimed at correcting that injustice?

[*English*]

Hon. Ron Basford (Minister of Justice): Mr. Speaker, obviously neither I nor this parliament has any authority over the Ontario Judicature Act. Each province is free, under its Judicature Act or its Juries Act, to provide for bilingual juries in civil and criminal trials within its own province. In the Speech from the Throne we announced that we would be proposing amendments to the Criminal Code to make provision for bilingual juries for criminal trials under the Criminal Code. That legislation will be introduced in due course after consultation with provincial attorneys general.

* * *

INDUSTRY

PROPOSAL TO STOCKPILE NICKEL TO PROTECT JOBS AND COMMUNITIES IN SUDBURY AREA

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, my question is for the Prime Minister. In view of the fact that the people of the Sudbury basin are disgusted with this government's callous and insensitive attitude toward the lay-off

notices of INCO and Falconbridge, which can be proven by the 30,000 signatures and cards that I have; in view of the fact that the Sudbury Regional Council last Saturday unanimously voted to call on the government to stockpile nickel; and in view of the fact that France has undertaken the stockpiling of nickel since 1975, can the Prime Minister tell this House, in light of this information and in light of the massive damage unemployment will do to the thousands of families in the Sudbury basin, Thompson and Port Colborne, if he is now prepared to undertake a program of temporarily stockpiling nickel in order to protect the economic integrity of the Sudbury basin and the jobs of the people who will be affected.

● (1452)

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, representatives of the steelworkers union who represent the Sudbury workers attended a meeting with government ministers and officials this morning. A very important discussion took place during which several proposals were made by both sides, and I am confident that with this type of co-operation the unfortunate circumstances prevailing in Sudbury will be alleviated.

* * *

RESOURCES

SUGGESTION INCO AND FALCONBRIDGE OFFICIALS APPEAR BEFORE COMMITTEE TO EXPLAIN METHOD OF OPERATION

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, my supplementary question is to the Minister of Energy, Mines and Resources. In view of the fact that an internal government study recently made public states that the INCO operation in Sudbury is highgrading, a mining process whereby the lower grade ores are bypassed or used as backfill, and in view of the fact that this will make those lower grade ores much more difficult to recover economically and may in fact reduce the useful life of the Sudbury ore bed by many years, can the minister inform the House if he intends to call the management of INCO and Falconbridge before the Standing Committee on National Resources and Public Works so that we can find out the manner in which they are husbanding, exploiting and developing this non-renewable and depleting resource?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, I have already met with senior officials of INCO and asked them for the information they are in the process of supplying to the Ontario government. I believe that is the kind of information to which the hon. member is referring.

TRADE

PROPOSED IMPOSITION OF TEMPORARY TARIFF ON IMPORTED NICKEL CARBONATE

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, in view of the fact that I have not had much success, I will now turn to the Minister of Industry, Trade and Commerce.

An hon. Member: Lots of luck.

Mr. Hees: That will be a dead end.

Mr. Rodriguez: Mr. Speaker, in view of the fact that Canada is still importing raw nickel carbonate from Australia for processing at the Sherritt Gordon refinery at Fort Saskatchewan which is then sold to the Royal Canadian Mint for coinage, can the minister tell the House if at this time of high unemployment in the nickel industry he is prepared to impose a temporary import tariff on raw nickel in order to protect the jobs of workers in Thompson, Manitoba and Port Colborne and Sudbury, Ontario?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, this matter will be looked into.

* * *

ENERGY

LA PRADE HEAVY WATER PLANT—REASON FOR INCREASE IN COST ESTIMATE

Mr. Allan Lawrence (Northumberland-Durham): Mr. Speaker, I am sure the House well remembers that last July 18 I asked the Minister of Energy, Mines and Resources to give me an up-to-date estimate of the total construction cost of the La Prade heavy water plant which is being built by and for AECL, one of the minister's Crown corporations, near Gentilly, Quebec. Now, six months later, I have finally received a letter from the Minister. I am sure there is a misprint or a typing error in the letter because it indicates that instead of being $453 million the total estimate is now $846 million. That is almost $400 million more than the original estimate of just a few years ago. Is this a typing error? Is there some mistake? Can the minister confirm that this figure, which is almost double the loss on the Argentinian fiasco, is the correct figure?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, if the hon. member had been doing his homework, as he claims he has been, he would have known that the chairman of AECL provided information to the committee of which the hon. member is supposed to be a regular member.

I suppose there are occasions when the hon. member cannot to present, but if he had been present or if he had read the transcript he would know that the figure earlier in the year was of the order of $751 million. However, that did not include, as my letter indicates, some $50 million of subsidiary or secondary services supplied by Hydro Quebec. That is why the figure he has is higher. There is an escalation in the

estimates of about 5 per cent. This is a very large capital project, and the hon. member must know that the cost of very large capital projects in this country, as in other countries, has a habit of escalating during inflationary times.

Mr. Lawrence: Mr. Speaker, I do not know how the original estimate of $453 million increased by 5 per cent can equal $846 million. Is this the new math? Inflation is hitting this country hard, but not that hard. Would the minister please explain what other factors besides inflation contribute to this financial sinkhole which the minister refuses to supervise or control.

An hon. Member: What?

Mr. Lawrence: Sinkhole, s-i-n-k. It is a financial sinkhole.

Some hon. Members: Oh, oh!

Mr. Buchanan: There is only one "Sinc" around here.

Mr. Lawrence: What factors other than inflation affect the construction costs with respect to this matter?

Mr. Gillespie: Mr. Speaker, perhaps the hon. member should go back, do his homework and read the transcript of the committee meeting.

* * *

INDUSTRY

POSSIBILITY OF FEDERAL ASSISTANCE IN MODERNIZING SYDNEY STEEL MILL

Mr. Robert Muir (Cape Breton-The Sydneys): Mr. Speaker, my question is for the Prime Minister. He recently had discussions with the provincial premiers. During his meeting with Premier Regan did the question of federal financial assistance regarding the modernization and rejuvenation of the steel mill operated by the provincial crown corporation, SYSCO, at Sydney, come up? As the right hon. gentleman knows, if proceeded with, such a program would provide quite a number of jobs. Can he tell the House if he has anything encouraging to report on this matter as a result of his meeting with Premier Regan?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, in my private meetings with the various premiers they undertook to concentrate on the overall economic picture, but some time was left in my meetings with them to raise bilateral matters such as the one raised by the hon. member in his question.

Various premiers made several points relative to their provinces, and instead of making a long and indiscreet revelation of all the points they raised with me I prefer to say in general terms that many points of strictly provincial interest were brought to my attention. Those matters could have an impact on the overall economic situation. Premier Regan indeed mentioned several local and provincial projects.

[Mr. Gillespie.]

BANK ACT

DATE OF INTRODUCTION OF AMENDMENTS

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, my question is to the Minister of Finance. In view of the fact that business requires much more easy financing, is the minister in a position to say when he will bring in amendments to the Bank Act and whether this will happen before Christmas, or is he thinking that he will require only a one-line amendment to postpone the deadline date of the Bank Act?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I will be introducing today a bill to extend for one year the operation of the Bank Act. I will be introducing additional legislation as early as possible when we come back in January so that the committee will be able to start the very difficult work of reviewing the Bank Act again.

Mr. Baker (Grenville-Carleton): What a courageous government!

* * *

GRAIN

WHEAT—REQUEST FOR STATEMENT ON EXPECTATIONS FOR PRICES

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, my question is directed to the Minister of Transport by virtue of his being in charge of the Canadian Wheat Board. What has he to say by way of encouragement to the western farmer concerning the degree to which the price of wheat has gone down in the last couple of years? What are the expectations, having regard to the tremendous increase in the cost of production and the fact that wheat prices today are scarcely higher than the cost of production?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, there are quite a few encouraging things to say. The price of wheat has gone up some 80 cents or 90 cents since its low point last August. That is very encouraging. While that is not the total answer, exports of wheat are at absolutely stupendous levels and will be very much higher than last year. In the course of this year we will have delivered and sold not only our whole crop but likely 100 million to 150 million bushels of reserves from the previous year as well.

In addition, we have made it part of the law of the land that there is a grain stabilization program which does take cost of production into account. That can be a very significant income support to farmers in the event their net cash position deteriorates. In addition to all that, we have held the initial prices of wheat, barley and oats at levels higher than might ordinarily be expected, having regard to what the level of those prices was. This government has always recognized the importance of the grain farmer and his production to this country and accordingly took that risk.

● (1502)

Mr. Diefenbaker: Today the minister has conveniently divided one of his speeches—a summary of what he has been delivering. I should like to ask him what he meant when he said in Melfort the other day:

However, in the case of wheat, costs of production have increased so sharply that several successive years of reduced returns might very well put a producer out of business—

Was he speaking of fact then in his very enthusiastic personalized statement that the western farmer cannot accept, or was he simply trying to cover up the fact that he realizes an international wheat organization cannot be secured?

Mr. Lang: Mr. Speaker, I am a little puzzled by the right hon. gentleman's question. I have not been in Melfort for many, many months. He may be confusing me with Roy Atkinson. Certainly, I know no two sources more reputed for gloom than Roy Atkinson and the right hon. gentleman.

Mr. Diefenbaker: Mr. Speaker, I have before me a copy of the Melfort *Journal* of November 30.

An hon. Member: What year?

Mr. Diefenbaker: The minister says he has not been there. All I have to say is that he must have been in dreamland because what he said is reported and the western farmer realizes that it is the usual nonsense that he produces.

Mr. Lang: Mr. Speaker, not only was I not there but I should just like to say that does not express my view. My view is of course that low prices such as we saw last August are unacceptable from the point of view of the grain farmer—quite unacceptable from the point of view of cost of production. That is why I have been dedicating so much of my effort not only to programs like grains stabilization, not only to wheat sales and farm credit but also to trying to get the best international wheat agreement which will assure a proper return for our farmers.

ROUTINE PROCEEDINGS

[*English*]

ADMINISTRATION OF JUSTICE

TABLING OF REPORT OF LAW REFORM COMMISSION

Mr. Roger Young (Parliamentary Secretary to Minister of Justice): Mr. Speaker, pursuant to Standing Order 41(2), I have the honour of tabling, in both official languages, the report of the Law Reform Commission of Canada concerning "The Exigibility to Attachment of Remuneration Payable by the Crown in Right of Canada".

PRIVILEGE

MR. CROSBIE—PRIME MINISTER'S REPLY TO QUESTION

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I rose on a question of privilege yesterday involving the Prime Minister, who has just darted out of the chamber like a scared rabbit. I rose on a question of privilege involving an answer the Prime Minister gave last Friday, which he now has had his agents contradict outside the House, which is embarrassing to the United States ambassador. The Prime Minister stated that a diplomatic note had been sent to the U.S. ambassador complaining that he is running—

An hon. Member: He has darted back.

Mr. Crosbie: Since the Prime Minister has returned, Mr. Speaker, I shall sit down and see if he is going to answer the point.

An hon. Member: What point?

Mr. Crosbie: My point is that on Friday the Prime Minister stated that he had sent a diplomatic note to the United States government complaining that this government was sick and tired of the United States ambassador running around talking about free trade. This was to back up a statement made by the Minister of Agriculture in a speech on November 29, in Hamilton, to the Ontario Federation of Agriculture. At that time, the Minister of Agriculture said that he was sick and tired of the U.S. ambassador running around talking about free trade.

Last Friday, the Prime Minister stated that a diplomatic note conveying that view had been sent to the United States authorities. I want to know whether this is so, and whether his agents who spoke outside this House and who have no status in this House, no matter who they are or how awe-inspiring they may be outside, are correct. If no note has been sent to the United States authorities, has any verbal or written objection been sent protesting or complaining about the statements or actions of their ambassador in Canada?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I am sorry that the hon. member did not himself use a little bit of ingenuity to find the answer to this apparent contradiction. It could easily have been done, even by him, if he had referred to his own question in *Hansard* at page 1729. The hon. member, as often happens, was very wordy, very verbose and rambled on and on. He asked two questions and the *Hansard* reporter was perceptive enough to put them in two paragraphs. There was a first question and there was what the hon. member calls a supplementary question. My "Yes" answered the first question, Mr. Speaker, and by the time he got into the supplementary I had dozed off.

Mr. Speaker: Order, please. The hon. member has raised a question of privilege. He raised it yesterday, exposing an answer he had received which he said was evidently misleading. The process which we always follow is that an hon. member who is alleged to have made some remark or answer

which may be misleading is entitled to give an explanation of his answer. The right hon. Prime Minister has done that. The matter does not constitute a question of privilege; it constitutes a question of disagreement on the interpretation of questions and answers given. It is a matter for discussion and debate, not a question of privilege.

* * *

Mr. Rodriguez: Mr. Speaker, on a point of order, I have here some 30,000 cards which are signed and which call on the government to do three specific things, namely, to rescind the lay-off orders at Inco and Falconbridge, to make sure that any tax concessions are related to job creation, and to develop industrial strategies for communities like Sudbury. I know that this does not follow exactly the form of a petition, but it clearly calls on the government to do three specific things. I would appreciate it very much if Your Honour would put a question to the House and ask it to receive unanimously these 30,000 cards signed by 30,000 people in the Sudbury basin as a petition to the government.

Mr. Speaker: Order, please. If the hon. member wants to present those 30,000 signatures as a petition, it would require only a minor adjustment in form, on which the House may give him some advice. There is, however, no opportunity for the House to amend its already established procedures in that regard.

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[*Translation*]

BANK ACT

AMENDMENT TO EXTEND OPERATION TO APRIL 1, 1979

Hon. Jean Chrétien (Minister of Finance) moved for leave to introduce Bill C-16, to amend the Bank Act and the Quebec Savings Banks Act.

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

* * *

[*English*]

COMMITTEES OF THE HOUSE

TERMS OF REFERENCE OF JOINT COMMITTEE ON DEVELOPMENT OF NATIONAL CAPITAL REGION

Hon. Allan J. MacEachen (President of Privy Council): Mr. Speaker, I wonder if the House would deal with a matter which was raised several days ago, namely, the reference to the Special Joint Committee of the Senate and House of Commons on the National Capital Region. If it is agreeable that this motion could be dealt with without debate, I would ask that it be put now. I have consulted with representatives of the other parties, extending back to last week, and there was agreement. I believe it still exists.

Some hon. Members: Agreed.

[Mr. Speaker.]

[*Translation*]

Mr. Adrien Lambert (Bellechasse): Agreed, Mr. Speaker.

[*English*]

Mr. Speaker: The House has agreed that the motion standing in the name of the Deputy Prime Minister and President of Privy Council be put at this time.

Mr. MacEachen moved:

That a special joint committee of the Senate and House of Commons be established to consider and report upon matters bearing upon the development of the national capital region, including the programs and operations of the National Capital Commission;

That 15 members of the House of Commons, to be designated by the House at a later date, be the members on the part of this House of the special joint committee;

That the said committee have the power to send for persons, papers and records and examine witnesses; to sit during sittings and adjournments of the House; to print such papers and evidence from day to day as may be deemed advisable; and to adjourn from place to place within Canada;

That the said committee present a final report within 90 days of the adoption of this resolution taking into account the evidence given before the Special Joint Committee on the National Capital Region established in June, 1975, and the evidence given before the newly established joint committee;

That a message be sent to the Senate requesting that House to unite with this House for the above purpose, and to select, if the Senate deems it advisable, some of its members to act on the proposed special joint committee;

That the quorum of the Special Joint Committee on the National Capital Region be fixed at eleven (11) members, provided that both Houses are represented, whenever a vote, resolution or other decision is taken, and that the joint chairmen be authorized to hold meetings to receive and authorize the printing of evidence, when a quorum is not present, so long as five (5) members are present, provided that both Houses are represented; and

That the Special Joint Committee on the National Capital Region be authorized to retain the services of advisors and such additional professional, stenographic and clerical staff as is required during the committee's consideration and review of matters bearing upon the development of the national capital region.

Mr. Speaker: Order, please. It is agreed that the motion which has been read to the House and which stands in the name of the Deputy Prime Minister and President of the Privy Council be adopted as it stands in his name on the order paper.

Some hon. Members: Agreed.

Motion agreed to.

* * *

● (1512)

PETITIONS

VIOLATIONS OF VIETNAMESE HUMAN RIGHTS

Mr. Douglas Roche (Edmonton-Strathcona): I wish to present a petition to parliament on behalf of several hundred Vietnamese, Canadian citizens and landed immigrants, urging the government of Canada to demand that the government of Vietnam cease violations of human rights, release political prisoners, allow the reunification of families through the release of certain Vietnamese citizens still in that country, increase aid to refugees, and raise this issue at the United Nations.

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today: 170, 171, 177, 184, 185, 199, 215, 216, 232, 267, 279, 289, 306, 308, 385, 386, 387, 390, 414, 421, 425, 435, 497, 514, 516, 521, 525, 683, 701, 725, 726, 731 and 754.

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

[*Text*]

NUMBER OF PERSONS UNDER CONTRACT TO ATOMIC ENERGY OF CANADA LIMITED

Question No. 170—**Mr. McKenzie:**

1. What is the total number of persons under contract to Atomic Energy of Canada Ltd. and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Atomic Energy of Canada Limited reports as follows: 1. Number of persons under contract—28. Number who are retired public servants—nil.

2. (a) 1975—$80,498. Amount paid to retired public servants—nil. (b) 1976—$146,890. Amount paid to retired public servants—$2,903.

NUMBER OF PERSONS UNDER CONTRACT TO CANADIAN ARSENALS LTD.

Question No. 171—**Mr. McKenzie:**

1. What is the total number of persons under contract to Canadian Arsenals Ltd. and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Hon. Jean-Pierre Goyer (Minister of Supply and Services): 1. At October 20, 1977, one person. This person was not a retired public servant.

2. (a) Nil; (b) Nil.

NUMBER OF PERSONS UNDER CONTRACT TO ATOMIC ENERGY CONTROL BOARD

Question No. 177—**Mr. McKenzie:**

1. What is the total number of persons under contract to the Atomic Energy Control Board and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): The Atomic Energy Control Board reports as follows: 1. Number of persons under contract—28. Number who are retired public servants—one.

2. (a) 1975—$31,155.13. Amount paid to retired public servants—$11,746.71. (b) 1976—$54,257.93. Amount paid to retired public servants—$12,952.61.

NUMBER OF PERSONS UNDER CONTRACT TO CANADIAN BROADCASTING CORPORATION

Question No. 184—**Mr. McKenzie:**

1. What is the total number of persons under contract to the Canadian Broadcasting Corporation and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Hon. John Roberts (Secretary of State): I am informed by the Canadian Broadcasting Corporation as follows: 1. Seventy-one as of September 30, 1977.

2. (a) $1,622,135; (b) $1,795,426. For both parts, CBC records are not kept in a way which will show whether people under contract to the Corporation are retired public servants.

NOTE: These figures do not include contracts with programme participants such as actors, musicians, writers and researchers.

NUMBER OF PERSONS UNDER CONTRACT TO CANADIAN COMMERCIAL CORPORATION

Question No. 185—**Mr. McKenzie:**

1. What is the total number of persons under contract to the Canadian Commercial Corporation and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Hon. Jean-Pierre Goyer (Minister of Supply and Services): 1. Two of whom one is a retired public servant.

2. (a) Nil; (b) Nil.

NUMBER OF PERSONS UNDER CONTRACT TO THE CANADIAN PERMANENT COMMITTEE ON GEOGRAPHICAL NAMES

Question No. 199—**Mr. McKenzie:**

1. What is the total number of persons under contract to the Canadian Permanent Committee on Geographical Names and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): The Canadian Permanent Committee on Geographical Names reports as follows: 1. The Surveys and Mapping Branch of the Department of Energy, Mines and Resources is responsible for engaging persons under contract to undertake work relating to geographical names. Number of persons under contract, two; Number who are retired public servants—nil.

2. (a) 1975-76—$55,000. (b) 1976-77—$60,000. Amount paid to retired public servants—nil.

Order Paper Questions

NUMBER OF PERSONS UNDER CONTRACT TO ELDORADO AVIATION LTD.

Question No. 215—**Mr. McKenzie:**

1. What is the total number of persons under contract to Eldorado Aviation Ltd. and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Eldorado Aviation Limited reports as follows: 1. Nil.

2. Not applicable.

NUMBER OF PERSONS UNDER CONTRACT TO ELDORADO NUCLEAR LIMITED

Question No. 216—**Mr. McKenzie:**

1. What is the total number of persons under contract to Eldorado Nuclear Ltd. and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Eldorado Nuclear Limited reports as follows: 1. Nil.

2. Not applicable.

NUMBER OF PERSONS UNDER CONTRACT TO NATIONAL ENERGY BOARD

Question No. 232—**Mr. McKenzie:**

1. What is the total number of persons under contract to the National Energy Board and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): The National Energy Board reports as follows: 1. Number of persons under contract—one. Number who are retired public servants—nil.

2. (a) 1975—$3,093.60. Amount paid to retired public servants—nil. (b) 1976—$5,170. Amount paid to retired public servants—nil.

ATLANTIC DEVELOPMENT COUNCIL—PERSONNEL OBTAINED FROM PRIVATE EMPLOYMENT AGENCIES

Question No. 267—**Mr. McKenzie:**

1. Has the Atlantic Development Council obtained (a) part-time (b) full-time employees from private employment agencies in (i) British Columbia (ii) Alberta (iii) Saskatchewan (iv) Manitoba (v) Ontario (vi) Quebec (vii) New Brunswick (viii) Nova Scotia (ix) Prince Edward Island (x) Newfoundland and, if so, in each case, how many?

2. Are such employees paid from supplementary estimates and, if not, from what estimates are they paid?

3. By province, what was the (a) average hourly rate paid to employment agencies (b) average hourly rate paid to employees (c) total amount paid by the Atlantic Development Council in (i) 1975 (ii) 1976?

[Mr. Gillespie.]

Mr. Donald Wood (Parliamentary Secretary to Minister of Regional Economic Expansion): The reply for the Atlantic Development Council is as follows: 1. (a)(i) to (ix) no. (x) yes, two in 1975-76 and two in 1976-77. (b) No.

2. No, these employees were paid from the main estimates.

3. (a)(i) to (ix) not applicable. (x) $4.45 in 1975-76 and $5.23 in 1976-77. (b) Information on the terms of employment between agencies and their employees is not available. (c) (i) $1,253.16 for 1975-76. (ii) $2,065.90 for 1976-77.

CANADIAN FILM DEVELOPMENT CORPORATION—PERSONNEL OBTAINED FROM PRIVATE EMPLOYMENT AGENCIES

Question No. 279—**Mr. McKenzie:**

1. Has the Canadian Film Development Corporation obtained (a) part-time (b) full-time employees from private employment agencies in (i) British Columbia (ii) Alberta (iii) Saskatchewan (iv) Manitoba (v) Ontario (vi) Quebec (vii) New Brunswick (viii) Nova Scotia (ix) Prince Edward Island (x) Newfoundland and, if so, in each case, how many?

2. Are such employees paid from supplementary estimates and, if not, from what estimates are they paid?

3. By province, what was the (a) average hourly rate paid to employment agencies (b) average hourly rate paid to employees (c) total amount paid by the Canadian Film Development Corporation in (i) 1975 (ii) 1976?

Hon. John Roberts (Secretary of State): I am informed by the Canadian Film Development Corporation as follows: 1. (a) Yes. (i) no; (ii) no; (iii) no; (iv) no; (v) no; (vi) yes, five employees; (vii) no; (viii) no; (ix) no; (x) no. (b) Yes. (i) no; (ii) no; (iii) no; (iv) no; (v) yes, one employee; (vi) yes, two employees; (vii) no; (viii) no; (ix) no; (x) no.

2. No. Regular budget.

3. (a) Average hourly part-time rate in Quebec (agencies): $5.88; (b) Proprietary to the Agencies; (c) (i) 1975: $346.00; (ii) 1976: $3,103.07.

CANADIAN PERMANENT COMMITTEE ON GEOGRAPHICAL NAMES—PERSONNEL OBTAINED FROM PRIVATE EMPLOYMENT AGENCIES

Question No. 289—**Mr. McKenzie:**

1. Has the Canadian Permanent Committee on Geographical Names obtained (a) part-time (b) full-time employees from private employment agencies in (i) British Columbia (ii) Alberta (iii) Saskatchewan (iv) Manitoba (v) Ontario (vi) Quebec (vii) New Brunswick (viii) Nova Scotia (ix) Prince Edward Island (x) Newfoundland and, if so, in each case, how many?

2. Are such employees paid from supplementary estimates and, if not, from what estimates are they paid?

3. By province, what was the (a) average hourly rate paid to employment agencies (b) average hourly rate paid to employees (c) total amount paid by the Canadian Permanent Committee on Geographical Names in (i) 1975 (ii) 1976?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): The Canadian Permanent Committee on Geographical Names reports as follows: 1. The Surveys and Mapping Branch of the Department of Energy, Mines and Resources provides staff to perform the functions of the CPCGN's Secretariat. (a) and (b) Nil.

2. Not applicable.

ELDORADO NUCLEAR LIMITED—PERSONNEL OBTAINED FROM PRIVATE EMPLOYMENT AGENCIES

Question No. 306—**Mr. McKenzie:**

1. Has Eldorado Nuclear Ltd. obtained (a) part-time (b) full-time employees from private employment agencies in (i) British Columbia (ii) Alberta (iii) Saskatchewan (iv) Manitoba (v) Ontario (vi) Quebec (vii) New Brunswick (viii) Nova Scotia (ix) Prince Edward Island (x) Newfoundland and, if so, in each case, how many?

2. Are such employees paid from supplementary estimates and, if not, from what estimates are they paid?

3. By province, what was the (a) average hourly rate paid to employment agencies (b) average hourly rate paid to employees (c) total amount paid by Eldorado Nuclear Ltd. in (i) 1975 (ii) 1976?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Eldorado Nuclear Limited reports as follows: 1. Nil.

2 and 3. Not applicable.

FARM CREDIT CORPORATION—PERSONNEL OBTAINED FROM PRIVATE EMPLOYMENT AGENCIES

Question No. 308—**Mr. McKenzie:**

1. Has the Farm Credit Corporation obtained (a) part-time (b) full-time employees from private employment agencies in (i) British Columbia (ii) Alberta (iii) Saskatchewan (iv) Manitoba (v) Ontario (vi) Quebec (vii) New Brunswick (viii) Nova Scotia (ix) Prince Edward Island (x) Newfoundland and, if so, in each case, how many?

2. Are such employees paid from supplementary estimates and, if not, from what estimates are they paid?

3. By province, what was the (a) average hourly rate paid to employment agencies (b) average hourly rate paid to employees (c) total amount paid by the Farm Credit Corporation in (i) 1975 (ii) 1976?

Hon. E. F. Whelan (Minister of Agriculture): In so far as the Farm Credit Corporation is concerned, the answer is: 1. (a) (i) to (iv), nil; (a) (v), 6; (a) (vi) to (x), nil; (b) (i) to (x), nil.

2. No. They are paid from Corporation funds.

3. (a) (i) Ontario, $5.35; (ii) Ontario, $5.99; (b) Hourly rates paid by employment agencies to their employees are not known to the Corporation. (c) (i) $1,411.09; (ii) $3,554.95.

NUMBER OF PERSONS UNDER CONTRACT TO BOARD OF EXAMINERS FOR DOMINION LAND SURVEYORS

Question No. 385—**Mr. McKenzie:**

1. What is the total number of persons under contract to the Board of Examiners for Dominion Land Surveyors and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): The Board of Examiners for Dominion Land Surveyors reports as follows: 1. Nil.

2. Not applicable.

NUMBER OF PERSONS UNDER CONTRACT TO THE COLUMBIA RIVER TREATY PERMANENT ENGINEERING BOARD (CANADIAN SECTION)

Question No. 386—**Mr. McKenzie:**

1. What is the total number of persons under contract to the Columbia River Treaty Permanent Engineering Board (Canadian Section) and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): The Columbia River Treaty Permanent Engineering Board (Canadian Section) reports as follows: 1. Nil.

2. (a) and (b) Not applicable.

NUMBER OF PERSONS UNDER CONTRACT TO ENERGY SUPPLIES ALLOCATION BOARD

Question No. 387—**Mr. McKenzie:**

1. What is the total number of persons under contract to the Energy Supplies Allocation Board and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): The Energy Supplies Allocation Board reports as follows: 1. Nil.

2. Not applicable.

NUMBER OF PERSONS UNDER CONTRACT TO INTERPROVINCIAL AND TERRITORIAL BOUNDARIES COMMISSION

Question No. 390—**Mr. McKenzie:**

1. What is the total number of persons under contract to the Interprovincial and Territorial Boundaries Commission and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): The Interprovincial and Territorial Boundaries Commission reports as follows: 1. Number of persons under contract—2; Number who are retired public servants—1.

2. (a) 1975-76, $18,430.10; Amount paid to retired public servants, $3,050,00; (b) Nil.

NOTE: The above costs were shared by Saskatchewan, Manitoba and Canada for work on the Manitoba-Saskatchewan and the Saskatchewan-Northwest Territories Boundaries.

Order Paper Questions

HMCS "ASSINIBOINE"

Question No. 414—**Mr. McKinnon:**

1. What are the details concerning the unscheduled docking of HMCS *Assiniboine* which resulted in Shelburne Marine Ltd. of Shelburne, Nova Scotia getting a $110,062 contract?

2. Were there other costs in connection with the unscheduled docking?

Hon. Jean-Pierre Goyer (Minister of Supply and Services): 1. In reply to a request for proposal, Saint John Shipbuilding and Drydock Co. Ltd., Saint John, N.B. offered a price of $172,754.58 for the known work, plus an allowance of $31,558 for estimated work arising, for a total estimated cost of $204,312.58. The Department of Supply and Services judged the price to be unacceptable and issued an invitation to tender to six companies. Only one bid was received, that of Saint John Shipbuilding and Drydock Co. Ltd. who tendered the same price as before. DSS did not consider this price to be acceptable for the work to be performed and led them to seek another source. As it happened, the delay in finalizing the price with Saint John Shipbuilding allowed another company to bid on the requirement since, in the interim, that company's docking facilities had been certified by DND as being able to dock the vessel concerned. Shelburne Marine Limited submitted a price of $110,061.68 for the known work plus an allowance of $30,540 for a like amount of work arising, as considered for Saint John Shipbuilding, for a total estimated cost of $140,601.68. The contract was therefore awarded to Shelburne and negotiations were terminated with Saint John Shipbuilding and Drydock Co. Ltd.

2. The total job including all work arising was completed at $146,914.36.

NUMBER OF PERSONS HIRED TO WORK ON CITIZENSHIP APPLICATIONS

Question No. 421—**Mr. Friesen:**

1. How many persons have been hired by the Department of the Secretary of State since January 1, 1976, to work on the enrolment of new citizens or to process new citizenship applications?

2. How many persons are working on citizenship applications in (a) Montreal (b) Metro Toronto (c) Hamilton (d) Vancouver and, in each case, how many use as their first or second language (a) German (b) Portuguese (c) Chinese (d) Hindi (and dialects of) (e) Italian (f) Spanish (g) Greek?

Hon. John Roberts (Secretary of State): 1. Since January 1, 1976, 94 persons have been hired by the Department of the Secretary of State to work on the enrolment of new citizens or to process new citizenship applications. Staffing has taken place as follows:

	1976	1977	Total New Staff
Registration Headquarters	11	23	34
Citizenship Courts	12	48	60
Total	23	71	94

[Mr. Gillespie.]

2. Thirty-six persons are working on citizenship applications in Montreal. None of these employees use the language listed as their first or second language. Sixty-five persons are working on citizenship applications in Metro Toronto. The number using the languages listed as their first or second language are: German, 1; Chinese, 2; Italian, 5; Greek, 4. Eight persons are working on citizenship applications in Hamilton. The number using the languages listed as their first or second language are: German, 1; Italian, 2. Twenty-eight persons are working on citizenship applications in Vancouver. The number using the languages listed as their first or second language are: Chinese, 3; Hindi, 2; Spanish, 1.

RE-USE OF AUTOMOTIVE LUBRICATING OILS AS FUELS FOR HOME HEATING

Question No. 425—**Mr. Elzinga:**

1. Was it government policy during wartime (1939 to 1945) to encourage the re-use, after a degree of reprocessing and purification, of automotive lubricating oils as fuels for home heating in an attempt to conserve scarce fossil fuel reserves?

2. Is the government (a) aware of (b) currently commissioning studies into the efficacy of this type of policy and, if so (i) on what date were such studies instituted (ii) have they been completed and, if not, on what date are they expected to be completed?

3. What have been the findings and recommendations of the studies?

4. Has official notice been taken of the studies, their findings and recommendations and, if so, in what form?

5. Has any action been taken on the recommendations and, if so, what specific action?

6. Will the studies be tabled in the House of Commons or referred to a committee of the House and, if so, on what date?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): 1.to 6. See reply to Question No. 2,314 asked by Mr. O'Sullivan in the 2nd Session, 30th Parliament which was tabled in the House of Commons on October 17, 1977.

NATIONAL DEFENCE—CONTRACT NO. 08MY.3616002-11

Question No. 435—**Mr. McKinnon:**

1. Did Ian Martin and Associates Ltd., Ottawa, receive a contract numbered 08MY.3616002-11 for $45,108 for technical services-Leopard Tanks and, if so (a) for what purpose (b) were there personnel in the Department of National Defence who were competent to perform such services?

2. For what reason were such services not supplied as part of the normal services that the firm of Krauss-Maffei would provide as part of its contract with the government to provide 128 Leopard I tanks?

Hon. Barney Danson (Minister of National Defence): 1. Yes. (a) and (b). On all major DND contracts it is the practice to have a technical representative in the contractor's plant representing the operational and technical agencies of National Defence Headquarters. In regard to this major contract there was a need to supplement the skilled manpower available to DND by one additional skilled engineer knowl-

edgeable of tanks. This engineer will be located as a DND technical representative, at the contractor's plant.

2. See (a) and (b) above.

BILINGUAL BONUS

Question No. 497—**Mr. Herbert:**

1. Are departments advising public servants in bilingual positions that they will receive an annual bonus of $800 and, if so, will a (a) unilingual person filling a designated bilingual position be eligible for the bonus (b) degree of competence in the second language be necessary and how will this be ascertained?

2. Will the salary of a person presently receiving a 7% premium as a bilingual secretary be reduced when the 7% exceeds $800?

Hon. Robert K. Andras (President of the Treasury Board): 1. The implementation of the Bilingualism Bonus has been effected relatively quickly and employees are either in the process of now receiving the Bilingualism Bonus payment or are being notified that it is forthcoming. (a) Unilingual persons filling an identified bilingual position are not eligible for the bonus; (b) Yes, a degree of competence in the second language will be necessary. Each bilingual position has been assigned a linguistic competence level. Position incumbents are tested by the Public Service Commission to determine whether or not they meet the required level.

2. A person presently receiving a 7 per cent premium as a bilingual secretary will not have this amount reduced if it is in excess of the $800 Bilingualism Bonus. However, the amounts generated by the 7 per cent of salary formula were frozen at the amounts being paid as of October 15, in those instances where some employees were receiving in excess of $800 per year.

COMMUNITY COURSES FUNDED IN NEW BRUNSWICK

Question No. 514—**Mr. Howie:**

Have any community courses been funded in Fredericton, New Brunswick by the Department of Employment and Immigration since January 1, 1977 and, if so, what were the courses and what was the extent of the funding?

Hon. Bud Cullen (Minister of Employment and Immigration):

Canada Manpower Training Program
Places Purchased and Purchase Cost
For Community Courses Funded in Fredericton
January 1, 1977 to September 30, 1977

Type of Training	Course Name	Places Purchased	Purchase Cost $
Public Full-time Skill	Apple Production	20	750
	Maple Syrup Production	20	1,900
	Artificial Insemination Technician	5	28,180
	Forest Ranger	168	210,255
	All Around Logger	10	5,663
	Carpet Laying	30	38,228
	Carpentry	10	36,54i
	Business Education	25	51,089
	Total	288	372,606
Public Full-time Apprentice	Switchboard Operator	16	2,540
	Construction Lineman 1	83	33,896
	Construction Lineman 2	44	10,742
	Construction Lineman 3	23	6,654
	Utility Lineman 2	13	3,176
	Utility Lineman 3	33	9,270
	Utility Lineman 4	48	11,489
	Electrical Mechanics 1	8	2,139
	Electrical Mechanics 2	8	2,244
	Stationary Engineer 2nd Class	20	1,937
	Stationary Engineer 3rd Class	8	1,224
	Stationary Engineer 4th Class	8	1,360
	Total	312	86,671
Public Part-time Apprentice	Stationary Engineer 2nd Class	10	1,406
	Stationary Engineer 4th Class	1	10
	Engine Fitter Marine 1	1	75
	Total	12	1,491
Private Full-time Skill	Vocational Teacher Training	43	21,930
	Total	43	21,930
	Grand Total	655	482,698

NATIONAL DEFENCE—CONTRACTS FOR RENOVATION

Question No. 516—**Mr. Howie:**

Since April 1, 1977, have any contracts been let for the renovation or improvement of PMQ units owned by the Department of National Defence at CFB Gagetown and (a) if so (i) to whom (ii) in what amounts (b) if not, are any improvements contemplated?

Hon. Barney Danson (Minister of National Defence): Yes. (a)(i) and (ii):

Contract Award Date	Contract Value	Name of Contractor
April 7/77	$ 25,055	Safety First Fire Protection Ltd.
May 4/77	269,248	H.D. MacMacklin Ltd.
May 13/77	145,900	Atlantic Fence Ltd.
August 30/77	4,950	L.W.S. Electric
September 30/77	77,652	Delta Electric Co. Ltd.

STUDIES REGARDING DISPOSAL OF RADIOACTIVE WASTE

Question No. 521—**Mr. Howie:**

Since January 1, 1976, have any studies been authorized or are any presently being conducted on the disposal of radioactive waste?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): The Department of Energy, Mines and Resources reports as follows: A three-man study team have examined the problem of the management of Canada's nuclear wastes and their report has been tabled in the House of Commons on November 22, 1977. There are continuing studies related to the subject of high level radioactive waste disposal being carried out by a team of Atomic Energy of Canada Limited and Energy, Mines and Resources experts. Medium and low level waste management problems are being studied by many groups including Ontario Hydro, Atomic Energy of Canada Limited, Eldorado, other uranium mines, Department of Environment, Department of Health and Welfare, Ontario govern-

ment departments, etc. The Atomic Energy Control Board is monitoring most of this work for its regulatory function.

EXPENDITURES FOR SEARCH OF OIL OFF THE ATLANTIC COAST

Question No. 525—**Mr. Howie:**

Since January 1, 1976, how much money has been spent by the government in a search for pools of oil under the ocean floor off the Atlantic Coast?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): In so far as the Department of Energy, Mines and Resources is concerned: EMR's Geological Survey of Canada spent $360,000 directly on oil and gas basin studies and hydrocarbon inventories in this area off the Atlantic Coast.

In so far as Petro-Canada is concerned: Jan. 1, 1976—Sept. 30, 1977—$35.276 million.

AGRICULTURAL RESEARCH STATION, FREDERICTON, N.B.

Question No. 683—**Mr. Howie:**

1. On November 1, 1977, what research programmes were underway at the Agricultural Research Station at Fredericton, New Brunswick?

2. How many (a) salaried (b) contractual employees were on staff on that date?

Hon. E. F. Whelan (Minister of Agriculture): 1. Livestock Freeding Programme; Potato Programme; Environmental Quality Programme; Tree Fruit Programme; Berry Programme.

2. (a) 109; (b) None.

AGRICULTURE—ASSISTANCE WITH FRUIT FARMING

Question No. 701—**Mr. Howie:**

Since April 1, 1977, what amount was paid to farmers in New Brunswick to assist with fruit farming?

Hon. E. F. Whelan (Minister of Agriculture): Nil.

NATIONAL DEFENCE—PURCHASE OF KNIVES

Question No. 725—**Mr. McKinnon:**

1. Is the Department of National Defence buying knives worth $48,000 from Grohmann Knives of Pictou, Nova Scotia and, if so, how many are being provided under the contract?

2. Under what function of the Department will the knives add to its efficiency?

Hon. Barney Danson (Minister of National Defence): 1. Yes. 4,000 sheathed knives.

2. These knives are used primarily for survival and safety by CF Aircrews, Paratroopers and Search and Rescue personnel. They are also used as a tool by upper deck seamen in the performance of their duties aboard ship.

[Mr. Gillespie.]

NATIONAL DEFENCE—PURCHASE OF SMOCK PARACHUTISTS

Question No. 726—**Mr. McKinnon:**

1. Is the Department of National Defence buying "smock parachutists" at a cost of $101,530 from Peerless Garments Ltd., of Winnipeg, Manitoba and, if so, how many are being provided under the contract?

2. Which units will receive the garments?

Hon. Barney Danson (Minister of National Defence): 1. Yes. 2,200 smock parachutists.

2. The Special Service Force.

NATIONAL DEFENCE—PAY INCREASES

Question No. 731—**Mr. Howie:**

Will an additional pay increase be made to Armed Forces personnel to offset increases in energy and utility charges?

Hon. Barney Danson (Minister of National Defence): No.

NATIONAL DEFENCE—NEXT SCHEDULED INCREASE FOR ARMED FORCES

Question No. 754—**Mr. Howie:**

On what date is the next scheduled pay increase for members of the Armed Forces?

Hon. Barney Danson (Minister of National Defence): Military compensation is based on the principle of comparability with matched Public Service Groups and is subject to continuous review. Salary revisions have historically occurred on October 1 for General Service Officers, Medical Officers and Men while April 1 has been the effective date for Legal Officers, Dental Officers and Generals. The last pay increases were on April 1 and October 1, 1977, respectively.

[*English*]

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

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

INCOME TAX ACT

MEASURE TO AMEND

The House resumed, from Monday, December 12, consideration of the motion of Mr. MacEachen (for the Minister of Finance) that Bill C-11, to amend the statute law relating to income tax and to provide other authority for the raising of funds, be read the third time and do pass.

Mr. Bill Clarke (Vancouver Quadra): Mr. Speaker, I realize that this bill has had considerable examination; in fact, longer

than the government wanted. After two weeks in committee, I still have a few comments to add. I refer, first, to the statement that the Minister of Finance (Mr. Chrétien) included in his economic and fiscal statement. At page 8, he said this:

First, I am cutting taxes for low and middle income taxpayers by $100.

He went on to say how that was to be done in order that there would be stimulation in the economy during the months of January and February. In committee, I raised the matter of these cuts with the minister or his parliamentary secretary, and asked whether they would really be effective. It had been drawn to my attention, through negotiations with the Minister of Finance and the ministers of finance for the provinces, that certain adjustments had been made in provincial tax rates, resulting in substantially increased provincial income tax rates.

A constituent of mine who is an income tax consultant worked out two examples, and I was able to show the minister that in fact a taxpayer would not be saving the amount of money through the tax cuts for which the Minister of Finance took credit. In some cases it would appear that with the increase in provincial tax rates, even though the federal rates had dropped, giving a saving in federal taxes, the additional increase in provincial taxes would actually result in a much smaller gain, or in some cases a loss. In other words, the taxpayer would end up paying more than he had previously.

Whilst we are at third reading stage of this bill I would like to refer to the life insurance provisions. We note the minister's own words at page 9 of his economic and fiscal statement. He said:

As a result of representations from members on all sides of the House, I will not be proceeding at this time with the measure for taxing the investment income realized by a policyholder on the death of the person insured.

It is nice to know, Mr. Speaker, that the government can be influenced by pressure. I wonder, at times, why they bring these things in in the first place. If they had thought them through initially, they would not have had the problem. During the committee stage, the minister introduced amendments which we were only too willing to receive on this side of the House. Interest on loans really is interest on loans, and following the time-honoured traditions of the Income Tax Act, money laid out to produce income should be deductible for income tax purposes.

We on this side of the House felt it was only fair that this should apply to anyone who has borrowed—it does not matter whether it is a policy loan—and some arguments were made that it is not really a loan when you borrow from an insurance company. I never could follow that argument. In any event, the government has finally realized that interest paid on that kind of loan should continue to be deductible. We welcome that move.

Now, this 3 per cent inventory allowance which may affect some individuals was, in the admission of the parliamentary secretary, an arbitrary figure. There does not seem to be any logical basis for having chosen 3 per cent. However, if one looks at the inflation rate, which surely must affect inventories as well as everything else, 3 per cent on inventories at a time when we have inflation of 8 per cent or 9 per cent is not going to have the desired affect. It certainly will not solve the problem. The reason for having this provision in the first place was so that inflationary profits would not be taxed, and the effort that is being put forth by this 3 per cent allowance will not solve that problem.

I asked the minister, during the committee stage, why the last in, first out method had not been examined. I believe it was the parliamentary secretary who replied that it had been considered but was deemed to be more complicated. As an accountant, I wonder what could be fairer than trying to match current costs, that is, inventory purchases of today, with current revenues, that is, sales of today. It has always been a principle of good accounting practice that current costs should be matched against current revenues. However, the government do not seem to have gone that route and we are glad they are doing something in the area of relief on inventories, but I am not sure they have chosen the correct route.

I now turn respect to clause 16(2) of the bill. I should like to read part of it:

"15) That where a resident taxpayer so elects in his return of income for his 1977 or any subsequent taxation year, all his gains and losses for the year and all subsequent years from the disposition of shares (other than prescribed shares), bonds, debentures, notes or similar obligations issued by a Canadian Corporation shall be deemed to be capital gains and capital losses of the taxpayer, except where the taxpayer is a dealer or trader in securities—

● (1522)

There is a fundamental problem contained in this little section. I see it as the government digging a great big hole beside the taxpayer and inviting him to fall into it. I wish to refer to the committee hearings because the questions and answers are quite important here. The hon. member for Timiskaming (Mr. Peters) asked whether it was going to affect individuals, entrepreneurs, explorers, and so on. He was talking about corporations. The parliamentary secretary said:

Mr. Chairman, this clause is written not only to assist individuals, but primarily venture investment corporations.

There we have it. It is designed to do both things, help venture corporations and assist individuals. There we have it in the words of the government. As reported at page 1739 of *Hansard*, I asked the parliamentary secretary the following question:

It it possible that subclause (2) could be used to the peril of an individual taxpayer who makes an election? I presume it is one he makes for life. A taxpayer might find himself in a position where he was in the business of trading in securities. If he had not made that election, he would have the right to declare his income and losses in the regular way. What about the man who might find himself in such a position?

The parliamentary secretary replied:

The hon. member is correct: it is a very difficult decision for an individual to make.

Already, under the law, an individual who is selling securities has the right, without making any election, to declare his gains and losses as capital gains and losses. Already, under the existing legislation, the Minister of National Revenue (Mr. Guay) has the right to decide that that individual is in the business of trading or dealing in securities and to say that the

income therefrom is not a capital gain but, rather, is income in the ordinary course of a taxpayer's business.

A taxpayer can already make that decision on a year by year basis. The government can already make the claim, which the taxpayer would have to disprove, that he is not entitled to make that declaration of that gain as a capital gain. What is the purpose of having a section like this, which is supposed to aid the individual, when obviously if you follow it through only harm will come to the taxpayer? If he makes the election, he has made it for life. That is quite clear. He can no longer go back and say that he wants to be in the business, if he should happen to be in the business; but the government has the option to come along later and say that in fact he was in the business.

I have another reference to the committee debate on this same point. I was quite surprised at the results. After lunch, on the same day, I asked the government about that election. I stated that I was concerned about this because it appeared to affect individual taxpayers as well as promoters and developers. I pointed out to the government as follows:

When an individual resident of Canada decides to make an election, he is bound by that election for the rest of his taxpaying years.

I explained to the government:

Subclause (2) (5) indicates that an election under subsection (4) does not apply to a disposition of a Canadian security by a taxpayer who, at the time the security is disposed of, is a trader or dealer in securities.

That is quite clear. The response by the parliamentary secretary was as follows:

Mr. Chairman, the answer to the question is yes. There is always a question of fact to be resolved in cases of this nature.

I asked:

Why did the government feel it was necessary or desirable to dig this large hole for taxpayers to fall into?

The parliamentary secretary replied:

I think that most individuals will know whether we are dealing in capital losses or gains, but the basic premise is to try to reduce uncertainty where there is doubt.

I submit the government has not done that at all. All they have done is put this terrible problem before the taxpayer who already has many problems arising out of the tax system. I do not want to take any more of the time of the House than necessary. I will conclude by urging the government to look at these situations before putting them into the proposed legislation which, with the action of closure that was imposed by the government on the House, means that these problems are not solved.

Since 1970, this government has been promising us simplicity and equity in our income tax law. That was the reason given for the tax reform legislation put before this parliament. It is obvious to anyone who has been studying Bill C-11, and to all taxpayers in Canada who in the next four months will be wrestling with their income tax returns, that we have neither simplicity nor equity in the tax system in Canada.

Mr. Lumley: Mr. Speaker, I rise on a point of order. I wish to thank the hon. member for Vancouver Quadra (Mr. Clarke) for pointing out an error which I had not noticed previously. At page 1742, instead of "we are dealing in capital losses or gains", it should read "they are dealing in capital losses or gains". I thank the hon. member for bringing that to my attention: I had missed it.

[Mr. Clarke.]

• (1532)

[*Translation*]

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, even if, like the government and my colleagues, I would like to end the study of Bill C-11, I will want to participate in the debate on third reading to make some positive criticism on this piece of legislation.

It is obvious, Mr. Speaker, that a bill with 116 clauses could not be studied in one scoop. As far as we are concerned, the government has no reason to complain about filibuster because we have limited our speeches as much as possible. However, it is our duty to express our views by defending the interests of our constituents. First of all, I appreciate that the employment expense allowance has been increased from $150 to $250 starting from 1977. However, it is not sufficient. The government should consider that workers who must travel a long way to and from work have increasing expenses because of inflation. Corporations have the privilege of entering the travelling expenses of their employees as deductible expenses but it is not the same for an individual. Therefore, my colleague the hon. member for Rimouski (Mr. Allard) put forward an amendment to clause 4 of the bill proposing to raise the deductible amount to $400. The amendment was turned down by the government majority.

I therefore urge once again the Minister of Finance (Mr. Chrétien) to accept an amendment increasing the deduction to at least $400. I think that would be fair to workers who must necessarily incur expenses each day to go to work. The government is now convinced that it is urgent to boost personal income to stimulate the national economy and for that purpose, it is granting a $100 income tax reduction. Taking into account the fact that individuals get only 40 per cent of the national income comparatively to 60 per cent for corporations, while individuals pay 60 per cent of taxes and corporations only 40 per cent, it is urgent that the government seriously consider a readjustment of tax distribution to make it more reasonable.

Mr. Speaker, Bill C-11 provides an economic incentive for the Maritimes and the Gaspé Peninsula through tax benefits. However, I wonder why the Minister of Finance has excluded from those benefits the south shore area between Lévis and Rivière-du-Loup. I even wrote to the Minister of Finance in that connection to ask him to introduce an amendment to clause 60(10) to include in Bill C-11 the Bellechasse constituency which is part of the south shore. Unfortunately, the amendment was not introduced, so the industrialists and private concerns of this area will be deprived of those benefits since, even if they are limited it is with those scraps that an area can develop and provide employment for workers. Montmagny is a town of 13,000 inhabitants founded many years

ago with many activities, but it has remained stagnant for some years, not because it has been represented in the Canadian Parliament by this speaker, this is not important, because what is important is to use local benefits, in Montmagny as elsewhere, to urge the industries to grow and other individuals to set up business to allow a normal development.

Mr. Speaker, I would like to give an example. There are three textile industries in Montmagny and it is because of the tenacity of the administrators of those industries that they have managed to survive, even if the number of jobs has come down. I would like to give certified figures which do show that imports have had harmful effects on the development of the industries located in Montmagny. For example, take the case of Bermatex Inc., an industry which was set up a few years ago and provided many jobs. That little business provided a livelihood for 60 people three years ago. Today, as I am speaking to you, there are about 37. This means that there has been a substantial drop. Yet in spite of all the inconveniences, the fact is that the price for a pound of texturized polyester thread, which was $1.85 three years ago, is now $1.30. That is why I say the administrators of those companies are making unbelievable efforts to try and continue to operate and maintain a reasonable level of employment.

In 1973, only four years ago, Consolidated Textiles provided employment for 187 people and there are now 123. And in 1975 the company had to make a choice: close its doors or continue to operate without profit. It chose the second option and continued to operate with very modest or no profits. So, for the last two years, the Montmagny plant has been operating at near capacity but it must sell its product at cost prices. It is also producing inventory but it is starting to get very high. These are details I obtained from the administrators themselves. They cannot do any long-term planning now because of market uncertainty and they could very well be closing down in a month or two. They have been waiting for an economic recovery for two years and they are beginning to get discouraged.

I also met the owners of Dionne Spinning. They told me of their concerns about the market because of massive imports which are not curbed fast enough and if we continue in that direction, we are soon going to see another gearing down in the operations of those textile companies. Unemployment is going to go up and we are going to find ourselves in an excessively serious situation.

To administer is to foresee; that is why I draw to the attention of the Minister of Finance (Mr. Chrétien) those very important matters. I should also like to give some figures to prove what I just said about the textile industry. In 1976, retail sales in the clothing industry amounted to $5.5 billion in Canada. The textile and clothing industries give employment to 200,000 Canadian workers. Those jobs represent one in twelve in the Canadian manufacturing industry. In Quebec, those jobs represent one in four jobs. In other words, they have considerable importance, representing as they do 70 per cent of all manufactures and 65 per cent of all jobs in the Quebec clothing industry.

● (1542)

But Quebec city is in Canada, and I hope that it will continue to be, even though some people occasionally try to spread the rumor that the Social Credit Party of Canada is a separatist party. For my part, I do not believe this. I know what I am. I am in favor of a true Canada, but I want all the regions of Canada to be treated fairly. This is what a central government should do. It should ensure fair distribution and give equal opportunities to all areas of the country, and when one area has certain economic difficulties, it is the responsibility of the federal government to take action and try to give special treatment to this area so that its residents can have a standard of living that is at least equal to that of other Canadians. Mr. Speaker, more than ever today, we must find immediate answers to help the remote areas of Canada since the businesses, companies and industries which operate in these areas do not have the same advantages as those in large centres. This is why there must be special programs to enable those businesses to operate at a production cost comparable to that of plants established in major centres so that they will receive orders for their products, sell those products, stay in business and give employment to the workers of the area who will then be able to pay the same taxes as other Canadians.

Mr. Speaker, many of these businesses are in small communities which depend on them for their survival. These industries are established in high unemployment areas. I would like to quote a few figures to show that the Textile and Clothing Import Control Board did not do its job. From 1970 to 1976, imports increased by 145 per cent. Imports from Taiwan increased from 973,000 units in 1961 to 80 million units in 1976. Imports from the Republic of Korea increased by 1,000 per cent between 1970 and 1976. Mr. Speaker, clothing imports per capita in Canada are among the largest in the world. But the percentage of total Canadian imports subject to limitations are among the smallest. In the United States for instance 71 per cent of imports are restricted and Americans spend $11.50 per capita on imported clothing.

What is then the situation in Canada? Only 7 per cent of imports are restricted while Canadians spend $19.50 per capita on imported clothing. That is why I say that while the 1970 Canadian textile policy may have helped the Canadian industry, it certainly did not succeed in curbing the steady rise of imports. Even the new quotas imposed on November 29, 1977 did not bring much change. Again, we must acknowledge the failure of this policy since it has not led to significant improvement.

Mr. Speaker, I shall quote another example: Old quotas allowed the importation of 726,000 sweaters from the Republic of Korea. New quotas allowed the importation of 704,000 sweaters over the same period of time, that is only a 3 per cent reduction, which is not enough. Now, as far as the market is concerned, in 1971, the domestic market share was 73 per cent and the importation market share, 27 per cent. In 1976, importations accounted for 45 per cent of the Canadian market while in 1975, they were almost stable. One year later, they had increased by 10 per cent while the domestic market

fell from 73 per cent in 1971 down to 55 per cent of the market.

Mr. Speaker, I quoted those figures to demonstrate that we should apply our control policy more strictly to help our industries face these difficult times. It may seem a good idea to import sweaters for $3.00 when it cost $3.25 to manufacture them in Canada. There is a 25 cent difference, but if our youth is unemployed, do you think we are better off buying those sweaters for $3.00 when with 25 cents more we could buy them here and provide jobs for our people? If we keep buying foreign goods because it is cheaper, while Canadian workers are unemployed or on welfare, we can be sure of one thing: People who are working will be taxed and overtaxed and one day or the other, they will get discouraged and refuse to support all those who are doing nothing while they have to work around the clock.

Mr. Speaker, here again it is the duty of the government to use every possible means to give all able bodied men and women an opportunity to contribute to the gross national product and work in our country even if it means spending a few dollars more on consumer goods.

We just voted before the weekend special estimates under which the government is empowered to borrow an amount of $9 billion for administrative purposes in Canada. And certainly, what with the borrowing policy of this government and the public sector financing needs, a major part of those $9 billion will go in debt servicing. Further opportunities for profit will be given to those who are in control, who have the monopoly over the process of monetizing the nation's credit. This is the most outraging aspect of the management of public affairs. In this country, we are forced to crawl before those who control the nation's credit in order to produce things, to ensure the services needed by the people.

Mr. Speaker, I should like to put forward a proposal to change the situation. We are told sometimes that we never make any positive suggestions, well I just made one, and I would like to make another. Namely that the federal tax on building materials be lowered. That tax significantly increases building costs because it adds to the cost of materials and to the provincial tax. Tax over tax, this is senseless. What would happen if we abolished the tax on building materials? I am just about convinced that if we lowered the interest rates and the tax on building materials, then we would see the realization of many projects dear to the hearts of Canadians. Construction would gain momentum. Masons would be at work and so would bricklayers. For houses and buildings made out of bricks, bricklayers would be necessary, carpenters and day labourers would be at work, as would roofers, electricians, plumbers, merchants and those people who engage in transportation. Just imagine the impact of two such proposals as lowering interest rates and lowering or repealing the tax on building materials. Just imagine how many workers could be given employment, not to mention office personnel who would have more work to perform because there would be more invoicing, more collections, more phone calls, more communications—

[Mr. Lambert (Bellechasse).]

Mr. Nystrom: Except for the economists!

Mr. Lambert (Bellechasse): Except for the economists, that's right, for they work only when everything goes well. They give recipes when everything is working well. But when everything goes sour, they just withdraw by saying: Find your own solution to your problems! This is just about what they are doing with this present government which has to tackle with major problems and even if the Minister of Finance (Mr. Chrétien) said today that economists have told him that only Japan is going to be in a better economic position than Canada next year you may find another economist who is going to say just the opposite in January. They are not numerous yet they cannot seem to agree among themselves.

It is quite a problem today to trust economists. Why? Not because they do not know anything. Of course not. Indeed they know a lot of things, but they want to administer in 1977-78 with old formulas dating back to 25, 30 or 40 years ago, when there were fewer innovations, less progress than today, when it took more manpower to accomplish all sorts of things. They want to administer in the same way, though it is impossible. We are not going to scrap our tractors, do away with innovations for the sheer pleasure of saying that we are going to put men to work. If this is the objective, if such are the formulas chosen by our economists . . . Incidently during the weekend I saw a power shovel in my riding and it did a very good job, there was only one operator, but if we are to do away with progress and innovations in order to be in tune with the spirit of the day, namely to hire 100 workers with small shovels that are three feet long, small round shovels, and if there are still people without jobs, to hire them to work with teaspoons, that does not make any sense. What is being suggested to us looks very much like that.

Mr. Speaker, there is also an electrical panel box manufacture in Montmagny; its operations were a real success and helped, I believe, 90 workers; today it has barely 30 employees and the business is having a hard time of it. Why? Because construction is at a standstill, the plant gets no orders and therefore manufacturing has stopped. In other words, the situation is really serious on the south shore. That is why I should have liked the Minister of Finance to take that into account in clause 60(10) of Bill C-11. I am asking him once again to consider seriously the possibility of amending that clause.

I should also like to speak for a few minutes of a problem concerning the Canadian economy. Unfortunately, as early as a month or even five weeks ago, too many of our dairy producers exhausted their quotas until next April. To those of them who send their milk to the processing plant, a penalty will apply, namely a fine of $7 per hundredweight. It is better for them not to send it. If they do not deliver it, the milk will have to be thrown away and this does not pay much. These people have obligations to meet, they must live and if we do not find a way out pretty soon, many of them will go bankrupt. The bank will force them to go under; because they have obligations, whatever they own is mortgaged, and they will go belly up. Yesterday I put a question to the Minister of

Agriculture (Mr. Whelan) to find out if the research staff in his department have done something to use more powdered milk. The problem is, when we make butter we have to make powdered milk. This powder is sold on the world market at a lower price than the support price on the domestic market, and producers are paying for the difference in order to maintain our dairy industry and from time to time the government also grants subsidies to compensate and adequately sustain the dairy industry.

Sometimes we can even hear some members say: consumers are paying for that. Consumers are being penalized. Mr. Speaker, as regards the subsidy of $2.66 per hundredweight which the government gives to industrial milk producers, if the government did not subsidize them, consumers would have to pay for it because the value of the product depends upon the established support price. Therefore I say it is the duty of the government to maintain our dairy industry but without imposing too heavy a burden on the consumer. That is why this support policy is a good one and I want to say it. This policy must be maintained. But given the surpluses in milk powder inventories, some feed and milk producers have made the suggestion—which I made yesterday to the minister and which I repeat again today because I feel it is worth considering carefully—that more powdered milk be used in animal feed.

How could that be done? I believe this powder should be sold to feed producers at the same price as elsewhere, it would then result in a homemade production, to be used at home. Therefore, we would be in a position to lower our inventories and to enable those who are presently without quotas to have some in January or February of next year. At least let us consider the issue, let us be serious about it. We have qualified people who can do this kind of research and get at the root of the matter. We should move immediately before it is too late, because that is now the only industry, the main industry in Quebec which ensures a rather stable income to most farmers. That is why once again I am urging the government to go ahead without any hesitation. If we spend money on research in this field, it will be a good investment and you can be sure that Canadians would not be angry at the officials who will make such a decision. I hope these few remarks I wanted to make on third reading of the bill will make the government understand that hon. members are here to represent the people and to submit their problems and bring to the attention of the government a number of solutions we sincerely find appropriate. We have nothing to lose by trying them. Those we have tried have put us on the verge of bankruptcy and cost us money, so it could not be worse than it was.

● (1552)

[*English*]

Mr. Fred McCain (Carleton-Charlotte): Mr. Speaker, there has been a multitude of complaints lodged by the government that this procedure has taken a little too long to suit them. I think it has taken too long because the government has continuously assumed an adamant position which is unacceptable to a great many Canadians.

Any government which is prepared to recognize the demands which the public is making to give the concessions which are necessary to facilitate the economic development of this country can expect to get support from all parties in the House, and can expect that there will be reasonable limitation of time consumed in the debate of amendments to the budget. But as long as virtually all of the subjects which have been suggested for change have been called out of order, or by other means given no consideration, certain members of the House will make remarks in addition to those they have already made.

On behalf of those who have been helped by the moderate changes which have been made, I want to express appreciation. While there was a change in the insurance structure, the government was not prepared to go all the way. They would not recognize that basically there are those whose only estate when they leave this world may very well be their insurance, whose only means of borrowing may be their insurance. They have ignored this, and they have taken a step in the wrong direction inasmuch as those who might have practised an element of frugality, who might have desired to be self-dependent and not at a later date dependent upon the state, have instead been denied that by the introduction of frivolous and discouraging tax regulations remaining in respect of the life insurance industry.

On behalf of the multitude of Canadians who have used this as their means to acquire self-dependence rather than government dependence, let me say that I think the government has taken a very retrograde step in leaving any part of that insurance legislation in place.

There are other subjects which have been mentioned in the House in a very repetitive way and to which the government has paid little attention. The preceding speaker constantly takes in this House the part of the farmer. I commend him for that, because there are too few voices on Your Honour's right to have any influence; therefore, the voices must come from Your Honour's left. The problem of the transfer of farm property has been recognized to some degree by the government, but the fact that federal and provincial governments have encouraged farmers to incorporate has been ignored. There is no vehicle available to transfer the incorporated farm to the next generation without the imposition of capital gains tax.

● (1602)

I received a telephone call this morning from a family of six, a father and five sons. They accepted the encouragement of the governments to incorporate. The sons have worked for their father, at virtually no return to themselves, in order to establish a rather valuable property. The have watched the land enhance in value. Now they are faced with the fact that their father is not as young as he was and there is no vehicle for that family to retain the farm if the father passes away. The enhancement of land value in their area is such that they would have to sell in order to pay capital gains tax.

The Minister of Veterans Affairs (Mr. MacDonald) is familiar with this problem. I plead with him to have the problem recognized at the next cabinet meeting and before the next budget. Farmers should not be left stranded, which is the case at the moment. The corporate tax return of the farmer is beyond the ordinary farmer's means. He does not understand it and is required to employ a qualified accountant. If a farmer filed his income tax return as an ordinary wage earner, he would break the law in many ways. I appeal to the Minister of Veterans Affairs, who is a farmer, to look at this provision and to have it changed in the next budget.

Many phases of agriculture have suffered hard times as a result of lack of protection for certain products grown in Canada and, to a degree, imported from foreign sources. For the last four years this fact has been a topic of discussion among the various farm organizations. Because of the tariff report and its various recommendations, once again farmers are protesting that it does not meet the needs of certain aspects of New Brunswick agriculture.

If the recommendations of the Horticultural Council and the National Food Processors' Association were accepted, and if the duty were imposed upon imported processed and fresh foods, the cost to Canadians would be 48 cents each per year, which is less than the cost of two cups of coffee. That is what it would cost consumers to provide an element of protection to the Canadian agricultural industry. Such protection would increase processing and the production of many horticultural products. This would increase employment, particularly as it relates to the agricultural area.

These recommendations have fallen on deaf ears. The opposition has requested that the problem of tariffs be referred to a committee of the House. Also, they have requested that the various organizations in the agricultural field appear before that committee, in the presence of our GATT negotiators, in order to put the cards on the table so that the problems will be understood first-hand. The Minister of Finance (Mr. Chrétien) promised a few weeks ago that I would receive an immediate answer on that subject. The question has been repeated and it was presented under Standing Order 43. Still no action has been taken.

The Canadian negotiator who will deal with agricultural products in Geneva is in Ottawa until December 21. I appeal to the government to immediately convene a committee of this House, while agricultural representatives are here for the Outlook Conference and while the Geneva negotiator is here. That committee should convene tomorrow morning in order to have farmers, negotiators and members of this House exchanging views on what Canada requires. We require action, which was not included in the amendments to the budget. No doubt my suggestion will be ignored.

When the agricultural chemical industry of Canada was in trouble, restrictions were imposed on the import action of chemicals by farmers, which resulted in a 50 per cent increase in the cost of their chemical requirements in the pesticides field. Why cannot the users be protected to the same degree as the chemical pesticides industry? Why cannot we receive something for something? I do not quarrel with the protection of that industry; I quarrel with the downright, flagrant neglect of the protection required for a healthy agricultural industry.

Complaints have been received because containers were coming into Canada too cheaply. The can manufacturers received a 30 per cent duty on cans coming into Canada. I do not quarrel with that, because it provides some Canadian employment. However, I quarrel with cans being filled with food produced by Canadians and being sold at prices which Canadians cannot afford. There must be an element of protection for our industry as a whole, but certainly it should be extended to agriculture. Agriculture has requested a surtax, or a vehicle by which the importation of products which destroy various sectors of our horticultural industry is prohibited. There has been no mention of a surtax, no suggestion that it will be part of the structure which will be negotiated at the next meetings to be held in Geneva.

Farmers cannot find adequate vehicles in order to move their products safely from coast to coast. There was nothing in the mini-budget to stimulate transportation in order to move horticultural products. Hon. members opposite want this legislation passed in a hurry, but this is our only opportunity to discuss the subject.

There have been complaints regarding the effect of capital gains. Last night I discussed this problem with a gentleman who indicated that there was an excellent business opportunity in his community. He indicated that his family could establish a little business which in approximately 10 years or 15 years would grant them an element of independence. Also, he said that after ten years of work on the part of his family, the government receives his money in the form of tax on capital gains. Therefore, he indicated that in his old age he might as well join the rest of the people who draw unemployment insurance, welfare benefits or other forms of assistance.

The Canadian tax structure is detrimental to economic development. It discourages investment and entrepreneurship. It encourages the flight of accumulated capital from this country.

● (1612)

I do not think anybody has any idea of how many entrepreneurs in this country have created vehicles outside this country by which to avoid the capital gains tax, income tax and other taxes which this government has imposed in a non-competitive way. The government wants money in a hurry.

Any budget which encourages employment development and entrepreneurship will pass through this House quickly, but any measure discouraging agriculture, the small businessman, the big businessman or the family businessman, will take time because opposition parties are going to seek breaks for Canadians. They will take as much time as is necessary, in the hope that there might be a little chink somewhere in the armour of the Minister of Finance and that he will no longer consider himself the god of knowledge in the field of finance, which he seems to think he is.

The agricultural industry needs a change in the tax structure and in the tariff structure. The policies of the Department of Agriculture need changing. Further recognition of the requirements of Canadians with respect to transportation is needed. Speeches have been made on behalf of family businesses in Canada, and they will continue to be made until economic policies furthering the development of Canada are put into play. These policies should include tax relief so that development can be encouraged. Until such time as measures like these appear in budgets, it will take time to put measures through this House. It would have been much more appropriate to alter the bill we are dealing with than to impose closure on two occasions. That is inexcusable and Canadians do not accept it.

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, as the hon. member for Carleton-Charlotte (Mr. McCain) has done, I would like to say a few words about one issue which is not dealt with by this bill; that is the issue of agriculture and farming. The time has come when we should examine our taxation system as it affects farmers. One need only look at the income figures which were released yesterday to determine why that must be done.

At the Outlook Conference here in Ottawa yesterday, it was announced by the Department of Agriculture and by Statistics Canada that the net income of farmers will fall 11 per cent in 1977 over 1976. To put that in perspective, the net income of farmers in 1976 fell by some 20 per cent over 1975. The forecast for next year, as reported in all the newspapers today, is that net income for farmers is likely to fall by another 6.1 per cent in 1978. When a situation like that exists, I do not think any member of this House has to be convinced that many farmers across the country are in dire financial straits at the present time. Their income has fallen for two years in a row, and will fall again in 1978.

What should be done about this situation? There are many things which could be done. As other hon. members have done I have in the past made many speeches about farming, food and agriculture in general, but I want to point out one or two things today about which I think all of us should be aware.

As we know from the statistics released yesterday, farm income has fallen but the consumer price index in respect of the price of food is rising. Just this morning we received statistics which show that the price of food went up by 13.9 per cent between November of last year and November of this year. The price of food consumed in the home went up by 15.9 per cent. When farm income is going down at such drastic rates as 20 per cent last year, 11 per cent this year, and another 6 per cent next year, why is it that the price of food is going up by 12 per cent, 13 per cent and 14 per cent?

The time has come when the government should take a serious look at the middlemen in the food chain and find out why the price of food is going up so sharply while farm income is going down. Our consumers need protection, but the government should also be doing a number of things to protect farmers. Some of these things can be done through our tax system. As the previous speaker said, a number of things can be done now to help farmers. The price of wheat has gone down sharply in the last two years; it has dropped radically. The price of wheat is so low that when a farmer produces wheat, he barely meets the cost of production. It costs him almost as much to produce wheat as he is getting for it when he sells it to the grain elevator for sale overseas or for domestic use.

I think the government in general, and the minister in charge of the Canadian Wheat Board in particular, should be moving to ensure that farmers now receive a pay-out from the western grain stabilization fund. That pay-out should be made now, not when an election is announced, which will probably be next March, April or May. The government now has figures on farm income and that income is away down. Farmers deserve a pay-out and I suggest that one should be made now.

As we conclude this debate on taxation and income and how we distribute wealth and income, we should take a few moments to consider the farm income statistics to which I have been referring. We should study the net income of farmers, that is, farm income after costs, depreciation, and so forth. In 1977, net farm income will be $3.3 billion. In 1978, the figure is expected to go down to $3.1 billion. That will be a drop of 6.1 per cent.

At the same time, farm costs are going up and will go up very rapidly. In 1976, farm costs amounted to $7.3 billion, according to federal government statistics revealed at the Outlook Conference yesterday. In 1977, farm costs will rise to $7.8 billion. In 1978, they are expected to rise still further, to $8.3 billion. Hon. members can see that despite the fact that farm income is going down rapidly, farm costs are going up. Thus, the farmer is caught in the cost-price squeeze, the classic phrase we have used on the prairies for so long. The amounts farmers receive for their commodities are going down or staying at the same level, but the price farmers have to pay to produce a bushel of wheat, to raise a steer or a hog, or to produce vegetables or fruit, is going up. How long can this situation continue before farmers are forced off their land? At a time like this the government should be examining farm income and proposing changes which we could pass in this House in order to alleviate the problem.

I want to discuss farm costs for a moment. Many things could be done about high farm costs. I have in my hand a document which was produced for the Outlook Conference, entitled "Farm Inputs". It is dated December, 1977, and was produced by Agriculture Canada. This document states the following:

> Although 1977 was a poor year for farm machinery sales compared with 1976, next year looks worse. Manufacturers and distributors of machinery in Canada will face a large decrease in sales volume; their inventories will continue to grow; their margins and profits will fall; and farmers will have little relief from price increases.

Despite the fact that farmers are buying less and less farm machinery—and making fewer repairs because their income has fallen—and despite the fact that the inventory of farm machinery in this country is very high the price of farm machinery remains very high. There is no law of supply and

demand when it comes to farm machinery. Since farmers cannot afford to buy much machinery, one would think the price would be lower; but it has not yet fallen. The government has not told the farm machinery to lower their prices. Of course, it is not just farmers who are suffering, because many people in the farm machinery industry were laid off during the past year. Even in my riding, which does not have much manufacturing, over 100 people have been or will be laid off by the end of the year. I refer to the farm machinery industry in Yorkton. Companies such as Massey-Ferguson, Co-op Implements, Versatile and International Harvester have been laying off people because of the drop in farm income and the fact that there is no additional tax relief for farmers.

● (1622)

If any other sector of the economy had suffered the drop in real income that farmers have in the last two years, tax relief would be provided. If corporation profits had decreased by 20 per cent last year and 11 per cent this year, I am sure there would be more tax relief to corporations than is available to farmers. No relief is provided in the bill before us.

The government has conducted many studies of this situation. In the 1960s, a one-man commission under Clarence L. Barber was appointed to study the farm machinery industry. An interim report was produced in 1969 and the final report in 1971. However, I understand the government has put this report on the shelf and is no longer considering its recommendations. Apparently it has no intention of implementing any more of the suggestions made in the report. Its report painted quite a dark picture which endorses the view of the Outlook Conference as expressed in the paragraph I read into the record a few moments ago.

I should like to quote from the *Journal of Economics* of May, 1972, which I think summarizes the findings of the report very well. A review of the report of the Royal Commission on Farm Machinery, at page 316, reads in part as follows:

> The picture of the industry that is drawn in the report is a classic picture of oligopoly: high concentration of output and sales, a history of mergers, entry obstructed by economies of scale in manufacturing and high investment in distribution, restraints on price competition among the leading firms and a gradual decline in their market share, significant price discrimination protected by monopolistic practices, emphasis on non-price competition, failure to exploit fully the economies of scale and to achieve maximum technical efficiency. All these features are discussed and, to some extent, analysed.

The report of the Barber commission gives many examples of an oligopoly in the industry, but the government has taken no action despite the recommendations. I suggest that in a sector where income has dropped so drastically in the last couple of years, the bill should make some effort to improve the position of the farmers.

A number of things other than favourable tax provisions could be done to help the agricultural industry in Canada. I should like to mention just one, tariffs. On average, the agricultural tariff in Canada is less than one-half of 1 per cent. This is one of the reasons we are not self-sufficient in food. When I was in the Niagara peninsula last May, I spoke to fruit and vegetable growers and found that we were no longer self-sufficient in many areas where we used to be, because of lack of tariffs to prevent the dumping of certain fruits and vegetables by other countries.

Producers in that area would like a seasonal tariff so there would be some protection for their crops when they reach the market. It is strange that in this country some industries—many located in southern Ontario—have huge tariff walls. For many manufacturing industries the tariff is set at around 20 per cent, but the average farm tariff is less than one-half of 1 per cent.

Our farmers are very productive, Mr. Speaker. When the Prime Minister (Mr. Trudeau) complains about productivity, I do not think he is referring to the farmers.

An hon. Member: Maybe he is.

Mr. Nystrom: Maybe he is, indeed. Maybe he blames the farmers for not being self-sufficient in food. As the Science Council of Canada has warned, it is possible that by the year 2000 we will not be self-sufficient in food but will be a net importer, despite our vast acreage and all our technology. Even today, according to government statistics, if we disregard grains and oilseeds, we are not self-sufficient in food. This is due to lack of planning by the government. Many people claim that the food we import cannot be grown here, but that is not true. We could grow over 70 per cent of the foods we import. We are not self-sufficient in beef, but we could be if we had proper planning and protection for the farmer. If our farmers were guaranteed a stable income, they could produce food at low prices compared to many of the things this country produces.

Mr. Speaker, because other members wish to speak before five o'clock, I should like to end by saying to the government, again, that the next time a tax bill is brought before the House it should include measures to protect our food producers. I would remind the House that last year farmers suffered a drop in net income of 20 per cent, and may suffer a drop of 11 per cent this year—that is, 11 per cent on the 20 per cent—which is a sharp drop over two years. The experts say that next year it will drop by about 6.1 per cent.

The time has come for better planning in the food and agricultural sector of the economy. This could be achieved through progressive tax changes which would help small and middle-sized farmers stay on the land. They would produce more food, make this a better country for all and, hopefully, in an area in which the hon. member for Edmonton-Strathcona (Mr. Roche) is so interested, make a greater contribution to help feed the world.

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, as we draw this debate to a conclusion this afternoon, I think it is wise to remember that the bulk of Bill C-11 came out of a budget delivered by the former minister of finance, the hon. member for Rosedale (Mr. Macdonald), on March 31. At that time, unemployment in this country stood at 8.1 per cent; today it is 8.4 per cent. Inflation was 7.4 per cent at that time, and today's figure reveals it stands at 9.1 per cent. Then the

minister of finance stated that he anticipated a real growth in our economy of 4 per cent this year. We are now told it is more likely to be 2 per cent.

• (1632)

Cash requirements on March 31 were estimated, Mr. Speaker, you will recall, at $6.4 billion. The present minister had to admit in his October 20 statement that the cash requirements are now $8.5 billion. That is the extent to which this extravagant government has lost control. On March 31, which was budget night, we were told the total budgetary deficit would likely be $7.2 billion. In fact, it was admitted on October 20 that the deficit will be $9.2 billion. Most of us believe that, in turn, was an understatement.

Perhaps the most disturbing aspect of all is not that we have this sad tale of statistics to relate, but this government even today fails to recognize the inadequacy of its economic program. Take, for example, the responses of the Prime Minister (Mr. Trudeau) to questions today. The government expects a rather docile Canadian public to accept unemployment of 8.4 per cent, inflation—in the last three months—of 10.8 per cent, and the all other things we could talk about. Our caucus will not be supporting Bill C-11 at third reading; there is no doubt about that—

Some hon. Members: Hear, hear!

Mr. Stevens: —if that bill is passed—and I hope it is not—let there be no doubt that we have seen 100 per cent of the government's legislative answers to the problems we are living with in Canada. Let every member look at the order paper. You will see there is not one financial bill being offered by this government for legislative processing in this House, in spite of unemployment, inflation and lack of real growth in the economy.

Some hon. Members: Hear, hear!

Mr. Stevens: There is not one bill being offered by the Minister of Finance (Mr. Chrétien) after we conclude this debate. Mr. Speaker, my colleagues ask, where is the Minister of Finance? The truth is that the Minister of Finance is presumably some other place playing tiddleywinks. He does not seem to comprehend the magnitude of the problems facing this country.

Some hon. Members: Hear, hear!

Mr. Stevens: Mr. Speaker, the Parliamentary Secretary to the Minister of Finance (Mr. Lumley) has said that he is working on the job employment credit bill. Let us analyse that. On October 20, the same Minister of Finance said in his statement of that date that he had legislation to bring into this House called employment credit, and he was setting aside $100 million to be spent creating jobs in this country. That evening we said, "Good, bring it in. That is the type of thing needed to reduce unemployment. Today, December 13, we are told by his parliamentary secretary that the Minister is working on the bill he referred to last October 20. What an utter disgrace we have here.

I want to be fair to this Minister of Finance. I said he has nothing on the order paper after Bill C-11 is passed, presumably this afternoon. We recall that he introduced a bill for first reading today. What does that bill do? It deals with the Bank Act. Let me read the explanatory note, bearing in mind the unemployment, the inflation and the lack of real growth that we have. What does our Minister of Finance ask us to consider next, Mr. Speaker? The explanatory note reads as follows:

The purpose of this act is to extend, from the 31st day of March, 1978, to the first day of April, 1979, the period during which banks to which the Bank Act or the Quebec Savings Banks Act applies may carry on the business of banking.

Mr. Speaker, what sadder testimony can we have of the inadequacy of this government with respect to our economic affairs? Only yesterday the Minister of Finance made this statement in Vancouver:

I believe that all of us—as consumers, workers, businessmen, or politicians—recognize that the economy cannot be expected to continue to deliver the increases in real incomes that we enjoyed in the relatively easy times of the 1960s and early 1970s.

First as a consumer, second as a businessman, third as a worker, and finally as a politician, I want to dissociate myself from that pessimistic attitude the Minister of Finance took in Vancouver. I dissociate the Conservative caucus from the suggestion that we cannot regain the real growth potential that should be ours in Canada. It is absolute balderdash. This House should tell the Minister of Finance in no uncertain terms that we do not go along with the pessimistic attitude he expressed in Vancouver.

I know there are those who believe parliament is becoming—the Prime Minister likes to express this view—increasingly irrelevant, that its institutions are inadequate to cope with today's problems and its committee system, in particular, is little more than a ritualistic exercise which has a marginal impact, say, on unemployment, inflation or the other economic woes to which I have referred. But I have said that I want to be fair to this Minister of Finance. Maybe we have underestimated him in certain respects. While there is some truth to what I have said concerning the inadequacies of this forum, and especially its committees, sometimes we are rather startled to find what happens in committee.

Cast your mind back to a week ago last Friday when the Minister of Finance made one of the few, short appearances he has consented to make before the Standing Committee of Finance, Trade and Economic Affairs. At that time, Mr. Speaker, we were pressing the minister to tell us more about how he was going to relieve the $11 billion end product, manufactured goods, trade deficit we are now experiencing. We asked how he was the going to relieve $11 billion deficit in order to achieve approximately 800,000 jobs that such a deficit means? Lo and behold, what did the Minister of Finance tell us? He told us it was a question of terminology; in fact, it was somehow just a question of definition. For example, wheat really was an end product; if you took wheat and included it in manufactured goods, our over-all picture would look a lot better.

It is important we explore briefly the impact of the Minister of Finance's startling observation that wheat, rather than being a resource commodity, is somehow a manufactured commodity and we are, accordingly, doing much better than we thought. If I might, to specifically quote the Minister of Finance, he said:

> How much further can one go in the exportation process? After all, we could scarcely be expected to bake bread for the Russians.

We can ship them wheat if we define it as a manufactured article and then our manufacturing imbalance will look much better because, after all, in the mind of the Minister of Finance wheat is manufactured. I admit that the depth of this idea absorbed us for a time at committee. In the first place, it means—as I said—that our trade imbalance in manufactured goods this year will not really top $11 billion. If we accept the terminology of the Minister of Finance, all we have to do is accept wheat as a finished product. With a simple change of definition, the minister managed to arrest our alarming mounting deficit in manufactured trade—a problem, frankly, that absolutely defeated former ministers of finance to resolve.

● (1642)

That is only the beginning of the impact of this revolutionary way of approaching trade. If the minister's definition of finished products should catch on in the world, then Brazil, Colombia, the Ivory Coast, Angola, Uganda, Ecuador, Costa Rica and Honduras could become important new exporters of finished products. The first five nations I mentioned are the leading exporters of coffee and, to paraphrase the minister, we can scarcely export them to brew it for us. The last three countries are the leading exporters of bananas, and you can imagine their surprise when they discover that they have been exporting manufactured, end products all these years. What more perfect commodity could there be than a banana? It even comes in its own packaging and, as my colleague said, manufactured by God. The banana fits all the criteria of the minister's new definition: it is finished to such degree that there is nothing left to do but export it.

If the minister's definition catches on, then Thailand and Pakistan are important new exporters of finished end products. These nations are the second and third largest exporters of rice, and we can scarcely expect them to make rice pudding for us. This should make the Thais and the Pakistanis very happy, as they have been labouring under the mistaken impression all these years that they were not exporters of manufactured or finished goods.

The new system, however, will not make everyone happy. If the minister is right, then Japan will become a major importer of finished goods, in that she imports about $1.1 billion worth of wheat each year. This is only part of the picture. Poor Japan also imports massive amounts of tea, rice, coffee and other finished products. I suppose it will be only a matter of time before Japan is knocking on the World Bank's door for a loan to help them cope with their staggering deficit in finished products.

What of our neighbours to the south? The minister told the committee that it is not only wheat or barley or the other grains that should be considered as finished goods, but newsprint as well. Imagine the Americans' surprise when they discover that they have squandered away their strong position in the trade of manufactured products by becoming the largest importers of newsprint. Maybe now it is a little more understandable why we have been so generous in giving them export assistance. With such a large debt accruing to us in finished products such as newsprint, the least we can do is build a few steel mills in Texas and New Jersey.

What an amazing breakthrough the minister has charted for the world! With one simple definition he has turned the world upside down. Yesterday's underdeveloped nations are now our major developed ones, and the developed country of yesterday is today's have-not country. We in Canada should be grateful to have such a genius to set the world straight.

Mr. Paproski: The Shawinigan kid.

Mr. Stevens: We should really be proud of this Shawinigan kid. Others may have their Adam Smiths, their Keyneses, Friedmans and Galbraiths; but perhaps the greatest of them all is our current Minister of Finance who continues to dazzle us with reasoning akin to the man who wanted to change the name of Toronto to Miami in order to bring a warmer climate to Canada. We owe a massive debt to this man who has demonstrated, once again, that this government can solve any problem simply by redefining it; that rather than accepting reality, rather than admitting mistakes and correcting policy, this government can simply rationalize the problem away.

We need not worry about our staggering deficit in manufactured items or the hundreds of thousands of lost Canadian jobs which that deficit implies. We need not concern ourselves with these things, the minister tells us, because he can simply redefine our trade statistics to make us look good. Calling wheat a finished product would not create any more jobs than before—but no matter, the minister could always redefine unemployment, too, and that problem would be no more.

In the meantime, of course, the minister is returning us, month by month, into a colonial state. We can export all the food and natural resources we want, and import all the manufactured items we want and the minister will set the books right by declaring wheat and newsprint as finished products. I recommend that the Minister of Finance and the Prime Minister (Mr. Trudeau) tell that to the jobless who are looking for work, especially in the manufacturing field.

It is too bad the minister was not around when the Fathers of Confederation tried to chart a course for Canada that would make it a manufacturing state. The minister could have saved them much worry by telling them that we were already a manufacturing country, that we have our own wheat and, "After all, you can't expect us to bake bread for the Russians." The minister could have told Macdonald that the entire concept of wanting Canada to manufacture goods for export was unnecessary, in that we were already a great exporter of

finished products. Such an approach to foreign trade might have changed the entire history of this country.

Looking ahead, with an election coming up, we fancy that the Liberals will want to campaign on this revolutionary concept in trade, and we envisage some 280 Liberal candidates pointing out that the government's policies of the last ten years have put Canada up there with the big ones, with Angola and Costa Rica, with Uganda and the Ivory Coast. No more will people laugh at banana republics. Thanks to the minister's new concept, such countries will become major exporters of finished goods and Canada will be right there with them.

● (1652)

I mention these things because we have in Bill C-11 the epitome, in legislative form, of the government's complacent, stagnant attitude with respect to the economic needs of the country. During second reading and committee of the whole stage we on this side advanced various proposals which we felt would improve the bill. Unfortunately, amendments were forthcoming in only two or three instances.

Bill C-56 proposed the taxation of life insurance policies—the first time such a thing had been done not only in Canada but anywhere else in the world. I am pleased that largely as a result of pressure from this side of the House the government has since backed down and Bill C-11 has been amended further to make taxation of life insurance policies less offensive to those who demanded that their life insurance policies should not be taxed by this government or by any government.

I am pleased, too, that the government has acceded to our request to give the benefit of an income tax cut to all Canadians, especially to those with modest means. But I am disappointed that the increase is so small and that by the use of closure the minister was able to cut off debate concerning the adequacy of the $100 reduction proposed in the bill. If we had been allowed to debate that clause, we would have asked the Minister of Finance if $2 a week was all Canadians needed by way of a tax cut. But we were not given that opportunity.

Many reasons have been advanced to explain the introduction of closure with respect to Bill C-11, but when all attempts at rationalization have been forgotten, one reason will remain: the Minister of Finance is over his head when dealing with such legislation as this and the longer this subject is debated, the more his lack of depth is demonstrated on the floor of the House. That is why closure was introduced.

During the debate in committee of the whole we were able to bring out certain facts concerning the impact of the capital gains tax. We showed that to the extent the department was taxing capital gains without indexing for inflation, its actions were confiscatory. Hopefully, in a future budget the minister may see the need to put a stop to non-indexed taxation of capital gains. In short, nothing has contributed more to the inflation experience in land prices than the capital gains tax the government imposed a few years ago.

My time is limited, Mr. Speaker. I just wanted to touch on some of the highlights of the debate and draw attention to certain areas in which we feel the bill is particularly deficient. I wanted to explain why we felt there was no alternative before us but to vote against Bill C-11. We had hoped the legislation could be improved during the committee stage. We had hoped to persuade the government to increase the employee expenses allowance to $400 rather than the $250 presently proposed. But members opposite used the sheer weight of their majority to deny this to Canadian workers.

We had hoped to get the minister to agree to amend the Income Tax Act so as to remove the social insurance number provision; we do not feel these numbers should play any part in legislation such as this. These social insurance numbers have no place in our income tax system. I am sorry the Minister of Finance did not accede to our request for their removal. I am sorry he cut off debate to prevent members on this side asking him questions as to why he is seeking a further $9 billion in borrowing authority under clause 116 of the measure we are being asked to vote on this afternoon. These are the things which in future weeks the minister will, no doubt, regret having done.

The fact is, there is nothing in Bill C-11 which will in the coming months relieve the unemployment situation, the inflation we are now experiencing, the lack of real growth in the economy, or the tremendous deficit the government is living with. In short, no person who has any sense of responsibility should be prepared to sit in this chamber and vote support for a government which has shown that it is totally inadequate to cope with all these economic problems. In voting against Bill C-11 we are, in effect, voting against the government's economic record, and I call upon all members of the House to do likewise.

Mr. Deputy Speaker: Is the House ready for the question?

Some hon. Members: Question.

Mr. Deputy Speaker: The question is on the motion of the Minister of Finance (Mr. Chrétien). Is it the pleasure of the House to adopt the said motion? All those in favour will please say yea.

Some hon. Members: Yea.

Mr. Deputy Speaker: All those opposed will please say nay.

Some hon. Members: Nay.

Mr. Deputy Speaker: In my opinion the nays have it.

And more than five members having risen:

Mr. Deputy Speaker: Call in the members.

The House divided on the Motion (Mr. MacEachen, for the Minister of Finance) which was agreed to on the following division:

(*Division No. 16*)

YEAS

Messrs.

Abbott	Andres	Béchard
Allard	(Lincoln)	Bégin (Miss)
Andras	Appolloni (Mrs.)	Blaker
(Port Arthur)	Basford	Blouin

Income Tax

Messrs.

Boulanger	Gillespie	McRae
Breau	Goodale	Milne
Buchanan	Gray	Munro (Hamilton East)
Bussières	Guay (St. Boniface)	Nicholson (Miss)
Campagnolo (Mrs.)	Guilbault	O'Connell
Caouette (Villeneuve)	Harquail	Olivier
Caouette (Témiscamingue)	Herbert	Ouellet
Caron	Hopkins	Parent
Chrétien	Horner	Pearsall
Clermont	Isabelle	Pelletier
Collenette	Kaplan	Philbrook
Comtois	Lambert (Bellechasse)	Pinard
Condon	Lamontagne	Portelance
Corbin	Landers	Poulin
Corriveau	Lang	Prud'homme
Côté	Langlois	Raines
Cyr	Lapointe	Reid
Daudlin	Laprise	Roberts
Dawson	Leblanc (Laurier)	Robinson
De Bané	LeBlanc (Westmorland-Kent)	Roy (Timmins)
Demers	Lefebvre	Roy (Laval)
Dionne (Northumberland-Miramichi)	Lessard	Sauvé (Mrs.)
Douglas (Bruce-Grey)	Loiselle (Chambly)	Sharp
Duclos	Loiselle (Saint-Henri)	Smith (Saint-Jean)
Dupont	Lumley	Stollery
Dupras	MacDonald (Cardigan)	Tessier
Ethier	MacEachen	Trudeau
Flynn	MacFarlane	Trudel
Foster	Maine	Turner
Fox	Marceau	Watson
Francis	Martin	Whelan
Gauthier (Ottawa-Vanier)	McIsaac	Wood
Gendron		Yanakis
		Young—109.

NAYS

Messrs.

Alexander	Hamilton (Swift Current-Maple Creek)	McGrath
Alkenbrack	Hargrave	McKenzie
Andre (Calgary Centre)	Hees	McKinley
Baker (Grenville-Carleton)	Hnatyshyn	McKinnon
Balfour	Howie	Muir
Bawden	Huntington	Munro (Esquimalt-Saanich)
Beatty	Hurlburt	Neil
Benjamin	Jarvis	Nowlan
Blackburn	Jelinek	Nystrom
Brisco	Johnston	Oberle
Broadbent	Kempling	Orlikow
Clark (Rocky Mountain)	Knowles (Winnipeg North Centre)	Paproski
Clarke (Vancouver Quadra)	Knowles (Norfolk-Haldimand)	Peters
Cossitt	Korchinski	Pigott (Mrs.)
Crosbie	Lambert (Edmonton West)	Ritchie
Crouse	La Salle	Roche
Darling	Lawrence	Rodriguez
Dick	Leggatt	Rynard
Dinsdale	MacDonald (Egmont)	Saltsman
Dionne (Kamouraska)	MacDonald (Miss) (Kingston and the Islands)	Schellenberger
Elzinga	MacKay	Scott
Epp	Macquarrie	Skoreyko
Firth	Malone	Smith (Churchill)
Fraser	Marshall	Stanfield
Gilbert	Masniuk	Stevens
Gillies	Mazankowski	Stewart (Marquette)
Halliday	McCain	Symes
Hamilton (Qu'Appelle-Moose Mountain)		Towers
		Wenman
		Whittaker
		Wise
		Woolliams
		Yewchuk—88.

● (1732)

Mr. Deputy Speaker: I declare the motion adopted.

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

[Mr. Deputy Speaker.]

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Deputy Speaker: Order, please. It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be debated at the time of adjournment are as follows: the hon. member for Carleton-Charlotte (Mr. McCain)—Finance—Request for meeting between GATT negotiators and certain industries; the hon. member for Annapolis Valley (Mr. Nowlan)—Agriculture—Veterinary college for Atlantic region—Inquiry as to commitment to finance—Reference of Howe Report to committee; the hon. member for Fraser Valley West (Mr. Wenman)—Canada Council—Proposal that committee review mandate.

● (1742)

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, there are only fifteen minutes left to discuss a private member's bill, and in my opinion it would be unfair to take only that short period of time to do so. With the agreement of the other parties' representatives, I ask the unanimous consent of the House to call it six o'clock.

Mr. Walter Baker (Grenville-Carleton): Agreed, Mr. Speaker.

Mr. Stanley Knowles (Winnipeg North Centre): Agreed, Mr. Speaker.

Mr. Deputy Speaker: Does the House agree to call it six o'clock?

Some hon. Members: Agreed.

Mr. Deputy Speaker: It being six o'clock, I do now leave the chair until 8 p.m. this day.

At 5.44 p.m. the House took recess.

● (2002)

AFTER RECESS

The House resumed at 8 p.m.

[*English*]

CANADA LABOUR CODE

AMENDMENTS TO CERTAIN SECTIONS OF THE ACT

Hon. John C. Munro (Minister of Labour) moved that Bill C-8, to amend the Canada Labour Code, be read the second time and referred to the Standing Committee on Labour, Manpower and Immigration.

He said: I am sure hon. members have had a chance to look at Bill C-8, certainly in terms of its general purpose and its immediate objectives of improving the industrial relations system and Canada's competitive position.

Many of the provisions of the bill should be seen against the background of what my colleague, the Minister of Finance (Mr. Chrétien), said a few weeks ago in his introduction of some other economic measures to stimulate the economy. Hon. members will recall that at that time he outlined the seriousness of our economic situation. He mentioned the rate of inflation was decreasing, yet it still had a long way to go to enhance our economic performance and position.

In addition he indicated that our output for this year and some of the projections for next year are not as great as we had hoped or as we earlier expected. But despite the fact that we can take some satisfaction in knowing that 250,000 more jobs have been created this year, there are still more Canadians requiring jobs.

The number of Canadians who need jobs is rising faster than the additional job creation that has occurred.

The Minister of Finance also indicated that although we have a favourable balance of payments on the trade side—a surplus of $2 billion—this is more than offset by a deficit in our tourist trade, interest payments, dividends, and so on. With that realistic analysis of the economic situation it becomes more imperative than ever that we improve our labour management relations system in Canada. The fundamental rationale behind the bill is to foster a greater degree of co-operation between management, labour and government in order to tackle some of these problems.

One of the underlying hopes in the bill is that it will foster a greater trend toward participation in various types of consulting mechanisms between government, labour, and management. Before dealing at any great length with those hopes, and just talking about the bill in specific terms, it would be useful if members looked at it in terms of it being divided essentially into three parts.

• (2012)

Which headings embody the objectives of the bill? We are talking first about justice in the work place. Under that meritorious objective, we should put in context the amendments in the bill to Parts III and IV of the Canada Labour Code.

Parts III and IV largely deal with upgrading the labour standards and enhancing the standards, particularly of the unorganized worker, and further, upgrading the safety and occupational health standards of the unorganized worker.

We should realize right away that the immediate impact of these provisions will be on the 550,000 workers under federal jurisdiction. They are primarily in the following areas in the federal sector: railroads, airlines, banking, trucking, broadcasting, grainhandling, communications, and the ports. About half of those 550,000 are unorganized.

It is our hope that Parts III and IV will give at least to the unorganized workers some of the minimum standards which have been won by the organized workers and which are now embodied in their collective agreements. We are not alleging for one moment that they match the standards set out in collective agreements, but we provide here a minimum standard.

With that background, I would like to identify quickly what we propose in terms of Parts III and IV of the Labour Code.

The amendments seek primarily to provide workers with increased job protection. For example, the amendments will extend all benefits of the Code, except those related to hours of work, to managerial and professional employees, providing them for the first time with statutory rights with respect to such basic standards as vacations with pay and general holidays.

Dealing with pregnancy, this will not be acceptable as a cause for lay-off or dismissal. Under the present standard, employers may dismiss an employee with less than 12 months' service solely because of pregnancy. This will be corrected by this amendment.

Additional Part III amendments will provide paid leave to qualified employees when a member of their family dies. They will provide employees with basic job protection during periods of sickness. They will extend protection against unjust firing, with the right to appeal. They will require employers to pay all wages due to employees on a regular and timely basis. The bill also seeks to increase to nine the number of statutory holidays by the addition of Boxing Day.

Dealing with the highlights of the amendments to Part IV, and still dealing with the objective of justice in the work place, the proposals enhance the already comprehensive measures for protecting the safety and health of workers. Specifically, the amendments will first enable the establishment of employer-employee safety and health committees at the worker level which will identify and ensure the correction of work hazards.

Some hon. Members: Hear, hear!

Mr. Munro (Hamilton East): They will also provide employees with a voice in matters related to safe working conditions.

A further proposal would give workers the right to withdraw, without loss of pay, from work situations which they consider pose imminent personal danger. This would be a mechanism by which individual employees could exercise a responsibility, and a right, to remove themselves from work situations which, in their judgment, threatened injury to themselves.

There are provisions to ensure that they are protected against sanctions being unjustly applied to them in the exercise of that particular right.

Those are the proposals which deal with the main highlights in terms of justice in the work place.

The second main objective of the bill is to accomplish improvements in the structures of collective bargaining. This is to be done through amendments to Part V of the Code. These amendments deal mainly with improving the system and the procedures of our industrial relations system.

At this juncture I would stress that despite the stresses and strains to which it has been subjected, our collective bargaining process continues to be viable. It will continue to receive the full support of this government.

As it now stands, Part V does allow certain adversarial tensions to remain unchecked, to accumulate, and therefore sometimes to disrupt the system.

The proposals now before the House have the following objectives: to reinforce the collective bargaining system in order to reduce some of the tensions between labour and management; to improve the grievance arbitration system, as another means of reducing tensions; to reduce tensions arising out of the relationships between the individual employee-union member and his union by increasing the protection of the rights of the individual; to reduce the impact upon the public of the adversarial nature of the system by affording greater protection of the public interest; and to reduce unnecessary delays and procedures in the administration of the collective bargaining process.

More specifically the amendments would require unions to furnish members with financial statements; would give the Canada Labour Relations Board more discretion to order representation votes and related run-off votes; would require that unions fairly represent members of the bargaining unit; would ensure fair and objective referral procedures by union hiring halls; and would authorize the CLRB to establish the terms of a first agreement, on referral from the minister.

These amendments would also provide interim certification so that certifications are not held up where there are very serious contentious points requiring further deliberation by the board but which do not in essence affect the union's right to certification. The board could avoid delays by granting interim certification.

Those are the proposals which deal with improving the process and, I emphasize, the process of the collective bargaining system.

As far as improving the structures within which the system operates, the bill provides for only some of the proposals in the 14-point program. They are largely the proposals that you can legislate. Many of the other proposals to improve the structure really do not lend themselves to legislative treatment. They are dependent upon a consultative process that would involve labour, management, and government. Because they depend for their success on consensus, they do not lend themselves to legislative treatment. I might identify a few of these so that these amendments can be seen in the over-all context of what the government hopes to achieve.

[Mr. Munro (Hamilton East).]

● (2022)

First, in terms of structure, we are hoping to set up a collective bargaining information centre. It would be a centre under the aegis of labour, management, and government as equal partners. They would be responsible for the operations of the centre. We then hope the centre would bring out data of an economic nature dealing with collective agreements, industry by industry, in a form which would be of immediate use to the parties at the bargaining table. The data would not be suspect in terms of having a bias as is so much of the data upon which our system relies. We have many agencies getting out this material; labour suspects it of having a bias on the management side, and management, depending on the agency we are talking about, suspects it of having a labour bias.

Because the centre would be under the control and aegis of labour and management, we would hope such an arrangement would involve a precommitment to accept economic data emanating from this body and in that sense would set realistic parameters within which the collective bargaining could take place. We do not have such ground rules today. We think this will have some measurable impact on the structure of collective bargaining.

We are promoting, in terms of its impact on structures, a greater measure of industry-wide bargaining where it is practical. Part of that objective can be obtained through a legislative approach and, indeed, we are suggesting this in amendments to Part V. Hon. members will note that we talk in terms of allowing the Canada Labour Relations Board to promote coalition of broader-based bargaining in certain circumstances. We will ask the unions and, indeed, encourage them under given circumstances, to form a council of trade unions for collective bargaining purposes.

This proposal has considerable merit from several points of view. To have some impact on the structure of collective bargaining, we have promoted labour education. This does not lend itself to a legislative approach. We have already moved in this direction by way of a grant of $10 million to the Canadian Labour Congress on the basis of $2 million a year, to get under way with an educational program, one which I believe will have very tangible and beneficial results.

I would like to move on now to the third main area of the proposed over-all objectives of this legislation, the initiative to improve the work environment. I think it necessary to address this question so that members can see how the amendments to the Code fit in the over-all context of our desire to achieve perceptible improvements in the work environment. We are the first to admit that these amendments should have an impact on improving the work environment, but pertinent measures to enhance that particular objective do not necessarily lend themselves to a legislative approach. Again, to a large degree they require consultative mechanisms which involve management and labour taking over on an equal basis the operation of some of the institutes that will be required to achieve an improvement in the work environment and a greater degree of humanization in the work place.

Many hon. members may recall that about two years ago when we had the Canada Labour Relations Council set up here in Ottawa, labour and management participated on an equal footing with government. The council did considerable work in all these areas analyzing in the Canadian setting the experiments of corporations which had undertaken quality-of-work-life initiatives, various types of industrial democracy, and the impact of these experiments on productivity. These studies were undertaken by management, labour, and government together. I think there would have been a noticeable consensus arrived at had not labour felt it had to withdraw from such a body during the controversy over wage and price controls. In any event, we are desirous of setting up a quality of work life centre. We want labour to participate in the operational aspects of this centre, along with management and government. In that sense we do not see this as an offshoot of the bureaucracy but rather as a centre separate from the bureaucracy.

The centre would deal with experiments already taking place in Canada as well as in other countries in the areas of job satisfaction, humanization of the work place and various aspects of industrial democracy. Some of these words are "buzz words" that seem to be having an increasingly controversial impact when discussed in Canada. I will try to avoid getting preoccupied with the controversial nature of the labels and talk about the objectives the quality of work life centre would have. It would seek to guarantee a greater sense of equality in the determination of working conditions and job security, a greater sense of participation by labour with management in the determination of those working conditions and job security.

I would be the first to declare, if there are any comments with reference to this, that we do not see this as repugnant to the collective bargaining system.

In the North American context collective bargaining is the primary instrument in industrial democracy. It will continue to be our primary instrument to ensure that workers have a say in the determination of wages and working conditions. At the same time we note that some countries with a very strong and free labour movement have a better economic performance than ours and in some cases fewer strikes than we do. We note also that in such countries there has been a readiness to complement the collective bargaining system by another system which would ensure co-operation in terms of objectives to be achieved through a non-confrontation route.

As we all know, the collective bargaining system is primarily dependent upon an adversarial approach. We should like to see a complementary system as an overlay on the collective bargaining system. This would provide a means of developing at least a broad consensus in Canada between management and labour within which the collective bargaining system could operate with greater success and greater benefit to workers and management alike.

I might say that some of those countries whose economic performance has been better than our own and which do have a very strong and free labour movement have been prepared to look at worker-directors on boards, workers' councils at the plant level, and so on. The reaction so far in Canada has been somewhat negative on the part of both labour and management. So we, as a government, are saying, without prejudging the matter: let us have an institute which will look into the whole area and see whether some of those attributes cannot be applied in the Canadian context. They are the provisions which provide for the right to refuse work under conditions which a worker perceives to be dangerous to himself; and the proposals dealing with health and safety committees of workers and management at the plant level.

● (2032)

These provisions would fit nicely into the functions of an institute of occupational health and safety, which again would not be part of the bureaucracy but would be under the aegis of management, labour and government. This would provide the parties, on an ongoing basis, with the latest scientific findings respecting noxious substances which form part of the new technological processes being adopted in the work place to an ever increasing degree. A study of this might possibly involve the necessity of further regulations to protect the health and safety of the worker.

Another area of examination which we think would contribute to an over-all improvement in the work environment is a study of the concept of worker sabbaticals, or paid educational leave. This is part of the 14 points. We would like management and labour to come together with government to study the implications of that particular concept. When advanced in that way, of course, it does not lend itself at this stage to legislative treatment.

If the amendments proposed to the Canada Labour Code under the heading of "justice in the work place" and under the heading of "improvement in procedures and structures of the collective bargaining system" are passed, then we may go a long way to improve the lot of the workers of Canada and, at the same time, improve our industrial relations system.

We have come to the conclusion, as a result of conversations that we have had with many people on the management side and on the labour side, that governments in Canada today, both federal and provincial, the labour movement, and management are operating under more severe constraints than have been the case over the decades. These constraints have been imposed by economic situations throughout the world which do not provide governments with the manoeuvrability or the options which are commonly perceived by many people. Whatever the political complexion of government in Canada, the policies of governments do not differ to any significant degree because the constraints are so severe. I need only mention to my hon. friends in the New Democratic Party that NDP governments have found there was some merit in supporting wage and price controls for a period of time. So constraints are there.

The necessity to be competitive is very much on the mind of many labour leaders, certainly those in the secondary manufacturing field in Canada at the present time.

If that is true and there is an increasing realization of it, then it seems to me that exclusive reliance on confrontation, which is so much a part of our collective bargaining system, when it comes to resolving labour disputes and indeed become very passé. Many have come to the conclusion that we must develop another type of system which is complementary to that system.

In other words, attitudes in Canada are changing. I think people are looking with increasing skepticism on some of the old rhetoric. People like my hon. friend, the financial critic of the Conservative party, the hon. member for York-Simcoe (Mr. Stevens), will agree that workers and labour leaders are not calling representatives of the business interests "robber barons" to quite the extent they used to. I also detect that some people on the business side are not quite so ready to go around identifying labour as totally irresponsible in every given situation. There is an increasing sense of community of interest on the part of all.

We do not deny, despite the realization that the old rhetoric has had its day and is archaic thinking, that there is still a great deal to be done in terms of changing fundamental attitudes in Canada. We need this before we can ever get the kind of complementary system that is necessary to soften the total reliance on the adversary approach which is so much part of our system.

By the House adopting these amendments, and to the degree that they enhance our capability of achieving some of the other objectives which I have identified and which do not lend themselves to legislative treatment, we hope to accomplish the change in attitude on the part of labour and management which is so necessary for improving our industrial relations system.

Mr. John A. Fraser (Vancouver South): Mr. Speaker, in rising to reply to my hon. friend, the Minister of Labour (Mr. Munro), it would not be amiss—it has certainly been noted by the House—to remark that after a quick flurry over the provisions of the amendments to the Canada Labour Code the minister spent a good deal of his speech commenting on his 14 points and his non-legislative proposals for a better industrial climate for this country. It was not too many months ago that we heard a good deal of this speech, and I think I said in good humour—I am sure it was taken in that fashion—that the minister has made the speech so often now that he really does not need any more speech writers.

I say with all sincerity that the minister is desirous of bringing about a better state of industrial relations in this country. Certainly he has made a great many speeches trying to persuade the Canadian public, especially the labour movement, that this is so. The difficulty is that he has been operating under very trying conditions, most of which have been created by the actions of his own cabinet colleagues.

I should like to come to some of the points which have to be considered when one looks at labour legislation and industrial relations. I suppose that when one tries to find the key to better relations between labour and management, labour and government, or labour, management, and government together, the first word to start with is "trust". This may not all be the fault of the Minister of Labour. His difficulty over the last several years has been largely that labour in this country no longer trusts the government of the day.

[Mr. Munro (Hamilton East).]

Mr. Alexander: And the minister knows why.

Mr. Fraser: The minister knows why. But there is a limit as to how many times the Minister of Labour can make a speech of good intentions against a backdrop of evidence of bad intentions—and not just bad intentions, but thoroughly dishonest changes in government policy and in the word that the government gave to labour.

I ask all hon. members to remember that in 1974, when this party openly and honestly advocated controls, the government of the day, in a frantic attempt to regain power, denied that it would ever place controls on the working people and the public of this country.

● (2042)

Mr. Alexander: That is what the Minister of Labour (Mr. Munro) said in Hamilton.

Mr. Fraser: That promise was accepted by labour in Canada right across this country, and because labour in this country believed that the government fighting for re-election meant what it said, in many cases they voted for candidates of that government in the honest belief that they could depend upon ministers of the government when they said there would be no controls.

Mr. Baker (Grenville-Carleton): They won't be fooled again.

Mr. Fraser: I cannot guarantee that, because the government is pretty skilful at beguiling the various segments of the Canadian community into believing it, even if that belief, in terms of history, does not last very long.

In an item in a newspaper of November 21 there was an interesting comment in connection with the doublecross to which I am referring. This is an article discussing the former minister of finance, the hon. member for Rosedale (Mr. Macdonald). This is what the newspaper clipping says:

> Someone found some of 'Thumper's' old pamphlets that hadn't been distributed during the 1974 election campaign. They made for funny reading.
>
> '. . . The Tories propose freezing your wages. But even if your wage is frozen, the price of imports cannot be. For example, the prices of simple everyday things like imported oranges may continue to rise, but your wages won't if they're frozen. So you lose.
>
> 'The Tories' solution was tried in the United States. It produced shortages of foodstuffs and other supplies and even higher prices when the freeze ended. As a result, the U.S. abandoned it. Britain tried it. It produced confrontation and violence.
>
> 'The Tories can't be allowed to freeze your wages. It just won't work. You know it. We know it.'

That is what the election propaganda said. Anybody who says that a qualification was put on that commitment to labour has

only to read the propaganda put out in the campaign by one of the former ministers of the cabinet.

Mr. Stevens: They sit over there laughing at us.

Mr. Fraser: The author of the article goes on to say what we know and what labour knows. He says:

Fifteen months later, Mr. Macdonald introduced wage and price controls.

Some hon. Members: Shame!

Mr. Stevens: Look at how they laugh over there.

Mr. Fraser: When we talk about a better climate for industrial relations, it is all very well for the minister tonight to talk about it with the backdrop of inflation going down. That is a laugh, after today's figure of 9.1 per cent. It is all very well for the Minister of Labour, working under the cataclysmic chaos that his fellow cabinet members have created, to be tossed out into the maelstrom and told, "You are the Minister of Labour, go and placate these people. Tell them that things are getting better, tell them we'll get them jobs by improving industrial relations". The Minister of Labour has clearly the most difficult task of any member of cabinet when it comes to trying to persuade labour that they should listen to him, no matter how honestly he may be advancing propositions which he sincerely believes are in the interests of the Canadian general public and the labour force.

What happened that has created so much difficulty for the Minister of Labour? Labour walked out of the Canada Labour Relations Council which the minister established and to which he has referred tonight, and which we supported because it was a move in the right direction. What happened to the Economic Council of Canada? Its usefulness and credibility immediately diminished because again labour walked out of it.

Some hon. Members: Oh, oh!

Mr. Fraser: Adding to an already unhealthy statistical strike record, labour, in a most unusual step in this country, decided to have what they call a national day of protest, but it was nothing more or less than a national strike. It was not a strike against management in the hundreds, in the thousands of work places of this country. It was a strike against the government and it was a way of saying, "We don't trust these guys, they doublecrossed us and we have got to show them".

Some hon. Members: Hear, hear!

Mr. Fraser: Nobody is advocating another such demonstration. It is the antithesis of our system and no members of the House can condone it. But when we talk about having a better climate, a better relationship between government and labour, or management and labour in the work places of this country, in the name of heaven let hon. members remember who has destroyed any hope of creating that climate, at least for a long time to come.

It also had another effect. It had the effect of the Canadian Labour Congress at its meeting in May of 1976 enunciating a manifesto. That manifesto called for a tripartite decision-making body of government, management and labour, and because it was decision-making, it was rejected by all political parties. Eventually it was also rejected by some of the affiliates of the Canadian Labour Congress. Months later, in an attempt to salvage the better aspects of the concept, the emphasis shifted to a consultative tripartite arrangement, which was much looser.

Attempts were made by labour and management to have an effective conversation with the government, but what was the government's response? Hon. members should remember that until a few weeks ago, just before the mini-budget of the Minister of Finance (Mr. Chrétien), the Prime Minister (Mr. Trudeau) was still trying to blackmail the CLC executive into giving a promise of restraint, when he knew, the cabinet knew, the Minister of Labour knew, and everybody with any brains in the country knew that the CLC could not give that commitment because they do not control their affiliates. Yet right until the mini-budget which declared the end of controls, the Prime Minister was trying to blackmail labour into giving a commitment that they could not give.

I do not have to give a lecture on the internal workings of the labour movement to hon. members and I should not have to give it to members of the government. I certainly should not have to give it to the Minister of Labour who knows perfectly well how much difficulty that created in the backrooms and in the organizations of the Canadian Labour Congress. Let me just assure hon. members that on this side we realize that, imperfect as the Canadian Labour Congress may be, it is the single most significant focal point for labour in this country, and if there are to be negotiations, if there is to be a treatment of reason, the CLC cannot be embarrassed and put in a position where it cannot deal with the government. But that is what happened as a result of the Prime Minister's blackmail.

What has happened is that there has been a breakdown of any trust between the labour movement and the government, although, curiously and interestingly enough, there has been more consultation between management and labour in the last year than probably at any time earlier in our history. What does that mean? It means that management recognized that there was no way out of this morass unless they ignored the blandishments of the government or the entreaties of the government and dealt with labour by themselves. That is exactly what has happened.

We remember the next doublecross. As hon. members will remember, the Anti-Inflation Board guidelines clearly indicated that if in the coming year of 1978 inflation did not decrease to 6 per cent or less, there would be provision for allowing wage increases above 6 per cent. That commitment to labour was broken. I say with sincerity that the Minister of Labour knows the effect that had on the climate of accord which he has been attempting to establish.

● (2052)

The minister referred a few minutes ago to the difficulties Canada is facing. It is a comfort to realize that the hon. Minister recognizes them. We would be more comfortable if

we were convinced that other members of the government recognized them. There is no question that most of the observers of the political scene recognize them.

Mr. Bruce Hutchison wrote in an article dated December 12, 1977:

> The government can no longer count exclusively, or even primarily, on the issue of the nation's unity when bread and butter issues are over-shadowing it. Hence Mr. Trudeau's belated interest in finance . . .

A few weeks ago the Prime Minister delivered a lecture which might have got him through first year economics but not much farther.

The article continued:

> Hence Mr. Trudeau's belated interest in finance and Jean Chrétien's desperate efforts to control a ruinous inflation, a high unemployment rate and an inherited budgetary deficit that, in normal times, would be enough to sink any government . . .
>
> The losses are clear to everyone—a mountain of debt, both foreign and domestic, savings eroded, our dollar devalued, our reputation throughout the world gravely damaged.

It is against a background of broken promises and most serious economic difficulties that the minister has the unenviable task of trying to maintain a link between the government of the day and the labour movement. I will give him credit for trying. As everyone is aware, he is operating under difficult circumstances.

The public of Canada should be reminded that federal jurisdiction in labour matters is extremely limited. The minister referred to extra labour propositions. These propositions will have only a limited effect if they are established, because approximately only 10 per cent of the work force in Canada comes within federal jurisdiction. There are approximately ten million people in Canada's labour force and, of that approximately 10 per cent come under the jurisdiction of this House. The rest come under the jurisdictions of the ten provinces and are subject to various provincial labour codes. The workers within federal jurisdiction are subject to the Canada Labour Code. It is important to realize that they include federal servants who are subject to the Public Staff Relations Act.

The 1977 figures indicate that, of the total Canadian work force, 3,149,213 are unionized. The Canadian Labour Congress membership includes 99 unions. Of these, 14 unions have 50,000 members or more. I do not need to list all the unions, but it is important to remember that in the private sector and under federal jurisdiction, and as a consequence subject to the Canada Labour Code, there are approximately 550,000 workers. The most recent figures indicate that approximately 45 per cent of these workers are non-unionized. In addition, approximately 320,000 public servants come within federal jurisdiction and are subject to the Public Service Staff Relations Act. The unionized workers within federal jurisdiction, subject to the Canada Labour Code, are represented by approximately 55 unions, excluding directly chartered CLC and CNTU unions, 40 of which are affiliated with the CLC. The unionized federal public servants are represented by 13 unions, of which eight are affiliated with the CLC.

A few minutes ago the minister set out the general areas of federal jurisdiction. In summary, the federal jurisdiction involves 550,000 people who are private sector employees and 320,181 people who are public sector employees. If the Armed Forces, the RCMP and others are added to those figures, which is approximately another 100,000 people, the total is just under one million. In the private sector, just over one half are unionized and have the right to strike under the Canada Labour Code, and in the public sector approximately 90 per cent have the right to strike. In the public sector the remaining 10 per cent are senior executives, personnel administrators, the operational methods group, and certain designated essential service employees.

I have taken the time to refer to those statistics because far too often people in the private sector among the public, and within the labour movement, seem to believe that the federal government can effect the answers to a better industrial climate or can solve all the problems that accompany labour and management relations in Canada.

As the minister is aware, the significance of the federal position is the example it sets. As a consequence, any legislation which is passed becomes a signal to the provinces, the labour unions, the private sector from the management side, and the majority of organized and non-organized workers in the rest of the country. It is helpful to enunciate some of the principles which must be kept in mind when one considers legislation in this vital field, and when one is dealing with labour and with management in the hope of establishing better industrial relations.

The first is trust: labour must be able to believe in the government of the day. Without that, all the blandishments and enticements will not work. The second is confidence: both labour and management must believe the government accepts its responsibility to restrain its growth and encroachment on the economy. The degree the government has been increasing its encroachment on the economy has reduced the effectiveness of our private sector to plan, invest, build, and has taken money out of the pockets of the working people. It now ill behooves the government to ask the working people of Canada to bear the brunt of inflation. Of course that has been the complaint of labour, and almost every objective observer in the last two years has indicated that there is much justification in that complaint.

The third is the recognition of the necessity to maintain a free collective bargaining system. The Minister of Labour indicated that is the basis of his own approach, as well as many other things. No matter how helpful some complementary additions to the collective bargaining system may be, I do not believe the country is ready to accept any real, severe encroachment upon the free collective bargaining system. The country is not ready for that yet, and in fact may never be.

In considering legislation and in dealing in an extra legislative manner, as has been suggested by the minister, there is a fundamental point. The fundamental point which has to be remembered is that we have had a history of free collective

bargaining, and both management and labour want to get back to it as soon as possible.

• (2102)

The fourth point is that in considering these matters there has to be a minimum of government interference in the terms of collective agreements. By that I am not saying that there has not been in the past—and there may well be in the future; there may be now—occasions when labour must submit to legislative moves in the interests of standards. The minister has spoken about some of these, but in dealing with both management and labour it is essential that it be remembered that both management and labour have chosen to work out most of these problems and arrive at collective agreements over the bargaining table.

The fifth point is that there should be a recognition that foreign structures and foreign philosophies of labour relations cannot be transferred to Canada easily. In fact in some cases they may not be able to be transferred at all.

There has been, especially in recent years—partly because of the very high incidence of strikes in this country, which has, fortunately, diminished very significantly during this past year—an almost frantic yearning to go outside Canada to find some panacea to all our woes, and import it here. The government has even paid some distinguished gentlemen to travel abroad—

Mr. Munro (Hamilton East): From your riding, John.

Mr. Fraser: —and to come back with a very interesting, exact and accurate document setting out the method of handling labour relations in European countries. As the minister says, one of these gentlemen is from British Columbia, and there is no doubt that in this ongoing debate he has made a significant contribution. I had occasion to discuss Mr. Connaghan's report with German trade union people and with members of the German government a year ago, and they complimented Mr. Connaghan on the accuracy with which he portrayed the situation in Germany. However, it is important to recognize also that when one goes to Europe one is constantly warned—as I know the Minister of Labour is aware—that what may work in Germany works because the people there are Germans, and what may work in the Scandinavian countries works there because the people are Scandinavians, but those things may not necessarily work here.

Let me say something about so-called co-determination. It is the view of this party that if both management and labour wish to experiment with forms of co-determination at any level in the work place or in the upper echelons of management, they should be free to do so, but it is also the position of this party that it would be dangerous to force such co-determination by way of legislation. It is far better to achieve these things by voluntary consent in those areas of industry where conditions lend themselves to them than to try to impose them by government edict.

On this same point I noticed that the Minister of Labour did not mention tonight his multi-partite national forum. I am sure—and I am watching him smile—he did not think I was going to go through my entire speech tonight without mentioning it. I remind the minister and the members of the government that one of the difficulties in achieving this multi-partite national forum is that management is not very enthusiastic about it and labour is opposed to it. No matter how good the idea may be in theory, it cannot be brought about unless the parties consent freely to join in such a proposal.

The sixth point is that in developing labour legislation we must be sure to ensure a balance of power in the bargaining process, favouring neither management nor labour, and to the degree that any labour legislation tilts the balance one way or another it works against a climate of accord over the bargaining table.

The seventh point which must be kept in mind—and this is a serious matter which has been avoided by the government for some years—is that at last in this country there must be a realistic acceptance that there are some strikes in essential services, and those strikes which may not start off as essential service strikes but which are demonstrably against the public interest must be dealt with more competently than they are dealt with at the present time. The most recent example was the air traffic controllers' strike, but there have been others: the rail strike of a few years ago, the strike at the river ports on the St. Lawrence, and the grain strike at Halifax. The Minister of Labour has been through all those strikes, and we all tried, given the limitations of present legislation and present approaches, to do the best we could with them.

However, I have to say seriously that despite the fact that this matter was met years ago by the Woods Report, and despite the fact that over and over again the government has finally had to act—usually belatedly—no serious effort has been made by the government to deal with this problem. There is no question that the climate of distrust between the government and labour at the moment probably makes it almost impossible to discuss the matter, but if the government is not discussing it, I can assure the minister that the public is. We have advocated for a long time the establishment of a public interest disputes commission. There are certain aspects of this approach which need consideration, and I would be the first to say—and I say it to the minister and to other hon. members, keeping in mind my admonition of a few minutes ago—that these things should not be done without consultation with both labour and management. It is time we started to consider some approaches which are less damaging, not just to the public interest but also to the image of labour, because in the long run it does no good to have problems occurring over and over again which place labour in the unenviable position of having everybody point at it as being the source of all the problems of the country.

I think it is worth considering that a commission—or some other body which has available to it expertise and some of the data the minister spoke about—should monitor at a certain point certain negotiations, and that well before the legal strike date is arrived at, the commission should report to the cabinet on what the effects on the public would be. That report should

be made public because it is essential in dealing in this very delicate area that the public fully understands not only the issues in the dispute but also the effect on the well-being of the country if the dispute cannot be settled.

That report should be made available to the public and to the government, well in advance of the strike date. At that point the cabinet could assess, on the basis of that report, what its responsibility ought to be, and could move in advance of the strike under legislation which could be established to postpone strikes for a certain period of time and to provide for a cooling off period and for a further period of negotiation, with as much help as possible from the commission, from a data centre or from the other bodies the minister has suggested, in order to resolve the dispute without the necessity of putting the country through the agony of a national shutdown. This approach may not always work, but surely it is worth trying. It is a thousand times better than the ad hoc system followed by the government in the years since I came to the House of Commons in 1972. Only subsequent to a cooling off period and further negotiations, if the government felt there was no alternative but to end a strike in a particular area, would legislation to do so be introduced in this House.

● (2112)

The circumstances that surrounded the air controllers' strike must not be repeated. In that case the legislation itself set the terms of the settlement and, as this party has said over and over again, that is completely wrong. This House is not the place to set the terms of settlement. It was doubly wrong in that case because it was the employer—this House—that passed the legislation setting the terms of settlement. If settlement is to be forced on both sides the matter must be taken out of this House and put before an independent arbitrator.

Another matter that must be faced because of growing concern in the country is democracy in the unions themselves. I say that, realizing that there is democracy in the vast majority of unions. But where there is seen to be a limitation of democracy and something less than a free and secret vote, the public's confidence in the union movement is diminished. We have instances such as happened only today when allegations were made in this House with respect to the illegal strike in the postal service. Illegal strikes within federal jurisdiction—within the public service—cannot be allowed to take place with impunity. I say that because the working people of this country have to realize, as I think most do, that their freedom and security can only be maintained under the rule of law. To the degree that some union leaders are prepared to take members out on illegal strikes, they will destroy the faith and confidence of the general public in the trade union movement.

Another point is that the law and the process of union organization—application for certification and creation of a first contract—must not be unfairly hindered. I say that because, looking back in history, we must recognize that unions were necessary and, I believe, are still necessary. I think it is also accurate to say that the existence of trade unions and

of a union movement is accepted by the vast majority of Canadians as part of our industrial milieu.

Another aspect is that the Canada Labour Relations Board has to be made more efficient. Union after union and management after management complain of delays and I am sure the minister has heard these complaints. I urge him to consider steps to make that board more efficient in the sense of being able to move the disputes more quickly because, to the degree that they are held up, they aggravate the situation.

Mr. Munro (Hamilton East): That is what some of the amendments do.

Mr. Fraser: I recognize that, but I would also ask the minister to recognize, as I am sure he does, that much more must be done.

I also want to emphasize that labour legislation must concern itself with its effect on productivity. That does not mean just a one-way street. It is essential for management to have a productive work force, but it is also essential for management to remember that decent conditions and high morale lead to a much more efficient and productive work force.

My last point, Mr. Speaker, is to say that the answer to industrial relations is not—I repeat not—just to pass more laws. Canada has a vexingly legalistic system now. There are ten provincial codes and a federal code. Every month of the year high salaried people try to figure out how to bring them all in line. Passing another law is no solution. It must be remembered also that the system is, and in a free society always will be, an adversary system to a certain degree. There are differences of position and differences of interest, but when passing legislation the object of the exercise is to increase the level of understanding of each side for the other in the adversary process. In a free society both sides should be grown up enough to be able to handle freedom, and should have enough common sense to know when to dump rhetoric and face the facts. If management or labour wants the government to settle everything, believe me, government is all too ready to move in. It is easy to force a settlement, but it is often difficult for either side to live with it.

We believe there are no magic answers to industrial relations in Canada. What we are talking about are human relations, and anyone—labour leader, public spokesman or politician—who offers an instant answer or an omniscient remedy for the frailties of human nature is selling the public a pig in a poke.

I see my time is getting short, Mr. Speaker, but I beg your indulgence and the indulgence of the House to carry on.

Some hon. Members: Carry on.

Mr. Fraser: There are some aspects of this bill which any right-minded person living in this country and who has any concern for his fellow citizen, has to endorse. There is no doubt about that.

Some hon. Members: Hear, hear!

Mr. Fraser: For that reason we are going to move this bill into committee after a short debate but, keeping in mind the principles I have enunciated, some things must be examined more carefully in committee.

This bill is not entirely accepted by either management or labour. For instance the effect of the higher legislated standards has to be carefully considered. The danger is, of course, that legislated standards intrude on the collective bargaining system, as both management and labour have remarked.

As I mentioned a few minutes ago, the Canada Labour Relations Board is faced with the accusation that it cannot handle its present workload, and to the extent that the bill increases work for members of the board it must be made certain that these amendments are appropriate and that the board can handle the extra work.

Some areas where work will be increased by the broadening of the board's discretionary powers are the following: altering terms of employment; imposition of first agreements; onus of proof; cease and desist orders; consent to prosecute; remedies for unfair practices; compliance with board orders; representation and run-off votes and others. That is not to say there are problems that cannot be surmounted; it is to say it is going to require careful consideration of the proposals which the minister has put forward.

It would be appropriate for a committee to ask the minister whether consideration has been given to the cost of these amendments and whether that cost will be reflected in price increases or operators' costs, especially in small business. When I mention small businesses there is an interesting comment made by Mr. John Bulloch, head of the Independent Business Association of Canada, in a speech which he delivered November 21 at Queen's University. He said this:

● (2122)

The small business sector is the most free enterprise oriented part of our entire economy and, as such, finds it difficult—if not impossible—to flourish in an atmosphere which rewards non-productivity. The magnitude of this problem is best appreciated in the light of one basic statistic: The small business sector is responsible for about half of the jobs provided by the entire private sector.

That has to be kept in mind, Mr. Speaker. It also has to be taken into account that labour is suspicious of legislation that moves into the unorganized area because it will then take away from labour its legitimate area of activity.

Mr. Speaker, labour is going to ask us to consider carefully the averaging provisions which it feels establish too much discretion, specifically that there is too much discretionary power in the hands of the minister in the amendments to section 29 which allows the permit to be issued and cancelled at the employers' request. They ask how can the minister determine the best interests of the employees? How does the minister meet the 80 per cent approval required by employees for averaging? They are worried about possible employer interference in determining employees' best interests.

Labour claims that the elaborate provisions for adjudicating unjust dismissal are, in its words, purely political. They say that even though the entire procedure is paid for out of the taxpayers' pocket—as is proposed in this bill—the real protection to the dismissed worker in the unorganized area is dubious.

In terms of these safety and health committees labour has also pointed out that it is concerned committees are established at the discretion of the minister, and not required on a universal basis. It has said furthermore it is the employer who causes the establishment of these committees, and nowhere are the rights and participation of the trade union defined or even mentioned.

There are reservations respecting this bill from management and labour. As a consequence, when this bill reaches committee it will be the duty of all hon. members to look at all the provisions carefully. It will be the duty of the hon. minister, his deputy and the hard working members of his department to explain clearly and carefully the effects of these amendments, and justify the reasons for them. Although they have been a long time coming, we welcome the amendments and we will support them at this stage. We expect to have a vigorous and hopefully constructive period of examination of the terms of the bill in committee.

Some hon. Members: Hear, hear!

Mr. David Orlikow (Winnipeg North): Mr. Speaker, in this bill the minister proposes a number of improvements in the situation of Canadian citizens who come under federal jurisdiction. We should keep in mind, of course, that only about 10 per cent of the labour force in Canada comes under the jurisdiction of the federal government, and that 90 per cent of the working people in this country fall under the jurisdiction of the provincial governments. None of the improvements proposed here will immediately, or in the near future, improve the lot of Canadians who come under provincial jurisdiction.

We welcome the improvements which will benefit Canadians who come under federal jurisdiction—the removal of pregnancy as a cause for dismissal, the requirement that employers pay salaries on a regular basis, the extra day holiday—Boxing Day—the proposals to give workers some rights with respect to health and safety. However, I must say to the minister that I have a great deal of suspicion that most of these will remain simply as clauses on statute books, and very few of them will become effective. I will deal with that in greater detail a little later.

The minister will not be surprised at our support of these proposals; in fact they are long overdue. And he should not be surprised if his proposals have been met with less than 100 per cent enthusiasm by the spokesmen for organized labour in this country. They recognize the fact that these improvements are very minor as compared to the tremendous damage which has been done to the Canadian people by the fact that we have the greatest percentage of unemployed that this country has had since before World War II.

Some members of parliament, myself included, are old enough to remember the hungry, dirty thirties. We have now, Mr. Speaker, more unemployed, and as large a percentage of our labour force as there was unemployed—not in 1933—but

during the period 1937 to 1939. The unemployment was only eliminated by the advent of World War II when we suddenly found that we could do all the things government said could not be done during that great depression. We found we had the money to put people to work building guns, tanks and planes, all of which were destroyed during the war, even though during the earlier years we could not put them to work building the things which needed so much to be built.

That situation is with us again. Last month on a seasonally adjusted basis we had 900,000 unemployed, 8.4 per cent of the labour force, and among our young people almost twice that percentage unemployed.

In Manitoba, which never has the highest percentage of people employed or the highest unemployed, last month it had 28,000 unemployed, an increase in the rate of unemployment from 4.7 per cent in October to 6.1 per cent in November.

● (2132)

Given this tremendous calamity, it is not surprising that organized labour, which to a large extent holds this government responsible for our high unemployment, is not enthused by these proposals. The labour movement is suspicious of this government. No matter how attractive government legislation or proposals may be, the labour movement is not prepared to listen to them. One cannot blame it.

Let us look briefly at what has happened in the last two years under a government which was elected to a large extent by telling the Canadian people that it was opposed to, and would not impose, wage and price controls. Despite that promise, a year later it brought them in under the so-called anti-inflation program.

We in the New Democratic Party opposed that program. We said it would not work. The government brought in that program in 1975 because it said inflation was rampant. There was double digit inflation. The inflationary rate on an annual basis was 10½ per cent. The government said it had to deal with that, and put limits on wage and price increases.

There was a temporary reduction in the increase in the cost of living. According to figures that came out yesterday, the cost of living in the past 12 months increased by 9.1 per cent. Given an increase between 3/10 and 7/10 of a percentage point each month, as we have had for the past 11 months, when we get the figures for December we will find that for the calendar year 1977 the increase in the cost of living has been about 9½ per cent, just 1 per cent less than when the government implemented its anti-inflation program.

We opposed the anti-inflation program because it would not be equitable. We pointed out that it would be easy to control wages and salaries, but difficult if not impossible to control increases for self-employed people and professionals. Time has shown that we were correct. In fact increases in income of professionals such as doctors, lawyers, dentists, engineers and architects have been substantially higher than those permitted to wage and salary workers.

[Mr. Orlikow.]

The last decision of the government, a complete repudiation of its arguments when it brought in its anti-inflation program, was to limit increases in wages and salaries in 1978 to 6 per cent. It is obvious to everyone but the Prime Minister (Mr. Trudeau) and the Minister of Finance (Mr. Chrétien) that the cost of living in 1978 will undoubtedly increase by somewhere between 8 and 10 per cent.

By bringing in legislation to limit wage and salary increases to 6 per cent, the government is decreeing that the majority of the Canadian people will have a real reduction in their living standard in 1978. When it brought in the anti-inflation program, it was ostensibly because wage and salary increases were running substantially higher than the increase in the cost of living. We have had a betrayal of the interests of the ordinary people of this country by the government. Therefore it is not surprising that the labour movement is lukewarm about this or any other proposal by the government.

I want to say something else about the economic situation before dealing with some of the basic principles of the bill.

As bad as the government's anti-inflation program has been in terms of creating more unemployment, its policy of restraint, supported by the Conservative party, is an even greater disaster for the country in terms of creating more employment.

There are only two fields in which people can find employment in this country. One is the private sector. That sector employs people only when it can produce and sell its products at a profit. When the economy is in recession, as is the economy of Canada and the economies of most of the industrialized world, the private sector does not hire more people. It lays them off. We have seen a host of layoffs of long term employees in recent weeks and months. I could spend my 40 minutes just listing those companies, beginning with International Nickel, Falconbridge, Noranda, and Northern Telecom.

The other field in which people find work is with the government or on projects initiated by the government such as housing, schools, hospitals and so on. At this time, when the private sector is laying off people, federal, provincial and municipal governments should be hiring more people. Instead of putting more people to work, the Liberal government and the official opposition join in a call for more restraint. More restraint will mean more unemployment. In the coming year the rate of unemployment will not be the present 8 per cent plus, but probably 9 per cent. In fact I will not be surprised if it is above 9 per cent in 1978. In fact given this situation, one can understand why labour is suspicious about this bill.

I wish the minister well in the appeals he has made and will continue to make with regard to the need for better co-operation between labour, management, and government with regard to more consultation, working on forms of industrial democracy, and so on. However, they are just words. I do not blame the minister for making those speeches. However, they are much like the sermons that many ministers preach on Sunday mornings, having little relevance to life as it is in Canada. The same is true with regard to the view that is frequently expressed that we should try to emulate the peace

which exists between labour and management in countries such as Sweden and Germany. That peace is based on entirely different conditions than we have or have had in Canada. That peace is based on full employment.

● (2142)

It is relatively easy to get workers and their unions to be successful and co-operative and objective when they have jobs and when they have reason to believe those jobs will continue. It is another thing to persuade workers to be co-operative and reasonable when they do not know whether they will be working or not in a week's time or a month's time. We should not be surprised if, in such circumstances, they try to squeeze out every benefit they can right then.

Then again, it is recognized in a great many countries that unions are here to stay, that they are part of the way in which society operates. Unfortunately this is not always the case in Canada. Many employers, particularly employers in small business, and some in business which is not so small, do everything they can to discourage their employees from joining unions. I have no doubt that the banks, for example, are, and will be, less than enthusiastic about workers wishing to show an interest in joining trade unions. So it is not surprising that workers and trade unions are edgy about any proposals which come from outside—from management, the media, or even from governments which they believe are somewhat sympathetic to their objectives.

Having already indicated that we support and welcome this bill as far as it is likely to benefit the people who come under the jurisdiction of federal labour legislation, I want to turn to consider some of its provisions. I must say I have a good many reservations about a number of the proposals before us, not with regard to their intention so much as the ability of the department and the government, given their present staffing, to do the things which are outlined in the bill.

For example, this legislation will provide where possible a mechanism by which a non-union worker may complain about his dismissal; he will be able to complain to an inspector of the Department of Labour, and if the inspector cannot settle the point he may request that his complaint be referred to an adjudicator appointed by the minister, and that adjudicator would have the power to order reinstatement and compensation if he finds the employee has been wrongly dismissed. I might point out that workers in Canada have so far not had much success in enforcing a provision along these lines, not even the much milder provision presently in the federal Labour Code. All the experience in Canada and the United States shows that many employers who are opposed to the unionization of their workers will use any and all methods open to them to prevent their workers joining unions. There is no evidence, and I say this with regret rather than with condemnation, that the Department of Labour as presently constituted has the ability to police and enforce a provision of that kind.

The bill contains a clause which gives employees the right to refuse to work if they feel that working conditions constitute imminent danger to their health and safety. The procedure is that the employee reports such circumstances to his employer who then investigates the problem. If the matter cannot be resolved, a safety officer is called in to make an inspection. Should the employee remain unsatisfied there is provision for an appeal to the Labour Relations Board. Mr. Speaker, the spokesman for the official opposition has already drawn attention to the backlog of work which faces the Labour Relations Board. That is not the only difficulty.

In this period of mass unemployment any worker, particularly in an unorganized plant, who considers making the complaint has to bear in mind the possible effect on his continued employment. To rectify the circumstances about which he has complained might well involve the installation of a costly improvement; a worker is likely to be extremely hesitant about making a complaint because of the possibility of his dismissal.

Another point is this: who decides what the word "imminent" means? What one person may consider to be an imminent danger another might regard as being a necessary or inherent part of the work being done. We shall certainly want to discuss with the minister and his officials in committee precisely how this clause will operate.

Then there is provision for the establishment of health and safety committees in the work place. Such committees would be required in various work places at the discretion of the minister. We approach this provision with a good deal of skepticism. I do not worry too much about the approach taken by the present minister. On the whole I believe that were he to err he would do so on the right side. But we have seen other ministers of labour in whom we would be far less confident.

Employees are to compose 50 per cent of the individual committees whose task would be to identify potential health and safety hazards and to develop management programs related to health and safety. Mr. Speaker, we believe these committees should be set up in all work places employing more than ten people. We do not like the fact that the choice of the members of the committees is left to regulation by the minister. We believe that the employees' representatives, where there is a union, should be chosen by the union, and that when no union exists an election should be held among all the employees. I am doubtful whether the committees could really work in places where there is no union. I suspect employers would put pressure on individual members of the committee who would be inclined to keep in mind at all times the likelihood of their being fired if they made what the employer thought was trouble.

● (2152)

We believe that if and when these committees are set up they must be given training on a regular basis in health and safety aspects at their place of work, that is, if the committees are to function effectively. A committee must decide where and when to hold its meetings, rather than this being left to regulations published under the bill. Committees should also meet at regular intervals.

I want to deal with one more broad question, and this is where I believe the bill is not much more than window dressing. According to the minister, this bill will bring some order and reason into the whole question of occupational health and safety in those places where federal jurisdiction exists over industry. It is pretty obvious that the federal government up until now has been derelict in its duty to protect the health and safety of workers. Because of this neglect, the number of accidents in work places has been increasing at a steady and alarming rate. In 1968 there were 6.5 million accidents. In 1974 the number had almost doubled; there were 11.5 million accidents. These figures relate to all work places, which would include those under federal and provincial jurisdiction; I do not have a more detailed breakdown between those two jurisdictions.

As a result of the increase in the number of accidents there has, of course, been a corresponding increase in the cost of accidents to industry. In 1968 it was estimated that the cost of accidents to industry was $1.165 billion. By 1973 this had increased to $2.1 billion. When this cost is adjusted for increases in consumer prices, there has been a 30 per cent increase in cost over the five year period 1968 to 1973.

The number of days lost through accidents is greater than the number of days lost through strikes and lockouts. We read a great deal about the harm done to our country and to our economy by strikes, but we read and hear very little about the cost to the country of accidents. The number of days lost in 1974 as a result of strikes and lockouts was nine million; the number of days lost through accidents in 1974 was 11.5 million. So one can see that governments, both federal and provincial, have not really addressed themselves to this problem.

The intervention of governments in this area has, to say the least, been ad hoc. There are at least nine federal departments involved in the area, and among them they administer about 10 separate pieces of legislation, all of which are safety oriented and have little regard for health aspects. Even the safety record shows flaws. The Canada Labour Code, which is the major piece of legislation on this subject, covers employees working in federal industry, except those in the Northwest Territories, the Yukon, and those people who work in shipyards, on trains and planes. These people are covered by separate pieces of legislation, and this legislation will not be improved by the changes proposed in this bill.

We believe that the government should consolidate all occupational health and safety considerations into one department. We believe they should give a great deal more consideration to the health aspects of the work place. We believe they should adopt the philosophy that people in the work place have a right to the same protection as people in the community.

I want to close by pointing out what I consider to be the inability of the minister to communicate with his fellow ministers. The Minister of Labour preaches, I believe sincerely, the need to make great improvements in the way we monitor and control the health and welfare of those who work in business and in industry in this country, while just a few days ago his colleague, the Minister of Energy, Mines and Resources (Mr. Gillespie), said that one of the big reasons for the lay-offs in Sudbury was that pollution controls instituted in that city by the provincial government of Ontario were so tough that industry simply could not afford to live with them. One has only to drive through or fly over Sudbury to get a picture of what the moon looks like, Mr. Speaker, so much of the environment in Sudbury has been destroyed by the fumes and pollutants which have been spewed into the air and into the water over an area covering 50 to 100 square miles. Compare the view of the Minister of Energy, Mines and Resources with the very fine sentiments expressed by the Minister of Labour.

Therefore, Mr. Speaker, to the extent that there are very specific improvements proposed in this bill, we greet them with approval. But we look on the rest as mostly verbiage, as a plank in the next election platform of the Liberal party, a measure which might be implemented, like other pledges in the past, 25 to 30 years from now. To that extent we are, to say the least, pretty critical of the whole package.

Mr. Ritchie: Mr. Speaker, looking at the hour, I wonder if I might call it ten o'clock?

Mr. Deputy Speaker: I am sure hon. members will not have any objection.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

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

FINANCE—REQUEST FOR MEETING BETWEEN GATT NEGOTIATORS AND CERTAIN INDUSTRIES

Mr. Fred McCain (Carleton-Charlotte): Mr. Speaker, though my question was primarily related to agriculture, it was initially directed to the Minister of Finance (Mr. Chrétien) since the Minister of Finance introduced the legislation adjusting duties, particularly relating to imports arriving in Canada. Unfortunately, seven minutes does not give one anything like enough time to do more than raise questions, so I want to ask a series of questions this evening.

Has the minister compared the relative trade opportunities Canadian agriculture has when shipping to the U.S. versus the opportunities United States agriculture has when shipping to Canada? Has he examined the opportunities for Canadian agriculture to ship to the European Economic Community compared with their opportunities to ship to the Canadian market? Has he examined the opportunities of the most favoured nations to ship to us compared with our opportunity to ship to them? Has the minister ever taken these matters into consideration?

Has the minister assessed the impact of the formation of the EEC, particularly as it relates to apples and to Canadian trade in the European market, and to other commodities as well? Has he examined the relative position to date versus the relative position of 20 years ago? Has the minister examined the graphs to show the pattern of Canadian agricultural trade as it relates primarily to fruits and vegetables in the last twenty years? Does he know how much the imports, for instance, of apples have increased, and is he familiar with the decrease in the apple exports from Canada? If he does not have the answers to these questions, then he is in no way competent to pass legislation or, as Minister of Finance, to be a party to the decision as to what trading considerations shall be extended to other nations entering our market.

● (2202)

Does the minister fully understand the impact of the recommendations of the Tariff Board as they have broadened the NOP category to include a number of products not clearly defined, and does he know that as this NOP group is expanded at lower rates of duty, these imports will infringe upon markets for Canadian producers? If he does not, then Canada is not in very good hands when legislation is introduced or when our negotiators go abroad.

Does the minister know that the production of Canadian fruits and vegetables on a larger scale with a better degree of protection, might very well provide the consumers with better prices than they are presently getting from a starved Canadian horticultural industry, plus imports from other lands? Has the minister studied the impact upon our costs of the lowering of duty structures on such items as tomatoes and tomato products, because if he did, he would understand that the cost of tomato products coming into Canada today exceeds what Canadian agriculture would need to produce Canada's requirements in a normal year.

Does the minister know that if all of the recommendations of the Canadian Horticultural Council to the Tariff Board hearings would cost Canadian consumers 33 cents per capita a year, the increase in tax returns to the Canadian government would far exceed 33 cents per capita a year? Does he know that, according to the federal Bureau of Statistics' figures, it is estimated by the Canadian food processing industry that if their recommendations were accepted for the importation of processed products, it would cost Canadians 48 cents per capita a year? We are talking peanuts in respect of protection for the consumer when we are talking about 48 cents per capita a year, but we are talkimg about the expansion of a multi-million-dollar industry and the employment that would go with it.

Does the minister know that when the United States is preparing its case for negotiations, the industry is part of the preparation and a party to the negotiations and that they are guided by the industry? Is the minister prepared to allow comparable input and comparable work along with that group, or is he not? Has the minister checked what has been given away in the last twenty years as we have negotiated tariffs, and what we have received? Have we been Santa Claus or have we been Scrooge?

The Minister of Agriculture (Mr. Whelan) summed that up when he said that when agriculture goes to Geneva, it goes in a bikini, indicating it has very little more to give.

Will the minister insist that the Canadian negotiating team get the surtax which has been requested by both the processing industry and the fresh fruit and vegetable industry, with a triggering device that will be activated in time to preserve the Canadian agricultural industry, or will he allow it to continue on the basis of the dumping legislation which cannot be an effective mechanism for the protection of the industry? Does the minister know—I will cite the extreme of change in trade—that in the last ten years mushroom imports and mushroom products have increased by 1,600 per cent? Does he know that mushroom imports today now constitute 70 per cent of the Canadian market?

Since my time is about up, I want to ask the minister for an answer to my initial question: is he prepared, and is the government prepared to support him, in the formation of a house committee to allow the industry and members of the House to present to cabinet ministers and to negotiators, if possible before they go to Geneva, the facts and figures and the needs of the Canadian horticultural and food processing industries of Canada?

● (2207)

Mr. Ed. Lumley (Parliamentary Secretary to Minister of Finance): Mr. Speaker, having been born and raised in Essex county, which is the heartland of Ontario with respect to fruits and vegetables, and having known the Minister of Agriculture (Mr. Whelan) for over 30 years, I do not think any country in the world would have a better spokesman regarding the agricultural industry and the GATT negotiations than we have in Canada.

The hon. member has asked about the possibility of a committee of the House to meet with industry representatives and our negotiators in Geneva. Since the negotiations began, the government has stressed the importance of a two-way flow of information between the government and interested parties in the private sector. The Canadian Trade and Tariffs Committee was established specifically for this purpose. There have also been numerous briefings and discussions between representatives of the private sector, senior government officials and members of the Canadian negotiating, team, and direct consultations with provincial governments, including a federal-provincial ministerial conference in October.

Some members of the opposition have been briefed on the negotiations and have called on the Canadian delegation in Geneva. The office of the co-ordinator for the multilateral trade negotiations has also been very active in publicizing the negotiations in recent months. This office was established to undertake liaison with provincial governments and private sector organizations on the evolution of government policy on the negotiations, and to consult with them on specific issues as they develop during the course of the negotiations.

I can safely say that there has been much more consultation during these trade talks than in any previous ones. At present, the government is considering ways to further the consultation process as it affects industry, the provinces, and hon. members on both the government and opposition sides of the House.

AGRICULTURE—VETERINARY COLLEGE FOR ATLANTIC REGION—INQUIRY AS TO COMMITMENT TO FINANCE—REFERENCE OF HOWELL REPORT TO COMMITTEE

Mr. J. P. Nowlan (Annapolis Valley): Mr. Speaker, I am not sure who will reply to the question I asked the Minister of Agriculture (Mr. Whelan) earlier regarding the need for a veterinary college in Atlantic Canada. My question results from the report tabled by Dean Howell, who was appointed by the Government of Canada to explore the necessity for a further veterinary college in Canada. There are three such colleges in Canada today. The conclusion of that report was that a fourth college should be established in Atlantic Canada. At the end of the report it was recommended that the college be established in Prince Edward Island.

There are many things I could say about the conclusion reached by this report, but my time is limited during adjournment debate. The fact of the matter is that there are obvious conflicting provincial interests as to where a veterinary college should be established in Atlantic Canada. I have asked the Minister of Agriculture if he would exercise his good office in an attempt to remove the question of where the college should be located from the cross currents of provincial jurisdiction and on to the federal table.

The move to establish another college was commenced long before 1970, but during that year the federal Department of Agriculture undertook a study in order to discover if there was a need, and the department found out there was. Frankly the criteria established by Dean Howell are in open conflict with some of his conclusions. Obviously I am biased concerning the location of the college. It could be and certainly should be in Nova Scotia.

Why should a dean from the Guelph Veterinary College, through his imagination and discussions with Atlantic Canadians, decide to establish a veterinary college in Prince Edward Island? It does not take a professor from Guelph to know that besides lobsters, Prince Edward Island produces potatoes. Prince Edward Island is a field and crop community. I am not knocking P.E.I. because I am a member from the Atlantic community, but the animals in Atlantic Canada are in Nova Scotia and New Brunswick. There are relatively few in P.E.I., and the criterion established by Dean Howell himself is the need to have a veterinary college established next to a degree-conferring university. At the moment the only university in Prince Edward Island, UPEI, is not a degree-conferring university. We need postgraduate facilities in some of the establishments that are already in Atlantic Canada, not in Prince Edward Island.

• (2212)

In the closing moments of this debate I cannot speak on the need for a veterinary college without going back in history. In the time I have left I hope hon. members will put up with a little nostalgia. This is December 13, 1977. It just so happens that a man called George Nowlan, my father, was elected to this House on December 13, 1948, 29 years ago. Perhaps that was before some hon. members were even born. It was certainly before most of my staff were born. I do not want to get too nostalgic, but it is interesting to look at the *Journals* of this House. I do not think they have been referred to before in adjournment debates, but as I say, my father was introduced to the House of Commons on January 26, 1949.

Perhaps it is because of the conviviality and informality of the adjournment debate that I trespass this far, but having the opportunity to speak in this Chamber on December 13, I feel I should do no less than to pay some respect to my heritage.

I want to refer to other hon. members who are great Canadians or were great Canadians. The day my father was introduced to this House, Lester Pearson, Albert Boucher, Stuart Garson, Leopold Demers, and a man called George Drew were also introduced. I know that does not solve the problem with regard to a veterinary college in Atlantic Canada, and I am the first to admit that.

Regardless of all the facts I could recite from the lengthy document I have in my hand, the fact of the matter is that we have a research station at Kentville, Nova Scotia, which is one of the most viable research stations under the Department of Agriculture. Any veterinary college should be established next to a research station or near animals. That would certainly be in Nova Scotia, in the Annapolis Valley. Many times I heard my father say that a complementary development next to the research station in Nova Scotia would be a veterinary college. Frankly, that is where the field animals are. Because of what my father said I took unto myself the licence to introduce a little personal nostalgia to this adjournment debate. That is fairly unusual, but any member who has been in this House for a while should be exposed to a little nostalgia from time to time.

The Department of Agriculture has lead the movement to canvass whether there should be a veterinary college. The commissioner appointed by the department says there should be one. I suggest that the minister use his good offices toward this end, but initially we should refer the Dean Howell report to the Standing Committee on Agriculture so that all interested parties can come before it.

If the minister thinks there are other avenues we should explore in order to avoid a provincial fight, I would be happy to go along with him as long as there is progress and as long as a veterinary college is established. We do not need provincial cross-currents and jealousies to stymie what Dean Howell himself says is very necessary.

[*Translation*]

Mr. Yves Caron (Parliamentary Secretary to Minister of Agriculture): Mr. Speaker, as a result of the disagreement of

the province of Nova Scotia with regard to the location suggested for a fourth veterinary college, the hon. member for Annapolis Valley (Mr. Nowlan) has asked me repeatedly to hand over the Howell report to the Standing Committee on Agriculture which recommends that a fourth veterinary college be founded at Charlottetown in the Atlantic region.

In his capacity as dean of the Ontario Veterinary College, I am convinced of the impartiality and outstanding qualifications of Dr. Howell in the matter. The Standing Committee on Agriculture may, if it so wishes, look into the matter, get copies of the Howell report by addressing its request to the Atlantic Higher Education Board in Fredericton, New Brunswick. If the committee so decides, it can also review the annual report for 1975-76 of the Atlantic Provinces Higher Education Board, in which it makes its recommendations concerning the Howell report.

[*English*]

CANADA COUNCIL—PROPOSAL THAT COMMITTEE REVIEW MANDATE

Mr. Bob Wenman (Fraser Valley West): Mr. Speaker, since I last raised the question of the Canada Council grants and contributions, and the Council's abuse of its privilege to distribute tax dollars for the purpose of elevating the artistic standards of Canada, I have spoken to many reporters, heard from many Canadians, and discussed the matter in several different forums. The almost unanimous response of those who have seen the obscene documentation is outright outrage.

I should like to present this material to the House tonight but I would urge the television cameras not to zoom too close to it because I think it would be offensive to the record as well as to the Canadian people to see it. At this point, although I should like to expose the material to the people of Canada and shock them further, that is not my purpose tonight. The reason for the disgust and anger for the inadequacy of judgment and administrative capacity of the Council and the government goes much deeper than a mere scandalous wastage of hard-earned tax dollars.

This material, supported and masquerading in the name of art, is a demeaning degradation of human experience. It is in my view neither creative nor beautiful, it is not even grotesque or or ugly beautiful, it is neither uplifting nor fulfilling, it is not even passionate or erotic; it is simply vulgar degradation of the human experience—vulgar and demeaning at a level well below that of funky graffiti written on the back of washroom doors. This type of vulgarity deserves to be placed in a category of the hate literature of pop art and should not be censored but rather branded as unfit for human consumption, and discarded on the rubbish heap to rot in its own vulgarity.

This material is evil in the broadest sense of the word, and the government has an obligation to fight against this type of degradation rather than condoning, supporting, and encouraging the production and distribution of it. This material is not art. It is not right. It is wrong.

The minister, the government, and its vehicle the Canada Council, are weak and full of fear—fearful of not appearing avant garde, fearful of being labelled culturally illiterate. I say that the granting of thousands of dollars for this material proves they do not in fact have the capacity to judge the bottom line of tolerance of either the will of this parliament or the will of the Canadian people.

Not only is the Canada Council supporting literature which most in this House would term obscene, but the Auditor General has lashed out at that body for lack of adequate documentation. Right now it is entirely possible for someone to give the skimpiest budget details, obtain a grant, and spend the first installment in any manner he wishes.

What the Auditor General was more wary of was the unknown abuse of the existing system. In the small sample of grants he examined, requests for documentation of expenses were not complied with. The money could have been spent anywhere and anyhow for all the Canada Council knows.

• (2222)

When I asked in committee whether or not the Canada Council would comply with the Treasury Board regulations calling for tightening up I was informed that they would not do so. That kind of answer does not make the taxpayer—the person who has to put up all this $403 million the Canada Council has spent to date—feel very confident. He likes to know his money is being spent efficiently and effectively, the Canada Council should not be considered a special case for financial accountability on tax dollars.

I have requested that the Standing Committee on Broadcasting, Films and Assistance to the Arts examine the Canada Council's mandate and issue a report of their findings. The body has been with us for 20 years; a time which has been the stage for many changes, and it is time to look at it again.

A parliamentary committee should determine: (1) the nature of the mechanism that will assure accountability to parliament including concerns regarding political direction, financial documentation, and selection criteria; (2) the nature of ministerial responsibility for both financial documentation, grant and contribution selection criteria; (3) a selection process that will ensure that political bias and patronage are not simply replaced with artistic elitist bias and patronage; (4) a selection process that will reflect regional aspirations and realities of our country.

The current minister has directed the Canada Council to begin a program to promote national unity in contradiction of the minister's earlier view that neither the minister nor this

parliament should direct Canada Council. While promoting Canada's unity is a worthwhile endeavour, this is an extension of the purpose of objectives of the Council and should on this basis alone be referred to the committee and further legislation, should political direction of the Canada Council be considered acceptable by this parliament. Personally, I view the potential for abuse with alarm because of the implication amply demonstrated within dictatorships, communist or otherwise, who have subverted the arts for political ends.

In September the Secretary of State (Mr. Roberts) transgressed his oft stated policy that the Canada Council was solely an arms' length organization when he gave $4 million to that body earmarked for national unity projects. The Secretary of State has started an inquiry into the arts; an inquiry outside parliament and the by-passing of parliament is an all too common action during the last few years and parliament demands that right back. Obviously the Secretary of State believes an examination of the Canada Council and its mandate is necessary. Let us turn the issue over to those who represent the people.

In view of the minister's direction to the Canada Council to begin a program to promote national unity in contradiction of the minister's view that neither the minister nor parliament should direct the Canada Council, and in view of the Auditor General's concern regarding financial documentation, I ask the minister to consider requesting that the Standing Committee on Broadcasting, Films and Assistance to the Arts complete a review of the mandate, and the implications of extending that mandate to include promotion of national unity as well as the accountability, financial procedures, and performance to date of the Canada Council.

Mr. Speaker: I am sorry to interrupt the hon. member but his time has expired.

Mr. Robert Daudlin (Parliamentary Secretary to Secretary of State): Mr. Speaker, the hon. member for Fraser Valley West (Mr. Wenman) essentially raises two questions, the first one being parliament's intention when it established the Canada Council, and second the Canada Council's performance of the task set forth for it by parliament.

As the hon. member is aware, the Canada Council was established in 1957 to foster and promote the study and enjoyment of and production in the arts, humanities and social sciences. Parliamentarians at that time were most concerned that they should guarantee the independence of the Council to ensure its freedom from possible political interference. Indeed the hon. member tonight has high-lighted that particular concern which I suspect indicates that parliament, even today, is concerned and that those concerns remain valid.

The essentials, Mr. Speaker, and some of the history that should be brought forward are that the estimates and the supplementary estimates for the Canada Council must be reviewed by the appropriate Minister, the Secretary of State (Mr. Roberts). The Secretary of State must bring the supplementary estimates before the Standing Committee on Broadcasting, Films and Assistance to the Arts for approval annually. Indeed, parliament has the opportunity at that time to assess whether the estimates are valid and should go forward.

● (2227)

This brings me to the second question raised by the hon. member, that of the Canada Council's performance. Hon. members, both in committee and in the House, have questioned the Council's emphasis on "excellence", yet I am sure that all those interested in the Council are familiar with its explorations program, designed to seek out new forms of expression and public participation in the arts. In its quest for innovation and the imaginative, the council, through explorations, encourages any Canadian to submit ideas for funding, any Canadian with an imaginative idea and the ability to carry it out.

Unfortunately the member opposite does not afford me the courtesy of an opportunity to express myself as was given to him. I would like to go on at great length to discuss his personal views, but I would like to get to the question he raised and give him the answer he seeks. If he wishes to discuss back and forth and not have the answer given, I am willing to give up that time.

The Canada Council has never spurned the off-beat for fear of public criticism—for excellence wears many guises. The hon. member, in calling for a review of the Council's performance, has referred to "disgusting and pornographic" works by a Canadian poet supported by the Council. I agree that not all works created by contemporary artists—whether or not they are supported by the Canada Council—may find favour with the general public or its elected representatives. However, might I remind the hon. member, that many of those whose names rank among the great painters, poets, and novelists did not enjoy public acclaim in their own lifetimes? Indeed, many were obliged to pursue their art in the face of diversity. And while I am not arguing that the poets mentioned in the hon. member's question to my colleague, the Minister of Finance (Mr. Chrétien), may necessarily prove to be held in great esteem by all posterity, I should like to argue that, unless all forms of expression are encouraged, we can expect of the future no more than a form of limited cultural development which will be in direct proportion to the restraint applied during the critical growth period.

Might I also suggest that the hon. member has selected for his own purposes examples which do not reflect the general

activity of the Canada Council and the artists it supports. He is glossing over all those artistic achievements whose success can be attributed to the support received from the Canada Council which is, should, and must be, free from political intercession. I see my time has expired, Mr. Speaker.

Mr. Deputy Speaker: The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at 2 p.m.

Motion agreed to and the House adjourned at 10.30 p.m.

HOUSE OF COMMONS

Wednesday, December 14, 1977

The House met at 2 p.m.

● (1407)

ROUTINE PROCEEDINGS

[*English*]

TRADE

PROPOSAL TO HOLD TRADE FAIRS FOR BUYERS FROM UNITED STATES—MOTION UNDER S.O. 43

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, I rise on a motion under Standing Order 43 on a matter of urgent and pressing necessity. As an important initiative to overcome our massive deficit of $11.5 billion a year in manufactured products will be to show these products to far more potential customers in the United States and in the world market. I move, seconded by the hon. member for Hastings (Mr. Ellis):

That, as a preliminary to "Operation world markets", which should be held next spring, the government should, this winter, bring the important buyers from the principal markets in the United States, to see Canadian manufactured products in giant trade shows in Montreal, Toronto, Winnipeg and Vancouver, and our heavy machinery in the factories where it is made across the country, as a means of making United States buyers, and later the principal buyers in the world market, more aware of what this country has to offer, and, as a result, greatly increase the sale of Canadian manufactured products—the ones that produce jobs.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

ANTI-INFLATION PROGRAM

ALLEGED DISREGARD OF CONTROLS POLICY BY INSURANCE COMPANIES—REFERENCE TO COMMITTEE—MOTION UNDER S.O. 43

Mr. Max Saltsman (Waterloo-Cambridge): Mr. Speaker, I should like to move a motion under Standing Order 43 regarding a matter of urgent and pressing necessity. In view of today's report by Statistics Canada that property-casualty insurance companies have almost doubled their profits in the first nine months of 1977, from $261.3 million in the comparable period in 1976 to $412.5 million in 1977, I move, seconded by the hon. member for Brant (Mr. Blackburn):

That this disregard of the Anti-Inflation Board guidelines by the property-casualty insurance companies of Canada during the government's controls policy, be referred to the Standing Committee on Finance, Trade and Economic Affairs for investigation and report back to the House.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

REGIONAL ECONOMIC EXPANSION

POSSIBILITY OF DECLARING OUTAOUAIS REGION DESIGNATED AREA—MOTION UNDER S.O. 43

Mr. Gilles Caouette (Témiscamingue): Mr. Speaker, I rise under Standing Order 43 to ask for the unanimous consent of the House to move a motion on a matter of urgent and pressing necessity.

Considering that last October the unemployment rate went up to 13.5 per cent in the Outaouais region against 11.4 per cent in Quebec as a whole and considering that the Société d'aménagement de l'Outaouais has established that the industrial growth in that region is below that of other regions such as northwest Quebec, Saguenay-Lac Saint-Jean and even Gaspesia, I move, seconded by the hon. member for Bellechasse (Mr. Lambert):

That this House urge the Department of Regional Economic Expansion to declare the Quebec part of the Ottawa region a designated area, as requested by representative bodies in that region.

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

Some hon. Members: Agreed.

Some hon. Members: No.

[*English*]

TRANSPORT

SUGGESTED REFERENCES OF PRIVATE BILL TO COMMITTEE TO PERMIT DISCUSSION OF RAIL LINE ABANDONMENT—MOTION UNDER S.O. 43

Mr. G. H. Whittaker (Okanagan Boundary): Mr. Speaker, I wish to move a motion under Standing Order 43 on a matter of urgent and pressing necessity. In view of the reported negotiations between the Minister of Transport and the CNR-CP rail regarding the rail rights of abandoned rail lines and because there is an obvious conflict between the provincial governments and the federal government as to whom the rights of way of abandoned rail lines should revert to, I move, seconded by the hon. member for Surrey-White Rock (Mr. Friesen):

That the Minister of Transport request that the House leader bring forth private members Bill C-222 on railway line abandonment so that it may be amended if necessary, passed on second reading and sent to committee so that this subject may be discussed openly in committee with input from the provinces and the principals concerned.

Mr. Speaker: Such a motion under Standing Order 43 requires the unanimous consent of the House. Is there such consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

● (1412)

INDUSTRY

FAILURE OF FEDERAL GOVERNMENT TO PROVIDE FUNDS FOR TRIDENT AIRCRAFT LIMITED—MOTION UNDER S.O. 43

Mr. Bob Brisco (Kootenay West): Mr. Speaker, I rise under the provisions of Standing Order 43. In view of the fact that Trident Aircraft Limited has been forced to close its doors in spite of funding from the BC DC amounting to $1¼ million from private investors, in view of the fact that this support was put into place on the basis of an assurance of federal support of $5 million and in view of the fact that Industry, Trade and Commerce has ignored all letters, phone calls and telex advising them that BC has fulfilled its commitment and calling on the government to fulfil its obligation, I move, seconded by the hon. member for Surrey-White Rock (Mr. Friesen):

That the Minister of Industry, Trade and Commerce answer his phone and put his money where his mouth is if there is enough money to fill that cavity.

Some hon. Members: Hear, hear!

Mr. Speaker: Order, please.

[Mr. Speaker.]

AGRICULTURE

REQUEST MINISTER EXPLAIN FAILURE TO TAKE ACTION TO STOP DECLINE IN FARM INCOME—MOTION UNDER S.O.43

Mr. John Wise (Elgin): Mr. Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. Given the fact that farm income has declined for the second consecutive year and in view of the fact that at the Outlook Conference just concluded, a further reduction in farm income is predicted for 1978 which would result in a decrease from 1975 to 1978 of over $1,243 million, in the face of an increase in farm input cost of over $1 billion from 1976 to the 1978 projection, I move, seconded by the hon. member for Northumberland-Durham (Mr. Lawrence):

That in the complete absence of any legislation or other corrective measures, the Minister of Agriculture appear before the Standing Committee on Agriculture to explain why on October 14, 1975 the government seemed to have recognized the problem, and I quote, "to ensure an adequate supply of food, farmers must be assured of a rate of return commensurate with the large investment of labour and capital essential to agriculture production" when in reality nothing has been done and the record clearly illustrates a continuation of an unfortunate and disastrous situation.

Mr. Speaker: Such a motion requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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AIR TRANSPORT

REQUEST FOR INQUIRY INTO SAFETY OF AIRLINE OPERATIONS—MOTION UNDER S.O. 43

Mr. Cyril Symes (Sault Ste. Marie): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In view of the fact that the Minister of Transport (Mr. Lang) has had in his hands for several weeks a report detailing the inadequate enforcement of air safety regulations in northwestern Ontario and has not yet reported to the House whether he will hold an inquiry on the matter, and in view of the allegations of political interference in enforcing safety standards, I move, seconded by the hon. member for Nickel Belt (Mr. Rodriguez):

That this House instruct the Minister of Transport to institute a full public inquiry, which would be free from political influence, into the matter of airline safety in northwestern Ontario.

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

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

FINANCE

DATE OF INTRODUCTION OF BILL PROVIDING FOR EMPLOYMENT TAX CREDITS

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, I have some questions for the Minister of Finance relating to economic action. May I ask the minister where the bill is introducing employment tax credits.

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): We are busy drafting it, Mr. Speaker.

[*English*]

Mr. Clark: Mr. Speaker, they have been preparing that bill for several months now. What we want is a government that will take some action, not give the country excuses.

Some hon. Members: Hear hear!

INQUIRY AS TO MEASURES TO PROTECT FARM INCOME

Mr. Joe Clark (Leader of the Opposition): Since they do not have anything to offer in that area, may I ask the minister what specific measures the government will introduce before Christmas to stop the billion dollar slide in net farm income in Canada.

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, the economic policies of the government were set forth in the speech of October 20. We have established the goals for the Canadian economy. We expect that the performance next year will be better than this year. That was confirmed on Monday by American advisers who stated that next year they expect that only Japan will out-perform Canada.

Mr. Clark: The goal of net farm income was set two and a half years ago and this government has done nothing about it except let the income of Canadian farmers slide.

Some hon. Members: Hear, hear!

● (1417)

POSSIBLE INTRODUCTION OF MEASURE TO REVERSE FLIGHT OF CAPITAL—GOVERNMENT POSITION

Mr. Joe Clark (Leader of the Opposition): Since the government is making no effort in that area either, will the Minister of Finance tell the House of Commons what specific measures the government intends to introduce to reverse the flight of $735 million from Canada in the last year?

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, there is always an outflow of capital from Canada to foreign countries and an inflow of foreign capital into Canada. There is nothing unusual in that. I was in New York last week and I was pleased to note that American investors have tremendous confidence in Canada.

[*English*]

MEASURES TO BE PLACED BEFORE FEDERAL-PROVINCIAL CONFERENCE

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, even this minister knows that the flight of capital has been abnormally high which indicates that in this field, too, the government has no economic action to propose. May I ask the Minister of Finance what specific short term measures he intends to place before the federal-provincial meeting of ministers of finance in January?

Hon. Jean Chrétien (Minister of Finance): I think I will have my propositions presented to the ministers of finance first.

Some hon. Members: Oh!

ALLEGATION OF POOR FORECASTING—POSSIBILITY OF ACTION AGAINST ADVISERS

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, my questions, too, are directed to the Minister of Finance. In view of the very unsatisfactory forecasting which has been done by the present minister and previous ministers of finance, underestimating the degree of unemployment and inflation and over-estimating the rates of real growth, will the hon. gentleman tell the House whether he has carried out any shake-up among his advisers to ensure a better performance in future?

Hon. Jean Chrétien (Minister of Finance): The difficulty of making accurate forecasts is one which every nation in the world faces. Last year, for example, the OECD, the IMF and the World Bank predicted a growth rate of 5 per cent in the developed nations but the actual rate for 1977 will be about 2 per cent. In a very disturbed world such as we are living in today, there are problems connected with forecasting but I have confidence in those who are working very diligently today for the federal government in the Department of Finance and in the Bank of Canada and I do not intend to change them.

REDUCTION OF SUPPLY BOTTLENECKS AND PRICE RIGIDITIES—REQUEST FOR PROGRESS REPORT

Mr. Sinclair Stevens (York-Simcoe): In the statement by the hon. gentleman's predecessor "Attack on Inflation" presented to the House on October 14, 1975, the following appeared:

> The federal government intends to focus with some urgency on identifying ways in which supply bottlenecks and price rigidities in its own area of responsibility can be reduced.

Bearing in mind that today is December 14, 1977, will the minister tell us what progress the government has made in this direction?

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, the policy of the federal government in that area has been properly established in the House, but the hon. member has never offered in his comments any suggestion acceptable to the government.

* * *

[*English*]

ANTI-INFLATION BOARD

STUDY OF PROGRAM AND ACTIVITIES—DATE OF PUBLICATION OF REPORT

Mr. Sinclair Stevens (York-Simcoe): Dealing again with the inflation program and the activities of the AIB, would the hon. gentleman tell us whether it is correct that a special inquiry or at least a report has been requisitioned with respect to the program and the activities of the board? If so, who is making the report and when might we expect the results?

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I hope that when the session resumes in January, we will be in a position to bring in amendments to the Anti-Inflation Board and then I shall be able to answer fully all the questions now being asked by the hon. member.

* * *

[*English*]

INDUSTRY

STOCKPILING NICKEL—DATE OF DECISION

Mr. John Rodriguez (Nickel Belt): Thank you, Mr. Speaker. My question is for the Prime Minister. In view of the fact that yesterday afternoon the Minister of Labour interviewed on television after a meeting with steel workers from the Sudbury basin said the government was considering a temporary stockpile as a short term solution to the crisis faced by workers in the Sudbury community, and since we shall be faced with these lay-offs at the end of December and the end of January with the bulk of them coming at the opening of the federal-provincial conference on economic strategy, can the right hon. gentleman inform us how soon we may expect a decision with respect to stockpiling of nickel on a short term basis so that the uncertainty in the community might be alleviated?

Hon. John C. Munro (Minister of Labour): Perhaps I might answer the hon. member's question. What occurred yesterday was that the steel workers came forward with a proposal to save 600 jobs on a permanent basis if there could be stockpiling for one month. After questioning the steel workers with reference to this proposition the Minister of Industry, Trade and Commerce and I said we would analyze it further and look into the proposal which is now being refined by the steel workers with a view to possibly placing it before our cabinet colleagues for consideration.

● (1422)

STOCKPILING NICKEL—REQUEST FOR INVESTIGATION OF FRENCH EXPERIENCE

Mr. John Rodriguez (Nickel Belt): A supplementary question, Mr. Speaker. Since the Minister of Labour is now the ventriloquist, I will continue with a supplementary question to him. According to a report by the Department of Energy, Mines and Resources, France is engaged in two separate stockpiling schemes, one financed by the government to serve as a strategic raw materials reserve consisting mainly of nickel and copper, the other backed by a group of French banks to assist Société Métallurgique de Nickel through poor market conditions by purchasing some of its New Caledonia nickel production. I ask the minister whether he is prepared to have his officials investigate the French experience in this matter with a view to proposing this to the cabinet as a possible solution on a short-term basis for the nickel industry in the Sudbury basin?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker—

An hon. Member: This is Punch and Judy.

An hon. Member: This is the other ventriloquist.

Mr. Gillespie: Mr. Speaker, if members present wish to receive an answer, then perhaps—

Mr. Paproski: Come on, answer.

Mr. Gillespie: The hon. member raised the question of the French experience with stockpiling. As I understood his preamble to the question, it was to the effect that the French government was trying to shore up Société Métallurgique de Nickel, a French company which perhaps was in some difficulty. He did not indicate to me that the action of the French government was taken to support French workers in France; rather it was aimed at supporting a company which was operating off shore from France, in New Caledonia. That seems to me quite a different situation from the one we are discussing in this country.

Mr. Speaker: The hon. member for Nickel Belt on a final supplementary.

Mr. Rodriguez: Mr. Speaker, I asked the ventriloquist a question and I got the answer from the other half of the team. My supplementary question is again directed to the Minister of Energy, Mines and Resources. In view of the fact that the report of his own department indicated that the purpose of stockpiling nickel was twofold—one, to protect the jobs and security of the economy of the nickel industry, and two, to stockpile strategic minerals—I ask the minister whether he is prepared, instead of standing up and being so insensitive to the people of the Sudbury basin—

Some hon. Members: Oh, oh!

Mr. Rodriguez: —to have his department investigate the French experience so as to get all the facts about the actions of the French government with respect to stockpiling and report same to the cabinet which will have to make a support decision?

Mr. Gillespie: Mr. Speaker, I do not believe the wild allegations and the stridency of the hon. member will help the situation one little bit. If he wants to play politics with the people of Sudbury, that is his business. We are interested in trying to help the people of Sudbury.

Some hon. Members: Hear, hear!

Mr. Gillespie: We do not think that the wild allegations and exaggerations regarding the impact on the city of Sudbury will help the city of Sudbury. We are quite prepared to look at any constructive suggestions which come forward, including the possibility that there may be something in the French experience from which we can borrow to assist in this very difficult situation.

Mr. Rodriguez: A final supplementary question, Mr. Speaker.

Mr. Speaker: Order, please. The hon. member has addressed a question to the Minister of Labour and two questions to the Minister of Energy, Mines and Resources.

Mr. Rodriguez: I had two supplementaries.

* * *

● (1427)

[*Translation*]

REGIONAL ECONOMIC EXPANSION

POSSIBILITY OF DECLARING OUTAOUAIS REGION DESIGNATED AREA—GOVERNMENT POSITION

Mr. Gilles Caouette (Témiscamingue): Mr. Speaker, I should like to direct a question to the Minister of Regional Economic Expansion. As no new manufacturing industry of consequence, that is with more than 20 employees, has settled in the Quebec part of the Ottawa region since 1973 because that area is no longer designated by DREE, and as regional organizations such as the CRO, the SAO, the municipalities and the OPDQ are in favour of its designation, might I ask the minister whether he intends to make a statement in the near future to the effect that the Outaouais region in Quebec has been designated by DREE?

Hon. Marcel Lessard (Minister of Regional Economic Expansion): Mr. Speaker, I wish to advise the hon. member that I have personally met the authorities of the Outaouais region with my colleagues in this House, the hon. members for Gatineau, Hull and Pontiac. We have met those people and discussed the matter with them. Those three hon. members have described the situation to me on several occasions and my department has also looked into the over-all situation in the Outaouais region. We have considered the possibility of intervening and are now considering it; I trust that within coming weeks, or possibly months, we will be in a position to announce a decision.

Mr. Caouette (Témiscamingue): Mr. Speaker, as the minister seems to be in the process of studying the problem now, could he tell us what credits or specific assistance might be provided, and how they compare with the millions that could be invested in the area?

Mr. Lessard: Mr. Speaker, I am not in a position to indicate now how much money would be allotted by my department to the development of the Outaouais region, but I am quite pleased to see that the Outaouais region as well as the hon. member support the interventions of DREE and recognize that those interventions are very justifiable.

* * *

[*English*]

FINANCE

MEASURES TO REVERSE FLIGHT OF CAPITAL—GOVERNMENT POSITION

Mr. Dan McKenzie (Winnipeg South Centre): Mr. Speaker, my question is for the Minister of Finance. The outflow of Canadian investment capital has not been matched by an inflow of foreign capital. In fact, during the third quarter foreigners actually reduced the value of their holdings in Canada by $20 million. Will the minister be presenting any legislation, or what action will he be taking so that Canada will once again be an attractive country in which to invest money?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I do not know if the hon. member is suggesting that we should control the flow of money which comes into or goes out of Canada. I am not advocating such a policy.

Mr. McKenzie: I hope the minister is not going to wait until the cupboard is bare. The United States government and the governments of individual states are openly soliciting and assisting Canadian businesses to move to the United States. What is the minister going to do to counter this irreversible trend?

Mr. Chrétien: Mr. Speaker, I think Canada will remain a very favourable place in which to invest. Many people want to invest in Canada. The hon. member does not seem to have great faith in Canada, but he should read what was written in the newspapers on Monday about the Canadian economic picture for next year as it was predicted by the Conference Board in New York which said that Canada would outperform the United States and every other country except Japan.

Mr. Stevens: What about the Conference Board of Canada?

Oral Questions

AIR TRANSPORT

POSSIBILITY OF REVIEWING DECISION ON ADVANCED BOOKING OF DOMESTIC CHARTERS—GOVERNMENT POSITION

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, my question is to the Minister of Transport. In view of the almost universal condemnation by every level of the media, the Consumers Association of Canada and various sectors of the country, would the minister advise the House when the cabinet intends to review the almost incomprehensible recommendation of the air committee of the CTC with regard to ABC charters within Canada?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, a good deal of criticism has been directed at erroneous interpretations of what the CTC did, but I have been reviewing the decision, and I believe that at a fairly early date I will be placing before my colleagues recommendations with regard to this decision and with regard to charter policy. At this time I am happy to say to the House that I am quite sure that my recommendations will be in favour of greater flexibility.

Mr. Lambert: In order to assist the minister, perhaps he should reread the remarks I made at the time of the debate here with regard to the Air Canada reorganization bill, bearing in mind the requirements of Canadians who travel in Canada at a cost which is commensurate with what they should pay relative to or compared with what they are being asked to pay to travel abroad.

● (1432)

Mr. Lang: Mr. Speaker, that is one of the major misconceptions with respect to air travel. I am glad I heard the hon. member's remarks and I do not have to reread them.

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AIRPORTS

MOUNT HOPE—REASON FOR DELAY OF DECISION ON EXPANSION

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, my supplementary question is directed to the Minister of Transport and it concerns domestic travel. Can he tell the House why it has taken the minister and his department so long to come to a decision with respect to the expansion of Mount Hope airport?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, it is because we have been so careful to have the fullest consultation with people in and around Hamilton, and members of parliament, as well as other levels of government. As yet we do not have a final answer from all of those sources of consultation; but I expect to have that answer very soon and then be in a position to announce what will be done for air facilities in Hamilton.

Mr. Alexander: Mr. Speaker, may I remind the minister that this matter has been ongoing since 1972. Can he give us some assurance as to when he will arrive at a decision, and that he will make a statement in that regard before the Christmas holidays?

[Mr. Stevens.]

Mr. Lang: Mr. Speaker, I will not give the hon. member that assurance because I am not sure when we will receive a final response from the various levels of government. In reference to 1972, I did not hear the hon. member complain when we set up a consultative process in order to go to the community to hear its views in the past year and a half. I hope the hon. member agrees that has been a most worth-while exercise.

Mr. Alexander: Quit pussyfooting; quit foot-dragging.

Mr. Lang: The results have been excellent. It is a pattern we will follow in the future, because this government wants to be assured that it has the views of the people in hand before arriving at a decision.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

Mr. Gillies: Just like Pickering and Mirabel.

* * *

EXTERNAL AFFAIRS

STATEMENTS BY AMBASSADOR ENDERS ON FREE TRADE—POSSIBILITY OF PROTEST

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I have a short question for the Prime Minister, whose attention span is very limited by his own admission. I do not want him to doze off. On November 29 in a public speech the Minister of Agriculture said that he was "sick and tired of the U.S. ambassador running around talking about free trade". Also the minister stated that the United States was the most protectionist country in the world.

Some hon. Members: Question!

Mr. Crosbie: Just take it easy. My question is this: was the minister speaking on behalf of the government and giving the position of the government when he made this public complaint about the United States ambassador? Has the government made any protest, verbally or in writing, of any description to the U.S. government in connection with the actions or statements of the U.S. ambassador, Mr. Thomas Enders, in Canada?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the answer to the first question is yes; the answer to the second question is no.

Some hon. Members: Hear, hear!

Mr. Crosbie: Mr. Speaker, my supplementary question is: is it the view of the Prime Minister and the government that the U.S. ambassador should not go across Canada talking about

free trade? Is that the government's position? If so, why does the government not have the courage to follow it up with a protest? Apparently the Prime Minister has indicated that is the government's position.

Mr. Trudeau: Mr. Speaker, the ambassador can talk like a gentleman representing his country in Canada, if he wishes. We have no objection to that. We objected to the former ambassador making points against the government through the media and privately. That Mr. Enders does it in this way is perfectly compatible with his function. Surely, the hon. member would agree that any minister of this government, and indeed any member of this Chamber, can answer the ambassador in public in the same way.

Mr. Clark: Saying that the government was sick and tired.

* * *

TRADE

POLICY ON INTERNATIONAL ECONOMIC BOYCOTTS—DATE WHEN RESULTS PUBLICIZED AND REPORT TABLED

Mr. Bill Kempling (Halton-Wentworth): Mr. Speaker, I have a question for the Prime Minister. On October 21, 1976 the government set forth a policy regarding international economic boycotts. Can the Prime Minister tell us when we will receive the results of this policy?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I will inquire.

Mr. Kempling: Mr. Speaker, on January 21, 1977 there was a directive on international economic boycotts issued by the deputy minister of the Department of Industry, Trade and Commerce which indicated that a public report would be made semi-annually. At the same time, will the Prime Minister inquire as to why this report was not made and when it will be tabled?

Mr. Trudeau: Mr. Speaker, yes.

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FINANCE

SUGGESTION BANKS BE ENCOURAGED TO REDUCE LENDING RATES AND GIVE PREFERENCE TO SMALL BUSINESS

Mr. Jim Fleming (York West): Mr. Speaker, my question is directed to the Minister of Finance. The after tax profits of Canada's nine largest banks again increased substantially in the year ending October 31, 1977. With that in mind, is there any consideration of lowering lending rates to encourage investment and boost the economy, and more particularly, also to urge the Canadian chartered banks, as they anticipate a new Bank Act, to establish a preference or protected part of their lending resources for viable small and medium size Canadian businesses?

Some hon. Members: Hear, hear!

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I take good note of the representations of the hon. member; I shall convey them to the governor of the Bank of Canada and take them into account in my discussions with the bankers.

* * *

[*English*]

ROYAL CANADIAN MOUNTED POLICE

INQUIRY WHETHER LEGAL ADVICE RECEIVED PRIOR TO AUTHORIZING OPENING OF MAIL

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, I should like to direct a question to the Solicitor General. May I premise it in this way: everyone in the House believes we have to take proper steps in reference to the security of the nation. Has the Solicitor General had a discussion with the former solicitor general, the present Minister of Consumer and Corporate Affairs, with regard to the instructions given for the activity known as "Cathedral", the opening of mail in reference to terrorists? What was the discussion? Were those instructions given to the officers in question prior to receiving legal advice from officers of the Crown?

Hon. Francis Fox (Solicitor General): Mr. Speaker, indeed I have had some conversations with my predecessor concerning some of the instructions to the security service. His instructions to the security service were very much the same as those given by various solicitors general in the past: the security service had to operate within the law. During the course of his tenure as solicitor general, a request was made for authorization to issue a warrant authorizing the security service to open mail in one specific case. The authorization was signed on the understanding that it was to be referred to the Department of Justice for opinions from law officers of the Crown to see whether section 43 of the Post Office Act did or did not override section 16(2) of the Official Secrets Act. The answer my predecessor received from the law officers of the Crown was that section 43 of the Post Office Act in fact did override section 16(2) of the Official Secrets Act, and that no warrant could be issued by the Solicitor General authorizing the opening of mail while it was in transit and within the hands of the Post Office.

POSSIBILITY OF AMENDING LAW TO PERMIT FORCE TO OPEN MAIL

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, I did not receive an answer to my question whether instructions were given regarding the Cathedral activity prior to receiving advice from legal officers of the Crown. My second question in reference to that is: is the Solicitor General considering amending the law, as it now stands, to give security officers of Canada the necessary authority so they may act within the law instead of outside of the law?

Hon. Francis Fox (Solicitor General): Mr. Speaker, with regard to the first part of the hon. member's question, the standing instructions have always been that the security service, as any other police force, must carry out its mandate within the framework of the law. With regard to the second part of the question, of course we are always willing to consider amendments to the law, if they are necessary to assure the security of this country.

Mr. Woolliams: Mr. Speaker, I do not know why the Solicitor General will not answer my simple question.

Mr. Olivier: What is your question?

Mr. Woolliams: Well, I have put my question twice, and I will put it thrice.

Some hon. Members: Louder.

Mr. Olivier: We cannot hear you.

Mr. Woolliams: Did the former solicitor general receive the advice of officers of the Crown before giving those instructions which apparently were illegal?

Mr. Fox: Mr. Speaker, it is quite clear from my initial answer that the authorization was given in a specific case by the solicitor general, my immediate predecessor, on the condition that before execution the opinion of law officers of the Crown be obtained.

As a matter of fact, the answer to this question was tabled in the House last December at the time I tabled the annual report under the Official Secrets Act. It indicates quite clearly that an authorization was sought for the opening of mail, and that the authorization was not executed because there was an opinion given by law officers of the Crown that it was not within the power of the solicitor general to authorize any such openings. I will take the hon. member's suggestion, that there ought to be changes in this area, under advisement. I hope, if changes are presented, the hon. member will want to be the spokesman of his party in supporting those changes.

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GRAIN

DATE OF PAYMENT UNDER STABILIZATION PLAN—REASON FOR DELAY

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, my question is directed to the minister in charge of the Canadian Wheat Board. As the minister is aware, net farm income fell by 20 per cent last year and it fell by 11 per cent this year. I would like to ask the minister when payment will be made to farmers from the Western Grain Stabilization Plan since all statistics are now in? Will that payment take place very shortly or is it the intention of the minister to wait until the election is called?

[Mr. Woolliams.]

• (1442)

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, the hon. member is quite wrong in saying that all statistics are in. Indeed, the year in question is 1977 and, to my knowledge, 1977 is still running, grain is still being sold and costs are still being incurred. The stabilization payment is based on figures after 1977 is complete and they can be calculated.

Mr. Nystrom: The minister knows the statistics are based on the crop year. If he had been at the Outlook Conference he would know the statistics are in and were given to us here on Monday and Tuesday. I would like to ask him why the delay.

Mr. Lang: Mr. Speaker, after spending seven years opposing the stabilization bill I would have thought the hon. member would at least know that it is written on the basis of the calendar year.

Some hon. Members: Oh, oh!

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ROYAL CANADIAN MOUNTED POLICE

BREAK-INS BY SECURITY SERVICE—PROTECTION OF THE CITIZEN

Mr. John A. Fraser (Vancouver South): Mr. Speaker, my question is for the Solicitor General. Several days ago the right hon. Prime Minister said, after having stated that ministers could not be responsible for the activities of security forces, when asked where was the citizens' protection:

> We have the protection of the courts. If you want to break into somebody's house, you get a warrant. A court decides if you have reasonable and probable cause to do it. If you break in without a warrant, a citizen lays a charge and the police are found guilty. So this is control on the criminal side . . .

I want to ask the Solicitor General if he agrees with this novel theory of protection and, also, how does a citizen lay a charge and get the protection of the courts if he does not even know who did the break-in?

Hon. Francis Fox (Solicitor General): Mr. Speaker, I am not quite clear what the question is. I think the hon. member wants to know what type of procedures have been set up and are being contemplated by the government. I would refer him—

Some hon. Members: Oh, oh!

Mr. Fox: If the hon. member is interested in the answer, he should let me speak; if he is not, I will sit down.

Mr. Alexander: Dont be so touchy, Francis.

Mr. Fox: The government set up the Marin Commission of Inquiry which reported in 1976. The commission recommended to the government the establishment of an external review authority which will be empowered to receive complaints from citizens and to conduct an independent investigation of those complaints to see whether or not any wrongdoing has occurred.

That legislation is presently being drafted. Legislation implementing the Marin report is presently in the hands of the Department of Justice. Legislation is in the process of being drafted and would normally be introduced in the House early in the new year.

Mr. Fraser: The minister knows perfectly well that the question is this. If the right hon. Prime Minister's theory is correct that, if there is an illegal break-in, the citizen lays a charge, then how does a citizen lay a charge if the break-in is done illegally and secretly by security forces and the citizen does not know who made the break-in? How do the courts protect that citizen? This is the novel theory of the right hon. Prime Minister. There is no way whatsoever that the courts can protect the citizen—

Mr. Speaker: Order, please.

Mr. Fraser: —unless ministers are responsible—

Mr. Speaker: Order, please.

Mr. Fraser: —for the activities of the police which are secret and illegal—

Mr. Speaker: Order, please.

Mr. Trudeau: Why don't you ask me the question?

Mr. Fraser: It's no use asking you any more.

Mr. Trudeau: You're too dumb to understand the answer.

Mr. Fraser: Too dumb? You must be the only one teaching that theory in Canada.

Mr. Speaker: Order, please. The hon. member for Prince George-Peace River.

INQUIRY INTO ALLEGED ILLEGAL ACTIVITIES IN ONTARIO—REQUEST FOR REPORT

Mr. F. Oberle (Prince George-Peace River): Mr. Speaker, my question is for the Solicitor General and it is with regard to an inquiry that is presently underway in the province of Ontario. On the basis of information supplied to the attorney general of that province by the Solicitor General of Canada, can the Solicitor General tell the House today what dialogue he has had with the Ontario authorities, and whether he has a report on the outcome of the inquiry which was to inquire into alleged illegal activities of the security service of our country and of officials of his department?

Hon. Francis Fox (Solicitor General): Mr. Speaker, as the hon. member knows, all the information he brought to my attention was brought to the attention of the attorney general of the province of Ontario who, as I understand it, asked the Ontario police commission to launch an investigation into the matter. There has been complete co-operation between the commission and the RCMP but as yet there has been no report to me or to the attorney general of Ontario in connection with this matter. I assume that the investigation by the Ontario police commission is ongoing.

Mr. Oberle: I would like to ask the Solicitor General one supplementary question, that is whether he has had any discussion with his own officials and the officials of the security service of the RCMP in connection with these activities of the law enforcement agency in that province, particularly the practice of engaging agents provocateurs to do some of the dirty work which in other parts of the country has been done by the RCMP.

Mr. Fox: The answer to the question is no. So far as I am concerned, the matter is in the hands of the Ontario police commission. If the hon. member believes that agents provocateurs have been hired by the RCMP, which is not the case, I would encourage him to bring that evidence to my attention or to the attention of the McDonald Commission of inquiry which is the proper forum for investigating any such allegations.

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EXTERNAL AFFAIRS

POPLAR RIVER POWER PROJECT IN SASKATCHEWAN—ALLEGED FAILURE TO ALLAY FEARS OF UNITED STATES CONCERNING POLLUTION

Mr. Ralph E. Goodale (Assiniboia): Mr. Speaker, I have a question for the Secretary of State for External Affairs. It has to do with the Poplar River power project in southern Saskatchewan near the boundary with the state of Montana. Press reports have quoted the premier of Saskatchewan as blaming the apprehension existing in Montana about pollution from that project upon the failure of the Department of External Affairs to properly pass along to the Americans the right information. I should like to ask the minister if there has been any problem in this connection to justify the allegation that his department has not in fact been communicating effectively with the United States with respect to the Poplar River project.

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, I saw the press reports in this regard and I made inquiries. In so far as I have been able to determine, I do not have the actual word of Premier Blakeney on this but the information I have is that the comments attributed to him were inaccurate, that he made no such claims and that he is satisfied with the position which the Canadian government and the department have taken.

Oral Questions

HEALTH

ALLEGED DANGER TO INFANTS FROM CHEMICALS CARRIED BY NURSING MOTHERS—REQUEST FOR STUDY

Mr. P. B. Rynard (Simcoe North): Mr. Speaker, I should like to address a question to the Minister of National Health and Welfare. In view of the extreme anxiety caused to nursing mothers in the announcement of the findings of research work carried out to test foods, which concerned in particular milk, which revealed that nursing mothers carried an amount of additives and chemicals which could be dangerous to the health of the infant at present or in the long term, and whereas it was found that cow's milk did not carry the same high level of additives and chemicals and did not present the same threat to the infant, I should like to ask the minister what steps have been taken to investigate the situation and correct it?

[*Translation*]

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, upon my return to Ottawa last Tuesday I was immediately informed of the CTV program on the findings of research work carried out by a well known Canadian toxicologist on the dangers of nursing. I checked with my officials and we have taken the necessary precautions. We have appointed a panel of medical experts who will give us more information which will be published as soon as possible and forwarded to all Canadian mothers on an individual basis. The Health Protection Branch of my department has also advised all provinces that hospital milk banks can have all our technical assistance to analyse their samples.

[*English*]

Mr. Rynard: I should like to ask the mother—

Some hon. Members: Oh, oh!

Mr. Rynard: It could happen. Mr. Speaker, I should like to ask the Minister of National Health and Welfare if she has gone into the question of possible diets for those additives and chemicals. This could be done right away and would allay this fear that some nursing mothers have.

● (1452)

[*Translation*]

Miss Bégin: Mr. Speaker, notwithstanding the male phantasms of this House, I am going to check immediately with my officials whether we can take any supplementary step beside the ones we have already taken.

* * *

[*English*]

FISHERIES

SHORTAGE OF LOBSTERS FOR INSHORE FISHERMEN—CONSULTATION WITH UNITED STATES ON POSSIBLE ACTION

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, may I put a question to the Minister of Fisheries and the Environment. In view of the scarcity of lobsters along the south shore of Nova Scotia which the inshore fishermen contend is due to offshore lobster fishing, has the minister made a study of the hundreds of fishermen who have withdrawn their traps from the water and are now unemployed? Also, what steps does the minister intend to take to hold consultations with his United States counterpart since the new regulations for this fishery which is shared by Canada and the United States, would have to be carried out on an international basis?

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): Mr. Speaker, I am sure the hon. member will recollect that last year at this time we had exactly the same type of problem. It is probably due to ocean conditions or water temperatures that the lobster have not moved into the traditional grounds in all districts. The first week records show that in two districts out of four the catch is above that of last year and in the other two districts it is not as high. As to joint management with the United States, this is the subject of discussion and negotiation as is the future of Georges Bank. My officials are consulting with the lobster fishermen but we know that by the end of the season last year conditions turned out to be not as bad as many people tried to make us believe they would be.

DATE OF INTRODUCTION OF FISHERIES DEVELOPMENT POLICY

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, the minister did not indicate how many people are presently unemployed as a result of this scarcity. I submit there are hundreds, if not thousands. In light of the fact that last year Canada imported more than $183 million worth of fishery products, when can we expect the announcement of a fisheries development policy that will minimize the quantity of fish imported and maximize the quantity we can produce and thereby assist in taking care of some of the horrendous unemployment in Atlantic Canada?

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): Mr. Speaker, I have just been to the hon. member's district on the south shore of Nova Scotia and the fishermen there did not seem to share his pessimistic approach to the fishery. We import some fisheries products but we export 85 per cent of Canadian fish production. In a few years we will be the number one exporting nation in the world in fish products.

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EXTERNAL AFFAIRS

EFFORTS TO OBTAIN RELEASE OF ANATOLY SHCHARANSKY FROM PRISON IN SOVIET UNION—REQUEST FOR REPORT

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, may I put a question to the Secretary of State for External Affairs regarding Anatoly Shcharansky. On Monday the minister indicated to the House that he was inviting the Soviet ambassador in to discuss the case. I wonder if he could inform the House of the result of that conversation and whether any action has been taken with respect to Mr. Shcharansky?

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, to recap briefly what I said to the House on Monday, I spoke with the ambassador from the Soviet Union in Ottawa and indicated to him that we would be prepared, on the basis of information from Mr. Shcharansky's relatives, to have them sponsor him and issue the necessary documentation for him to come to Canada. As is the normal custom, the ambassador merely took note of my representations and indicated he would pass them on to his government. I saw him again yesterday and I did not get a specific indication from him that this had been done but the conversation led me to believe it had been done. I have no way of knowing how soon they will respond to those representations, of course. As soon as they do I will be glad to advise hon. members and determine what further action, if any, it will be necessary to take.

Mr. Baker (Grenville-Carleton): A supplementary question, Mr. Speaker. In view of the importance of this case would the minister undertake to find out exactly what did happen and to gain more than a mere impression and inform the House as soon as possible because of the interest in the country?

Mr. Jamieson: Of course, Mr. Speaker, but I can tell the hon. member that in line with the normal procedure followed in this case I think it is fair to say that there is no doubt that the ambassador was obliged to transmit the representations I made to him to his government. Whether his government chooses to respond is something I cannot forecast but I must say he accepted my representations very fully and indicated he would pass them on so I expect we will receive an answer.

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ENERGY

PROPOSED PURCHASE OF TANKERS BY ALBERTA LIQUID NATURAL GAS GROUP—REQUEST FOR ASSURANCE CANADIAN SHIPYARDS PATRONIZED

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, my question for the Minister of Energy, Mines and Resources concerns the depressed state of the shipbuilding industry in Canada. There is a report that the consortium of Petro-Canada and the Alberta liquid natural gas group who are proposing to bring liquid natural gas out of the eastern Arctic into the eastern markets of Canada, will purchase two tankers from a foreign government at a value of about $400 million. In view of the fact that the government has a regulatory process which must be followed before this purchase can be made which involves the Department of Indian Affairs and Northern Development, the Department of Transport and others, would the minister be prepared to give the House a guarantee that this major shipbuilding and ship purchasing project which may take place in the near future involving the Crown corporation, Petro-Canada, will take place in Canada where it belongs and not abroad?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, if the hon. member were to look over the record he would see that I answered a similar question recently and I gave such assurances. I might take the opportunity to tell him it is premature to speculate on any application by Petro-Canada for such a major proposal. Certainly, work is underway and a study is being conducted. I hope it will be possible to say more about this in the near future but at the moment it is still very much a schematic or conceptual approach as far as the corporation is concerned.

Mr. Leggatt: A supplementary question. I assume that is a "yes" answer—that we have received some kind of guarantee. The Minister of National Defence has indicated from time to time that in the $10 billion replacement project for naval vessels over the next 20 years, these vessels will be built in Canada where possible or feasible. I should like the minister to direct his attention to this and perhaps give the House a guarantee that this major shipbuilding program will be executed in Canada, period; not if, and, but or maybe. Can we have some kind of guarantee that the 5,000 shipyard workers who have been laid off will have a chance of getting back to work with a government policy that assures Canadian ships will be built in Canada?

Mr. Gillespie: Mr. Speaker, the Minister of Industry, Trade and Commerce has made a number of statements with respect to assistance for the shipbuilding industry. If there is some particular question that the hon. member wants to put to the Minister of National Defence I believe he should do so.

* * *

INQUIRY OF THE MINISTRY

Mr. Jake Epp (Provencher): Mr. Speaker, may I put a question to the right hon. Prime Minister as a follow-up to the question I asked on March 17. Since the former premier of Manitoba, Mr. Ed Schreyer, declined to take a federal position at that time and has now indicated his disinterest in completing his term as Leader of the Opposition in Manitoba, would the Prime Minister indicate whether Mr. Schreyer has again been offered an appointment to a federal position?

Right Hon. P. E. Trudeau (Prime Minister): I will inquire, Mr. Speaker.

ROUTINE PROCEEDINGS

[*English*]

PETITIONS

VIOLATIONS OF VIETNAMESE HUMAN RIGHTS

Mr. Speaker: I have the honour to inform the House that the Clerk of the House has laid upon the table the second

report of the Clerk of Petitions, stating that he has examined the petition presented by the hon. member for Edmonton-Strathcona and finds that it meets the requirements of the Standing Orders as to form.

* * *

● (1502)

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are marked by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker the following questions will be answered today: Nos. 124, 151, 213, 248, 268, 275, 305, 324, 336 and 752.

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

SHERBROOKE AIR SERVICES

Question No. 124—**Mr. Herbert:**

1. Was a request received from Bar Harbour Airlines to make a stop-over in Sherbrooke on its regular flights between Quebec and Boston and, if so, was it granted and, if not, for what reasons?

2. Was there an objection to the stop-over made by an airline and, if so, which airline?

3. Is any airline providing regular commercial service in and out of Sherbrooke?

4. Is the Airport suitable for commercial traffic and, if not, are changes contemplated?

Hon. Otto E. Lang (Minister of Transport): In so far as the Canadian Transport Commission is concerned: 1. Bar Harbour Airlines has applied to the C.T.C. for authority to make an intermediate stop at Sherbrooke on its regular flights between Quebec and Boston without local traffic rights between Sherbrooke and Quebec. A decision on the application has not yet been reached.

2. Interventions opposing the application were filed by Mober Aviation Inc. and (jointly) Quebecair, Air Fecteau Ltée, Air Gaspé Inc. and Les Ailes du Nord Ltée.

3. Mober Aviation Inc., of Drummondville, has recently been granted a licence to operate a Class 3 Specific Point Commercial Air Service between Sherbrooke, Quebec City, La Tuque and Roberval. By a recent decision, Mober Aviation Inc. has been granted authority to operate a proposed service between Sherbrooke and Boston but the licence has not yet been issued.

Transport Canada advises as follows: 4. The airport is suitable for commercial traffic. Assistance will be provided to the Municipality next summer by Transport Canada under its Financial Assistance Program, so that they may carry out major repairs to the runway, as well as improve the runway lighting.

[Mr. Speaker.]

SPEECHES MADE BY MINISTER OF TRANSPORT

Question No. 151—**Mr. MacKay:**

1. Since the Honourable Otto Lang became Minister of Transport, how many speeches has he made outside the House of Commons and, in each case (a) what is the name of the group or organization to whom he was speaking (b) on what date (c) in what locations (d) what was the general topic?

2. Are such speeches, transcription of, or notes or summaries, delivered to (a) Liberal Members (b) Progressive Conservative Members (c) New Democratic Party Members (d) Social Credit Members and, if not, for what reason?

3. Are such speeches or notes in both official languages?

Hon. Otto E. Lang (Minister of Transport): The information requested is not readily available; it would require an inordinate amount of clerical time and cost which would be necessary in order to prepare the information as requested.

NUMBER OF PERSONS UNDER CONTRACT—DOMINION FIRE COMMISSIONER

Question No. 213—**Mr. McKenzie:**

1. What is the total number of persons under contract to the Dominion Fire Commissioner and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Mr. Frank Maine (Parliamentary Secretary to Minister of Public Works and Minister of State for Science and Technology): 1. There is presently one person under contract to the D.F.C. This person is not a retired public servant.

2. (a) and (b):

Fiscal Year	Total Contracts	Contracts with retired public servants
1974-75	$ 9,670	$ 4,670
1975-76	21,980	13,780
1976-77	19,500	9,560

ACTUARIAL SERVICES

Question No. 248—**Mr. McKenzie:**

For each year 1960 to 1976, what amount was paid by Canadian National Railways for all types of actuarial service and advice and, in each case, what was the name of the firm or person?

Hon. Otto E. Lang (Minister of Transport): The management of Canadian National Railways advises that this information could not be disclosed without violating the confidentiality of its business relations with the persons furnishing such services and advice.

ATOMIC ENERGY CONTROL BOARD—PERSONNEL OBTAINED FROM PRIVATE EMPLOYMENT AGENCIES

Question No. 268—**Mr. McKenzie:**

1. Has the Atomic Energy Control Board obtained (a) part-time (b) full-time employees from private employment agencies in (i) British Columbia (ii) Alberta (iii) Saskatchewan (iv) Manitoba (v) Ontario (vi) Quebec (vii) New

Brunswick (viii) Nova Scotia (ix) Prince Edward Island (x) Newfoundland and, if so, in each case, how many?

2. Are such employees paid from supplementary estimates and, if not, from what estimates are they paid?

3. By province, what was the (a) average hourly rate paid to employment agencies (b) average hourly rate paid to employees (c) total amount paid by the Atomic Energy Control Board in (i) 1975 (ii) 1976?

Mr. J.-Gilles Lamontagne (Parliamentary Secretary to Minister of Energy, Mines and Resources): The Atomic Energy Control Board reports as follows: 1. (a) (i) to (iv) No; (v) Yes, 1975-76, 19; 1976-77, 22; (vi) to (x) No; (b) (i) to (x) No.

2. No—Main Estimates.

		(a)		(c)	
		1975-76	1976-77	1975-76	1976-77
(i)	British Columbia	—	—	—	—
(ii)	Alberta	—	—	—	—
(iii)	Saskatchewan	—	—	—	—
(iv)	Manitoba	—	—	—	—
(v)	Ontario	$7.57	$6.28	$14,060.94	$21,182.21
(vi)	Quebec	—	—	—	—
(vii)	New Brunswick	—	—	—	—
(viii)	Nova Scotia	—	—	—	—
(ix)	Prince Edward Island	—	—	—	—
(x)	Newfoundland	—	—	—	—

(b) Average hourly rate paid to employees is not available: determined by employment agencies.

CBC—PERSONNEL OBTAINED FROM PRIVATE EMPLOYMENT AGENCIES

Question No. 275—**Mr. McKenzie:**

1. Has the Canadian Broadcasting Corporation obtained (a) part-time (b) full-time employees from private employment agencies in (i) British Columbia (ii) Alberta (iii) Saskatchewan (iv) Manitoba (v) Ontario (vi) Quebec (vii) New Brunswick (viii) Nova Scotia (ix) Prince Edward Island (x) Newfoundland and, if so, in each case, how many?

2. Are such employees paid from supplementary estimates and, if not, from what estimates are they paid?

3. By province, what was the (a) average hourly rate paid to employment agencies (b) average hourly rate paid to employees (c) total amount paid by the Canadian Broadcasting Corporation in (i) 1975 (ii) 1976?

Hon. John Roberts (Secretary of State): I am informed by the Canadian Broadcasting Corporation as follows: 1. (a) CBC does hire part-time employees from private employment agencies to meet unexpected short-terms work demands, to replace staff members who are sick or absent for a variety of reasons, or to fill in for employees who have left but have not yet been replaced on a permanent basis. (b) On occasion CBC uses the services of employment agencies when a competition within the Corporation has not yielded a suitable candidate or in order to have the widest possible choice both from inside and outside the CBC, from which to select a full-time employee. Records are not kept in such a way that the information about numbers of part-time or full-time employees in each location can be extracted readily and without an undue amount of time, work and cost.

2. Such employees are paid from the CBC's regular operating budgets.

3. It has not been customary to require the CBC to provide such details as the costs incurred in business transactions with private companies. The background to this custom is explained in detail in the reply to question No. 2,530, May 22, 1975.

ELDORADO AVIATION LIMITED—PERSONNEL OBTAINED FROM PRIVATE EMPLOYMENT AGENCIES

Question No. 305—**Mr. McKenzie:**

1. Has Eldorado Aviation Ltd. obtained (a) part-time (b) full-time employees from private employment agencies in (i) British Columbia (ii) Alberta (iii) Saskatchewan (iv) Manitoba (v) Ontario (vi) Quebec (vii) New Brunswick (viii) Nova Scotia (ix) Prince Edward Island (x) Newfoundland and, if so, in each case, how many?

2. Are such employees paid from supplementary estimates and, if not, from what estimates are they paid?

3. By province, what was the (a) average hourly rate paid to employment agencies (b) average hourly rate paid to employees (c) total amount paid by Eldorado Aviation Ltd. in (i) 1975 (ii) 1976?

Mr. J.-Gilles Lamontagne (Parliamentary Secretary to Minister of Energy, Mines and Resources): Eldorado Aviation Limited reports as follows: 1. (a) (i) No; (ii) Yes, 1975—8; 1976—3; (iii) to (x) No; (b) (i) to (x) No.

2. Not applicable.

		(a)		(c)	
		1975-76	1976-77	1975-76	1976-77
(i)	British Columbia	—	—	—	—
(ii)	Alberta	—	—	—	—
(iii)	Saskatchewan	—	—	—	—
(iv)	Manitoba	—	—	—	—
(v)	Ontario	$5.43	$5.07	$4,583.76	$292.53
(vi)	Quebec	—	—	—	—
(vii)	New Brunswick	—	—	—	—
(viii)	Nova Scotia	—	—	—	—
(ix)	Prince Edward Island	—	—	—	—
(x)	Newfoundland	—	—	—	—

(b) Average hourly rate paid to employees is not available: determined by employment agencies.

NATIONAL ENERGY BOARD—PERSONNEL OBTAINED FROM PRIVATE EMPLOYMENT AGENCIES

Question No. 324—**Mr. McKenzie:**

1. Has the National Energy Board obtained (a) part-time (b) full-time employees from private employment agencies in (i) British Columbia (ii) Alberta (iii) Saskatchewan (iv) Manitoba (v) Ontario (vi) Quebec (vii) New Brunswick (viii) Nova Scotia (ix) Prince Edward Island (x) Newfoundland and, if so, in each case, how many?

2. Are such employees paid from supplementary estimates and, if not, from what estimates are they paid?

Order Paper Questions

3. By province, what was the (a) average hourly rate paid to employment agencies (b) average hourly rate paid to employees (c) total amount paid by the National Energy Board in (i) 1975 (ii) 1976?

Mr. J.-Gilles Lamontagne (Parliamentary Secretary to Minister of Energy, Mines and Resources): The National Energy Board reports as follows: 1. (a) (i) to (iv) No; (v) Yes, 1975—21; 1976—9; (vi) to (x) No; (b) (i) to (x) No.

2. No—Main Estimates.

Insert Table 324

		(a)		(c)	
		1975	1976	1975	1976
(i)	British Columbia	—	—	—	—
(ii)	Alberta	$6.00	$6.55	$2,087.56	$1,352.87
(iii)	Saskatchewan	—	—	—	—
(iv)	Manitoba	—	—	—	—
(v)	Ontario	—	—	—	—
(vi)	Quebec	—	—	—	—
(vii)	New Brunswick	—	—	—	—
(viii)	Nova Scotia	—	—	—	—
(ix)	Prince Edward Island	—	—	—	—
(x)	Newfoundland	—	—	—	—

(b) Average hourly rate paid to employees is not available: determined by employment agencies.

ST. LAWRENCE SEAWAY AUTHORITY—PERSONNEL OBTAINED FROM PRIVATE EMPLOYMENT AGENCIES

Question No. 336—**Mr. McKenzie:**

1. Has the St. Lawrence Seaway Authority obtained (a) part-time (b) full-time employees from private employment agencies in (i) British Columbia (ii) Alberta (iii) Saskatchewan (iv) Manitoba (v) Ontario (vi) Quebec (vii) New Brunswick (viii) Nova Scotia (ix) Prince Edward Island (x) Newfoundland and, if so, in each case, how many?

2. Are such employees paid from supplementary estimates and, if not, from what estimates are they paid?

3. By province, what was the (a) average hourly rate paid to employment agencies (b) average hourly rate paid to employees (c) total amount paid by the St. Lawrence Seaway Authority in (i) 1975 (ii) 1976?

Hon. Otto E. Lang (Minister of Transport): The St. Lawrence Seaway Authority advises as follows: 1. (a) 1975:(v), 5; (vi), 8; 1976:(v), 6; (vi), 8; (b) Nil.

2. From internally-generated funds and from Main Estimates.

3. (a) Ontario—$5.36; Quebec—5.25, (b) Not available from our records. This information is known only to the private employment agency and its employee. (c) (i) Ontario—$1,186.80; Quebec—12,510.00; (ii) Ontario—$6,063.24; Quebec—12,351.88.

BANK OF CANADA—EXPENDITURES FOR INTERIOR LANDSCAPING

Question No. 752—**Mr. Howie:**

Since January 1, 1977, what amount was spent on interior landscaping by the Bank of Canada and on what projects?

[Mr. McKenzie.]

Mr. Ed. Lumley (Parliamentary Secretary to Minister of Finance): In so far as the Minister of Finance is concerned: I am advised by the Bank of Canada as follows: Approaching one-third of the budget for interior landscaping referred to in the answer to Question No. 2879 was disbursed during the period in question. (answered August 4, 1977).

[*English*]

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

Some hon. Members: Agreed.

* * *

[*Translation*]

MOTIONS FOR PAPERS

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, would Your Honour be so kind as to call notices of motions for the production of papers Nos. 1, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42 and 43?

[*English*]

Mr. Speaker: The hon. Parliamentary Secretary to the President of Privy Council has suggested that we call as a group motions 1, 7, 8, 9, if I understand him correctly.

[*Translation*]

Mr. Pinard: Mr. Speaker, I would like to give some particulars. The notices of motions for the production of papers which will be answered today are in fact the notices of motions Nos. 1 and 7 to 43 inclusive. Now, there are five or six different types of answers for various groups of notices of motions, and it would take too long to answer each motion individually. That is why I would ask Your Honour to simply call as a group first motion No. 1 and the motions Nos. 7 to 43 inclusive; then, the Parliamentary Secretary to the Minister of Energy, Mines and Resources (Mr. Lamontagne) will himself specify which notices of motions will be answered by a stock answer. That procedure will be a lot simpler for the progress of our proceedings.

[*English*]

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, as most of the notices of motion are under my name, I would much prefer the parliamentary secretary to deal with them one motion at a time, giving his answer as the case may be.

Mr. Speaker: If it is planned that the motions be presented in a manner outlined by the hon. parliamentary secretary today, and preparations are not in place to respond to them individually at this time, of course the only option open to the Chair would be to call them individually, which is the only

authority I can exercise at this time unless there is consent to change that practice.

Perhaps there might be consultation in light of further examination of the documents to be tabled in response, if that is to be the case, or whatever responses are to be made, to see whether or not agreement can be reached for handling this matter in a different way; otherwise, to call them seriatim at some time in the future.

Mr. Baker (Grenville-Carleton): Mr. Speaker, your comment was to call them at some time in the future. We are on motions now; I do not see why we just do not go ahead and call the motions. I know it will take some time, but I do not think the government should be permitted not to call them. They have indicated they are ready to call them, and the member is entitled to have them called.

Mr. Speaker: I may have made a mistaken assumption that the two hon. parliamentary secretaries involved were prepared to proceed with them on one basis, but not on the other. It may be, now, that they are prepared to proceed with them individually, in which case I will call them one at a time.

[*Text*]

COPIES OF DOCUMENTS RELATING TO DESIGNATION OF B.C. HYDRO AUTHORITY UNDER TREATY WITH UNITED STATES

Motion No. 1—**Mr. Brisco:**

That an humble Address be presented to His Excellency praying that he will cause to be laid before this House a copy of all papers and documents, studies, reports and correspondence between the government and the Province of British Columbia and/or British Columbia Hydro and Power Authority, relating to the duties and functions to be carried out by British Columbia Hydro and Power Authority in its capacity as the designated entity under the Columbia River Treaty and subsequent protocol endorsed by the Governments of Canada and the United States, specifically under Article XIV of the Treaty, including any and all exchanges of notes between the Governments of Canada and the United States exchanged under Article XIV and any other material, documents, papers studies and correspondence in the possession of the government concerning the possibility of designating another entity than British Columbia Hydro and Power Authority as the agent of Canada under the Treaty, or the appointment of a second Canadian entity under the Treaty to share responsibility with British Columbia Hydro and Power Authority, or the empowering or charging of British Columbia Hydro and Power Authority with the responsibility of ensuring the greater stability of the Arrow Lakes and the suspension of all progress on the Kootenay River Diversion project.

[*Translation*]

Mr. J.-Gilles Lamontagne (Parliamentary Secretary to Minister of Energy, Mines and Resources): Concerning Motion No. 1, the answer is as follows: The production of these documents would necessitate long and extensive research into our records, but the important facts, including the duties and functions to be carried out by the designated entity and the related documents, can be found in "*The Columbia River Treaty and Protocol*—A Presentation. February 1964". This document is available in the Parliamentary Library and at the Department of Energy, Mines and Resources.

There must have been no other protocol, because there were no exchanges of notes or other documents concerning the possibility of designating another entity to share responsibilities with the British Columbia Hydro and Power Authority, the stability of the Arrow Lakes or the progress on the Kootenay River diversion project.

[*English*]

I therefore request that the hon. member withdraw his motion.

Mr. Brisco: Transfer for debate.

Mr. Speaker: Transferred for debate.

[*Text*]

COPY OF LETTER FROM DR. O. J. C. RUNNALLS TO GULF MINERALS CANADA LTD.

Motion No. 7—**Mr. Stevens:**

That an Order of the House do issue for a copy of the letter dated September 1975 from Dr. O. J. C. Runnalls to Gulf Minerals Canada Ltd. advising them of the fourth quarter assessment of dues to SERU otherwise known in English as the Uranium Marketing Research Association or as the Uranium Club.

[*Translation*]

Mr. J.-Gilles Lamontagne (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, concerning Motion No. 7, the requested document is of a confidential nature and therefore its content cannot be revealed. Consequently, I would ask the hon. member to withdraw his motion.

[*English*]

Mr. Stevens: Transfer for debate.

Mr. Speaker: Transferred for debate.

[*Text*]

COPY OF DEPARTMENT OF JUSTICE LEGAL OPINION RELATING TO URANIUM CARTEL

Motion No. 8—**Mr. Stevens:**

That an Order of the House do issue for a copy of the Department of Justice legal opinion referred to by the Right Honourable the Prime Minister on August 4, 1977 in the House of Commons touching on the uranium cartel.

[*English*]

Mr. Roger Young (Parliamentary Secretary to Minister of Justice): The legal advice provided by law officers of the Crown on a matter of state policy falls in the class of confidential documents. I would, therefore, ask the hon. member to withdraw his motion.

Mr. Stevens: Transfer for debate.

Mr. Speaker: Transferred for debate.

Motions for Papers

[*Text*]

COPIES OF QUARTERLY REPORTS RELATING TO URANIUM CARTEL

Motion No. 9—**Mr. Stevens:**

That an Order of the House do issue for copies of the quarterly reports prepared by Andre Petit of the Secretariat at SERU bearing on the uranium cartel.

[*Translation*]

Mr. J.-Gilles Lamontagne (Parliamentary Secretary to Minister of Energy, Mines and Resources): Concerning Motion No. 9, the requested documents deal with international relations, the release of which might be detrimental to the future conduct of Canada's foreign relations. Therefore, I would ask the hon. member to withdraw his motion.

[*English*]

Mr. Stevens: Transfer for debate.

Mr. Speaker: Transferred for debate.

[*Text*]

COPIES OF MINUTES OF MEETINGS AT WHICH DR. RUNNALLS ATTENDED RELATING TO URANIUM CARTEL

Motion No. 10—**Mr. Stevens:**

That an Order of the House do issue for copies of the minutes of all meetings at which Dr. O. J. C. Runnalls attended, bearing on the uranium cartel.

[*Translation*]

Mr. J.-Gilles Lamontagne (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, concerning Motion No. 10, the requested documents are internal departmental memorandums and, therefore, their contents cannot be released. Consequently, I would ask the hon. member to withdraw his motion.

[*English*]

Mr. Stevens: Transfer for debate.

Mr. Speaker: Transferred for debate.

[*Text*]

COPIES OF MINUTES OF MEETINGS AT WHICH ANDRÉ PETIT ATTENDED BEARING ON URANIUM CARTEL

Motion No. 11—**Mr. Stevens:**

That an Order of the House do issue for copies of the minutes of all meetings at which André Petit attended bearing on the uranium cartel.

[*Translation*]

Mr. J.-Gilles Lamontagne (Parliamentary Secretary to Minister of Energy, Mines and Resources): Concerning Motion No. 11, the requested documents deal with international relations, the release of which might be detrimental to the future conduct of Canada's foreign relations. Therefore, I would ask the hon. member to withdraw his motion.

[Mr. Speaker.]

[*English*]

Mr. Stevens: Transfer for debate.

Mr. Speaker: Transferred for debate.

[*Text*]

COPIES OF ALL SERU SECRETARIAT DOCUMENTS NUMBERED 73.1, 73.2, ETC. RELATING TO URANIUM CARTEL

Motion No. 12—**Mr. Stevens:**

That an Order of the House do issue for copies of all SERU Secretariat documents numbered 73.1, 73.2, 73.3 etc. for 1973, bearing on the uranium cartel.

[*Translation*]

Mr. J.-Gilles Lamontagne (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, the requested documents deal with international relations, the release of which might be detrimental to the future conduct of Canada's foreign relations. Therefore, I would ask the hon. member to withdraw his motion.

[*English*]

Mr. Stevens: Transfer for debate.

Mr. Speaker: Transferred for debate.

[*Text*]

COPIES OF ALL SERU SECRETARIAT DOCUMENTS NUMBERED 74.1, 74.2, ETC. FOR 1974 BEARING ON URANIUM CARTEL

Motion No. 13—**Mr. Stevens:**

That an Order of the House do issue for copies of all SERU Secretariat documents numbered 74.1, 74.2, 74.3 etc. for 1974, bearing on the uranium cartel.

[*Translation*]

Mr. J.-Gilles Lamontagne (Parliamentary Secretary to Minister of Energy, Mines and Resources): Concerning motion No. 13, the requested documents deal with international relations, the release of which might be detrimental to the future conduct of Canada's foreign relations. Therefore, I would ask the hon. member to withdraw his motion.

[*English*]

Mr. Stevens: Transfer for debate.

Mr. Speaker: Transferred for debate.

[*Text*]

COPIES OF SERU SECRETARIAT DOCUMENTS NUMBERED 75.1, 75.2, ETC. FOR 1975 BEARING ON URANIUM CARTEL

Motion No. 14—**Mr. Stevens:**

That an Order of the House do issue for copies of all SERU Secretariat documents numbered 75.1, 75.2, 75.3 etc. for 1975, bearing on the uranium cartel.

[*Translation*]

Mr. J.-Gilles Lamontagne (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, the requested documents deal with international relations, the

release of which might be detrimental to the future conduct of Canada's foreign relations. Therefore, I would ask the hon. member to withdraw his motion.

[*English*]

Mr. Stevens: Transfer for debate.

Mr. Speaker: Transferred for debate.

[*Text*]

COPIES OF DOCUMENTS RELATING TO QUOTAS OF TOTAL FUTURE PRODUCTION OF CANADIAN MEMBERS OF CLUB

Motion No. 15—**Mr. Stevens:**

That an Order of the House do issue for copies of all documents relating to quotas of total future production of Canadian members of the club, or uranium cartel.

[*Translation*]

Mr. J.-Gilles Lamontagne (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, the requested information is contained in letters dated August 17, 1972, and May 22, 1973, which the then Minister of Energy, Mines and Resources sent to the president of the Atomic Energy Control Board. Since copies of those letters were released along with my press release of October 14, 1977, I would ask the hon. member to withdraw his motion.

[*English*]

Mr. Stevens: Agreed.

Mr. Speaker: Motion withdrawn.

Order discharged and motion withdrawn.

[*Text*]

COPIES OF MEMORANDUM DESCRIBING RECENT DEVELOPMENTS REGARDING PROPOSED INTERNATIONAL URANIUM MARKETING ARRANGEMENTS

Motion No. 16—**Mr. Stevens:**

That an Order of the House do issue for a copy of the memorandum dated March 22, 1972, from I. W. Coleman, Associate General Counsel, Gulf Oil Corporation to Mr. E. B. Walker, Executive Vice-President, Gulf Oil Corporation, describing recent developments regarding proposed international uranium marketing arrangements and distributed to Mr. R. K. Allen, Counsel, Gulf Mineral Resources Company, a subsidiary of Gulf Oil Corporation; counsel, Gulf Minerals Canada, Limited; J. G. Dieter, Assistant General Counsel, Gulf Energy & Environmental Systems Co., a division of Gulf Oil Corporation; and R. D. Jackson, Attorney, Gulf Oil Corporation.

[*Translation*]

Mr. J.-Gilles Lamontagne (Parliamentary Secretary to Minister of Energy, Mines and Resources): Concerning motion No. 16, the requested document, which is the property of Gulf Oil Corporation, is not in our records. Consequently, I would ask the hon. member to withdraw his motion.

[*English*]

Mr. Stevens: Transfer for debate.

Mr. Speaker: Transferred for debate.

[*Text*]

COPY OF MEMORANDUM DATED APRIL 12, 1972 REFLECTING LEGAL ANALYSIS CONCERNING INTERNATIONAL URANIUM MARKETING ARRANGEMENTS

Motion No. 17—**Mr. Stevens:**

That an Order of the House do issue for a copy of the memorandum dated April 12, 1972, from Mr. I. W. Coleman, Associate General Counsel, Gulf Oil Corporation to Mr. M. E. Minks, General Counsel, Gulf Oil Corporation, reflecting legal analysis and requesting consultation regarding the giving of legal advice to Gulf management personnel concerning a proposed international uranium marketing arrangement and distributed to Mr. E. B. Walker, Executive Vice-President, Gulf Oil Corporation; R. D. Jackson, Attorney, Gulf Oil Corporation; R. K. Allen, Counsel, Gulf Mineral Resources Company, a subsidiary of Gulf Oil Corporation, counsel, Gulf Minerals Canada, Ltd.; H. E. Hoffman, Associate General Counsel/Vice President, Gulf Energy & Environmental Systems Co., a division of Gulf Oil Corporation.

[*Translation*]

Mr. J.-Gilles Lamontagne (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, the requested document which is the property of Gulf Oil Corporation is not in our records. Consequently, I would ask the hon. member to withdraw his motion.

[*English*]

Mr. Stevens: Transfer for debate.

Mr. Speaker: Transferred for debate.

[*Text*]

COPY OF MEMORANDUM FROM M. E. MINKS CONCERNING PROPOSED INTERNATIONAL ARRANGEMENT

Motion No. 18—**Mr. Stevens:**

That an Order of the House do issue for a copy of the memorandum dated April 19, 1972 from M. E. Minks to file summarizing author's communication to Messrs. Zagnoli and Allen concerning proposed international arrangement, and outlining legal conclusions.

[*Translation*]

Mr. J.-Gilles Lamontagne (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, the requested document which is the property of Gulf Oil Corporation is not in our records. Consequently, I would ask the hon. member to withdraw his motion.

[*English*]

Mr. Stevens: Transfer for debate.

Mr. Speaker: Transferred for debate.

● (1512)

[*Text*]

COPY OF NOTES OF GULF LAWYER CONCERNING A URANIUM PRODUCERS' MEETING

Motion No. 19—**Mr. Stevens:**

That an Order of the House do issue for a copy of the handwritten notes dated April 24, 1972, of Gulf lawyer reflecting telephone conversation with Mr. Allen concerning a uranium producers meeting, which set forth legal opinions and conclusions from the files of Gulf's Law Department.

Motions for Papers

[*Translation*]

Mr. J.-Gilles Lamontagne (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, the requested document which is the property of Gulf Oil Corporation is not in our records. Consequently, I would ask the hon. member to withdraw his motion.

[*English*]

Mr. Stevens: Transfer for debate.

Mr. Speaker: Transferred for debate.

[*Text*]

COPY OF MEMORANDUM FROM R. D. JACKSON CONCERNING PROPOSED URANIUM CARTEL

Motion No. 20—**Mr. Stevens:**

That an Order of the House do issue for a copy of the memorandum dated April 28, 1972 from R. D. Jackson, Attorney, Gulf Oil Corporation, to I. W. Coleman, Associate General Counsel, Gulf Oil Corporation, setting forth principal points of discussion between Messrs. Jackson, Ramsey and Zagnoli concerning proposed uranium cartel and distributed to M. E. Minks, General Counsel, Gulf Oil Corporation; M. W. Ramsey, Director, Corporate Planning, Planning and Economics Department, Gulf Oil Corporation.

[*Translation*]

Mr. J.-Gilles Lamontagne (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, the requested document which is the property of Gulf Oil Corporation is not in our records. Consequently, I would ask the hon. member to withdraw his motion.

[*English*]

Mr. Stevens: Transfer for debate.

Mr. Speaker: Transferred for debate.

[*Text*]

COPY OF MEMORANDUM FROM R. D. JACKSON TRANSMITTING OPINION OF COUNSEL

Motion No. 21—**Mr. Stevens:**

That an Order of the House do issue for a copy of memorandum dated April 28, 1972, from R. D. Jackson, Attorney, Gulf Oil Corporation to I. W. Coleman, Associate General Counsel, Gulf Oil Corporation, transmitting opinion of counsel regarding proposed international producers' arrangement which sets forth legal conclusions and advice concerning Gulf's being compelled to participate by the Canadian government and distributed to M. W. Ramsey, Director, Corporate Planning, Planning and Economics Department, Gulf Oil Corporation.

[*Translation*]

Mr. J.-Gilles Lamontagne (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, the requested document which is the property of Gulf Oil Corporation is not in our records. Consequently, I would ask the hon. member to withdraw his motion.

[*English*]

Mr. Stevens: Transfer for debate.

Mr. Speaker: Transferred for debate.

[Mr. Speaker.]

[*Text*]

COPY OF MEMORANDUM FROM I. W. COLEMAN REGARDING LEGAL PRINCIPLES

Motion No. 22—**Mr. Stevens:**

That an Order of the House do issue for a copy of memorandum dated May 1, 1972, from I. W. Coleman, Associate General Counsel, Gulf Oil Corporation, to M. E. Minks, General Counsel, Gulf Oil Corporation, reflecting discussions among Messrs. Allen, Estey and Matthews regarding application of legal principles and suggested courses of action.

[*Translation*]

Mr. J.-Gilles Lamontagne (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, the requested document which is the property of Gulf Oil Corporation is not in our records. Consequently, I would ask the hon. member to withdraw his motion.

[*English*]

Mr. Stevens: Transfer for debate.

Mr. Speaker: Transferred for debate.

[*Text*]

COPY OF LETTERS FROM W. Z. ESTEY CONCERNING CANADIAN STATUS AS APPLICABLE TO CERTAIN OF GULF'S ACTIVITIES

Motion No. 23—**Mr. Stevens:**

That an Order of the House do issue for a copy of the letter dated May 1, 1972, from W. Z. Estey, Partner, Robertson, Lane, Perrett, Frankish & Estey; counsel for Gulf Minerals Canada, Limited, to I. W. Coleman, Associate General Counsel, Gulf Oil Corporation, together with an attached letter dated January 5, 1972 from W. Z. Estey to R. K. Allen, Counsel, Gulf Mineral Resources Company, a subsidiary of Gulf Oil Corporation; counsel, Gulf Minerals Canada, Limited, prepared by counsel containing legal advice and opinion concerning Canadian statutes and policies as applicable to certain of Gulf's activities.

[*Translation*]

Mr. J.-Gilles Lamontagne (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, the requested document which is the property of Gulf Oil Corporation is not in our records. Consequently, I would ask the hon. member to withdraw his motion.

[*English*]

Mr. Stevens: Transfer for debate.

Mr. Speaker: Transferred for debate.

[*Text*]

COPY OF LETTER FROM W. Z. ESTEY ATTACHING REVISED PAGE OF OPINION OF LEGAL COUNSEL

Motion No. 25—**Mr. Stevens:**

That an Order of the House do issue for a copy of a letter dated May 4, 1972, from W. Z. Estey, Partner, Robertson, Lane, Perrett, Frankish & Estey; counsel for Gulf Minerals Canada, Limited, to R. K. Allen, Counsel, Gulf Mineral Resources Company, a subsidiary of Gulf Oil Corporation; counsel, Gulf Minerals Canada, Limited, attaching revised page of the opinion of counsel, set out in a memorandum dated February 6, 1972, from R. D. Jackson, Attorney, Gulf Oil Corporation to file.

[*Translation*]

Mr. J.-Gilles Lamontagne (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, the requested document which is the property of Gulf Oil Corporation is not in our records. Consequently, I would ask the hon. member to withdraw his motion.

[*English*]

Mr. Stevens: Transfer for debate.

Mr. Speaker: Transferred for debate.

[*Text*]

COPY OF LETTER FROM R. D. JACKSON SUMMARIZING THE OTTAWA MEETING OF CANADIAN PRODUCERS

Motion No.26—**Mr. Stevens:**

That an Order of the House do issue for a copy of a letter dated May 11, 1972, from R. D. Jackson, Attorney, Gulf Oil Corporation, to M. E. Minks, General Counsel, Gulf Oil Corporation, together with a buckslip attaching telex dated October 5, 1972, from N. M. Ediger to R. K. Allen summarizing the Ottawa meeting of Canadian Producers, which telex contains marginal notes reflecting mental impressions and conclusions of Gulf Counsel, which writing is believed to be that of Mr. Jackson.

[*English*]

Mr. J.-Gilles Lamontagne (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, the requested document, which is the property of Gulf Oil Corporation, is not in our records. Consequently, I would ask the hon. member to withdraw his motion.

Mr. Stevens: Transfer for debate.

Mr. Speaker: Transferred for debate.

[*Text*]

COPY OF LETTER FROM O. J. C. RUNNALLS ATTACHING MINUTES OF CANADIAN URANIUM PRODUCERS' MEETING

Motion No. 27—**Mr. Stevens:**

That an Order of the House do issue for a copy of a letter dated May 17, 1972, from O. J. C. Runnalls, Senior Advisor, Uranium, Department of Energy, Mines and Resources; Official of Uranium Canada, Limited, a Crown Corporation, to N. M. Ediger, Manager, Gulf Minerals Canada, Limited, together with a letter dated May 16, 1972, from O. J. C. Runnalls to file, attaching minutes of Canadian Uranium Producers' Meeting of May 9, 1972.

[*Translation*]

Mr. J.-Gilles Lamontagne (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, the requested documents deal with international relations, the release of which might be detrimental to the future conduct of Canada's foreign relations. Therefore, I would ask the hon. member to withdraw his motion.

[*English*]

Mr. Stevens: Transfer for debate.

Mr. Speaker: Transferred for debate.

[*Text*]

COPY OF LETTER FROM R. K. ALLEN TO I. W. COLEMAN

Motion No. 28—**Mr. Stevens:**

That an Order of the House do issue for a copy of a letter dated May 19, 1972, from R. K. Allen, Counsel, Gulf Mineral Resources Company, a subsidiary of Gulf Oil Corporation; counsel, Gulf Minerals Canada, Limited, to I. W. Coleman, Associate General Counsel, Gulf Oil Corporation, together with an undated Draft Aide Memoire re Canadian Uranium Producers' Meeting on May 19, 1972 and a letter dated May 10, 1972, from Carl to N. M. Ediger, Manager, Gulf Minerals Canada, Limited, enclosing attachments for purposes of keeping counsel advised and receiving continuing advice from counsel on matters concerning uranium producers' arrangement and which was distributed to W. Z. Estey, Partner, Robertson, Lane, Perrett, Frankish & Estey; counsel for Gulf Minerals Canada, Limited and H. E. Hoffman, Associate General Counsel/Vice President, Gulf Energy and Environmental Systems Co., a division of Gulf Oil Corporation.

[*English*]

Mr. J.-Gilles Lamontagne (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, the requested document, which is the property of Gulf Oil Corporation, is not in our records. Consequently, I would ask the hon. member to withdraw his motion.

Mr. Stevens: Transfer for debate.

Mr. Speaker: Transferred for debate.

[*Text*]

COPY OF LETTER FROM R. D. JACKSON TO R. K. ALLEN DESCRIBING DISCUSSION BETWEEN AUTHOR AND MR. ALLEN

Motion No. 29—**Mr. Stevens:**

That an Order of the House do issue for a copy of the memorandum dated June 2, 1972 from R. D. Jackson, Attorney, Gulf Oil Corporation to file describing discussion between author and Mr. Allen concerning legal advice and containing counsel's advice and opinions with regard to a proposed uranium marketing organization and distributed to M. E. Minks, General Counsel, Gulf Oil Corporation; I. W. Coleman, Associate General Counsel, Gulf Oil Corporation; and R. K. Allen, counsel, Gulf Mineral Resources Company, a subsidiary of Gulf Oil Corporation; counsel, Gulf Minerals Canada, Ltd.

[*Translation*]

Mr. J.-Gilles Lamontagne (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, the requested document which is the property of Gulf Oil Corporation is not in our records. Consequently, I would ask the hon. member to withdraw his motion.

[*English*]

Mr. Stevens: Transfer for debate.

Mr. Speaker: Transferred for debate.

[*Text*]

COPY OF MEMORANDUM OF R. D. JACKSON DESCRIBING LEGAL ANALYSIS

Motion No. 30—**Mr. Stevens:**

That an Order of the House do issue for a copy of the memorandum dated June 2, 1972, from R. D. Jackson, Attorney, Gulf Oil Corporation to file describing legal analysis and conclusions of Mr. Jackson with regard to a legal opinion which he had been requested to prepare and gives legal opinion of counsel regarding a matter communicated to him by client, and distributed to

M. E. Minks, General Counsel, Gulf Oil Corporation; I. W. Coleman, Associate General Counsel, Gulf Oil Corporation; R. K. Allen, Counsel, Gulf Mineral Resources Company, a subsidiary of Gulf Oil Corporation; counsel Gulf Minerals Canada, Ltd.; and M. W. Ramsey, Director, Corporate Planning, Planning and Economics Department, Gulf Oil Corporation.

[*English*]

Mr. J.-Gilles Lamontagne (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, the requested document, which is the property of Gulf Oil Corporation, is not in our records. Consequently, I would ask the hon. member to withdraw his motion.

Mr. Stevens: Transfer for debate.

Mr. Speaker: Transferred for debate.

[*Text*]

COPY OF MEMORANDUM FROM O. J. C. RUNNALLS TO J. AUSTIN

Motion No. 31—**Mr. Stevens:**

That an Order of the House do issue for a copy of the memorandum dated June 15, 1972 from O. J. C. Runnalls, Senior Advisor—Uranium, Department of Energy, Mines and Resources; Official of Uranium Canada, Limited, a Crown corporation to J. Austin, Deputy Minister of the Department of Energy, Mines and Resources; President, Uranium Canada, Limited, a Crown corporation being a summary of Canadian Uranium Producers' Meeting in Johannesburg, May 28, 1972 (classified confidential by Canadian government) and distributed to G. M. McNabb, Assistant Deputy Minister (Energy) of the Department of Energy, Mines and Resources; Executive Vice President, Uranium Canada, Limited, a Crown corporation.

[*Translation*]

Mr. J.-Gilles Lamontagne (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, the requested document is an internal departmental memorandum and its contents cannot be released. Therefore, I would ask the hon. member to withdraw his motion.

[*English*]

Mr. Stevens: Transfer for debate.

Mr. Speaker: Transferred for debate.

[*Text*]

COPY OF MEMORANDUM DATED JUNE 27, 1972 FROM O. J. C. RUNNALLS TO J. AUSTIN

Motion No. 32—**Mr. Stevens:**

That an Order of the House do issue for a copy of the memorandum dated June 27, 1972 from O. J. C. Runnalls, Senior Advisor—Uranium, Department of Energy, Mines and Resources; Official of Uranium Canada, Limited, a Crown corporation to J. Austin, Deputy Minister of the Department of Energy Mines and Resources; President, Uranium Canada, Limited, a Crown corporation being a summary of meeting of Canadian Uranium Producers of June 9, 1972 (classified confidential by Canadian government) and distributed to G. M. McNabb, Assistant Deputy Minister (Energy) of the Department of Energy, Mines and Resources; Executive Vice President, Uranium Canada, Limited, a Crown corporation.

[*English*]

Mr. J.-Gilles Lamontagne (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, the requested document is an internal departmental memorandum and, therefore, cannot be released. Consequently, I would ask the hon. member to withdraw his motion.

Mr. Stevens: Transfer for debate.

Mr. Speaker: Transferred for debate.

[*Text*]

COPY OF MEMORANDUM FROM R. D. JACKSON DESCRIBING ADVICE OF COUNSEL

Motion No. 33—**Mr. Stevens:**

That an Order of the House do issue for a copy of the memorandum dated July 6, 1972 from R. D. Jackson, Attorney, Gulf Oil Corporation to I. W. Coleman, Associate General Counsel, Gulf Oil Corporation describing advice of counsel concerning a matter communicated to counsel by client and distributed to F. R. O'Hara, Attorney/Antitrust Counsel, Gulf Oil Corporation.

[*Translation*]

Mr. J.-Gilles Lamontagne (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, the requested document which is the property of Gulf Oil Corporation is not in our records. Consequently, I would ask the hon. member to withdraw his motion.

[*English*]

Mr. Stevens: Transfer for debate.

Mr. Speaker: Transferred for debate.

[*Text*]

COPY OF MEMORANDUM FROM R. D. JACKSON DESCRIBING WORK SCHEDULE OF LAWYERS

Motion No. 34—**Mr. Stevens:**

That an Order of the House do issue for a copy of the memorandum dated July 10, 1972, from R. D. Jackson, Attorney, Gulf Oil Corporation, to I. W. Coleman, Associate General Counsel, Gulf Oil Corporation; F. R. O'Hara, Attorney/Antitrust Counsel, Gulf Oil Corporation; and M. W. Ramsey, Director, Corporate Planning, Planning and Economics Department, Gulf Oil Corporation describing work schedule of lawyers regarding preparation of legal opinion and subjects of upcoming meeting of counsel and client, distributed to M. E. Minks, General Counsel, Gulf Oil Corporation.

[*English*]

Mr. J.-Gilles Lamontagne (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, the requested document, which is the property of Gulf Oil Corporation, is not in our records. Consequently, I would ask the hon. member to withdraw his motion.

Mr. Stevens: Transfer for debate.

Mr. Speaker: Transferred for debate.

[*Text*]

COPY OF MEMORANDUM FROM R. D. JACKSON CONTAINING ANTITRUST EVALUATION

Motion No. 35—**Mr. Stevens:**

Than an Order of the House do issue for a copy of the memorandum dated July 20, 1972 from R. D. Jackson, Attorney, Gulf Oil Corporation to M. E.

Minks, General Counsel, Gulf Oil Corporation containing an antitrust evaluation and counsel's opinion and advice given to Mr. Zagnoli with respect to Gulf's prospective involvement in the proposed international uranium marketing arrangement distributed to R. K. Allen, Counsel, Gulf Mineral Resources Company, a subsidiary of Gulf Oil Corporation, counsel, Gulf Minerals Canada, Ltd.; I. W. Coleman, Associate General Counsel, Gulf Oil Corporation; W. Z. Estey, Partner, Robertson, Lane, Perrett, Frankish & Estey; counsel for Gulf Minerals Canada, Limited; N.M.

[*Translation*]

Mr. J.-Gilles Lamontagne (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, the requested document which is the property of Gulf Oil Corporation is not in our records. Therefore, I would ask the hon. member to withdraw his motion.

[*English*]

Mr. Stevens: Transfer for debate.

Mr. Speaker: Transferred for debate.

[*Text*]

COPY OF MEMORANDUM FROM R. D. JACKSON DESCRIBING SUBSTANCE OF DISCUSSIONS

Motion No. 36—**Mr. Stevens:**

Than an Order of the House do issue for a copy of the memorandum dated August 15, 1972 from R. D. Jackson, Attorney, Gulf Oil Corporation, to F. R. O'Hara, Attorney/Antitrust Counsel, Gulf Oil Corporation describing substance of discussions among counsel regarding proposed Canadian regulations concerning uranium marketing, distributed to I. W. Coleman, Associate General Counsel, Gulf Oil Corporation.

[*English*]

Mr. J.-Gilles Lamontagne (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, the requested document, which is the property of Gulf Oil Corporation, is not in our records. Consequently, I would ask the hon. member to withdraw his motion.

Mr. Stevens: Transfer for debate.

Mr. Speaker: Transferred for debate.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I rise on a point of order. I wonder if it is an acceptable answer for the parliamentary secretary to say that a certain matter is not in the government's records. Surely, if the House requests it, the government can get it. The reason I am prompted to raise this point of order is that when a motion is called about a matter that is in the possession of the government, the government still refuses to table it. Is this an acceptable answer?

Mr. Speaker: In a preliminary way, it seems that this is not the time to challenge an answer. The proposer of the motion is given the option of accepting the answer or rejecting it by transferring the matter for debate. I do not know at the moment if we can alter that procedure because of the high volume of motions being dealt with at this time.

[*Text*]

COPY OF MEMORANDUM DATED SEPTEMBER 25, 1972 FROM O. J. C. RUNNALLS

Motion No. 37—**Mr. Stevens:**

That an Order of the House do issue for a copy of memorandum dated September 25, 1972 from Mr. O. J. C. Runnalls, Senior Advisor—Uranium, Department of Energy, Mines and Resources; Official of Uranium Canada, Limited a Crown corporation, to Mr. G. R. Albino, Official of Rio Algom, Ltd., a Canadian mining company; J. Kostuik, Official of Denison Mines, Ltd., a Canadian mining company; W. M. Gilchrist, Official of Eldorado Mines, Ltd., a Canadian Crown corporation; N. M. Ediger, Manager, Gulf Minerals Canada, Ltd.; K. E. Kegel, Official with Uranerz Canada, Ltd., a Canadian subsidiary of a West German company; and G. M. McNabb, Assistant Deputy Minister (Energy) of the Department of Energy, Mines and Resources; Executive Vice President, Uranium Canada, Limited, a Crown corporation.

[*Translation*]

Mr. J.-Gilles Lamontagne (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, the requested document is confidential and its contents cannot be made public. Therefore, I would ask the hon. member to withdraw his motion.

[*English*]

Mr. Stevens: Transfer for debate.

Mr. Speaker: Transferred for debate.

[*Text*]

COPY OF MEMORANDUM DATED SEPTEMBER 26, 1972 FROM R. K. ALLEN DESCRIBING PROPOSAL PREPARED BY COUNSEL

Motion No. 38—**Mr. Stevens:**

That an Order of the House do issue for a copy of the memorandum dated September 26, 1972 from R. K. Allen, Counsel, Gulf Mineral Resources Company, a subsidiary of Gulf Oil Corporation; counsel, Gulf Minerals Canada, Limited to I. W. Coleman, Associate General Counsel, Gulf Oil Corporation describing the letter attaching outline of a proposal prepared by counsel for possible use in the then forthcoming negotiations with joint venture partner concerning the impact of regulations adopted by Canada's Energy Control Board, requesting legal advice from co-counsel regarding the proposal.

[*English*]

Mr. J.-Gilles Lamontagne (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, the requested document, which is the property of Gulf Oil Corporation, is not in our records. Consequently, I would ask the hon. member to withdraw his motion.

Mr. Stevens: Transfer for debate.

Mr. Speaker: Transferred for debate.

[*Text*]

COPY OF MEMORANDUM FROM R. D. JACKSON REGARDING INTERNATIONAL URANIUM PRODUCERS' ARRANGEMENT

Motion No. 39—**Mr. Stevens:**

That an Order of the House do issue for a copy of the memorandum dated October 11, 1972 from R. D. Jackson, Attorney, Gulf Oil Corporation to F. R. O'Hara, Attorney/Antitrust Counsel, Gulf Oil Corporation describing the letter concerning earlier consultation on legal points and recommending the giving of certain legal advice to the client regarding international uranium producers' arrangement.

[*Translation*]

Mr. J.-Gilles Lamontagne (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, with regard to notice of motion No. 39, the answer is as follows: The requested document which is the property of Gulf Oil Corporation is not in our records. Consequently, I would ask the hon. member to withdraw his motion.

[*English*]

Mr. Stevens: Transfer for debate.

Mr. Speaker: Transferred for debate.

[*Text*]

COPY OF MEMORANDUM FROM F. R. O'HARA DESCRIBING THE LETTER WHICH SETS FORTH LEGAL COMMENTS

Motion No. 40—**Mr. Stevens:**

That an Order of the House do issue for a copy of the memorandum dated October 12, 1972 from F. R. O'Hara, Attorney/Antitrust Counsel, Gulf Oil Corporation to R. K. Allen, Counsel, Gulf Mineral Resources Company, a subsidiary of Gulf Oil Corporation; counsel, Gulf Minerals Canada, Limited describing the letter by counsel which sets forth legal comments and brief antitrust analysis concerning a matter on which client requested legal advice.

[*English*]

Mr. J.-Gilles Lamontagne (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, the requested document, which is the property of Gulf Oil Corporation, is not in our records. Consequently, I would ask the hon. member to withdraw his motion.

Mr. Stevens: Transfer for debate.

Mr. Speaker: Transferred for debate.

[*Text*]

COPY OF MEMORANDUM FROM F. R. O'HARA DESCRIBING LETTER SETTING FORTH COUNSEL'S LEGAL OPINION

Motion No. 41—**Mr. Stevens:**

That an Order of the House do issue for a copy of the memorandum dated November 20, 1972 from F. R. O'Hara Attorney/Antitrust Counsel, Gulf Oil Corporation to N. M. Ediger, Manager, Gulf Minerals Canada, Limited describing the letter setting forth counsel's analysis and legal opinion with regard to antitrust considerations and advice with regard to compliance with antitrust laws, regarding international uranium producers' arrangements and direction by Canadian government that Gulf participate therein and distributed to R. K. Allen, Counsel, Gulf Mineral Resources Company, a subsidiary of Gulf Oil Corporation; counsel, Gulf Minerals Canada, Limited; W. Z. Estey, Partner, Robertson, Lane, Perrett, Frankish & Estey; counsel for Gulf Minerals Canada, Limited; J. McAfee, President, Gulf Oil Canada, Limited; M. E. Minks, General Counsel, Gulf Oil Corporation; J. C. Phillips, Vice-President, General Counsel, Gulf Oil Canada, Limited; and S. A. Zagnoli, President, Gulf Minerals Canada, Limited.

[*Translation*]

Mr. J.-Gilles Lamontagne (Parliamentary Secretary to Minister of Energy, Mines and Resources): As concerns notice of motion No. 41, the answer is as follows: The requested document which is the property of Gulf Oil Corporation is not in our records. Consequently, I would ask the hon. member to withdraw his motion.

[*English*]

Mr. Stevens: Transfer for debate.

Mr. Speaker: Transferred for debate.

[*Text*]

COPY OF LETTER FROM R. K. ALLEN SETTING FORTH LEGAL CONCLUSIONS

Motion No. 42—**Mr. Stevens:**

That an Order of the House do issue for a copy of a letter dated January 2, 1973, from R. K. Allen, Gulf Mineral Resources Company, a subsidiary of Gulf Oil Corporation; counsel, Gulf Minerals Canada, Limited, to F. R. O'Hara, Attorney/Antitrust Counsel, Gulf Oil Corporation and distributed to N. M. Ediger, Manager, Gulf Minerals Canada, Limited and attaching letters dated December 27, 1972, from N. M. Ediger to S. A. Zagnoli, President, Gulf Minerals Canada Limited, and distributed to R. K. Allen and W. Z. Estey, Partner, Robertson, Lane, Perrett, Frankish & Estey; Counsel for Gulf Minerals Canada, Limited and December 22, 1972, from J. Austin, Deputy Minister of the Department of Energy, Mines and Resources; President, Uranium Canada Limited, a Crown corporation to N. M. Ediger, setting forth legal conclusions and requesting legal opinion re client's proposed response to Canadian government's proposed directive.

[*English*]

Mr. J.-Gilles Lamontagne (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, the requested document, which is the property of Gulf Oil Corporation, is not in our records. Consequently, I would ask the hon. member to withdraw his motion.

Mr. Stevens: Transfer for debate.

Mr. Speaker: Transferred for debate.

[*Text*]

COPY OF HANDWRITTEN NOTES BY A GULF ATTORNEY

Motion No. 43—**Mr. Stevens:**

That an Order of the House do issue for a copy of an undated document being handwritten notes of a Gulf Attorney reflecting communication with client and statement of legal question in advance of preparation of formal legal opinion from the files of Gulf's Law Department bearing on the uranium cartel.

[*English*]

Mr. J.-Gilles Lamontagne (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, the requested document, which is the property of Gulf Oil Corporation, is not in our records. Consequently, I would ask the hon. member to withdraw his motion.

Mr. Stevens: Transfer for debate.

Mr. Speaker: Transferred for debate.

[*Text*]

COPY OF LETTER FROM O. J. C. RUNNALS ATTACHING MINUTES OF MEETING OF INTERNATIONAL URANIUM PRODUCERS IN PARIS

Motion No. 24—**Mr. Stevens:**

That an Order of the House do issue for a copy of a letter dated May 3, 1972, from O. J. C. Runnalls, Senior Advisor-Uranium, Department of Energy, Mines and Resources; Official of Uranium Canada, Limited, a Crown Corporation, to N. M. Ediger, Manager, Gulf Minerals Canada, Limited, together with an attached undated letter from O.J.C. Runnalls to J. Austin, Deputy Minister of the Department of Energy, Mines and Resources; President, Uranium Canada Limited, a Crown Corporation, attaching the Minutes of the Meeting of the International Uranium Producers in Paris, April 20-21, 1972.

[*English*]

Mr. J.-Gilles Lamontagne (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, the requested document deals with international relations, the release of which might be detrimental to the future conduct of Canada's foreign relations. Therefore, I would ask the hon. member to withdraw his motion.

Mr. Stevens: Transfer for debate.

Mr. Speaker: Transferred for debate. Shall the remaining notices of motions be allowed to stand?

Some hon. Members: Agreed.

Mr. Stevens: Mr. Speaker, partly following the point of order raised by my colleague from Winnipeg North Centre, I would like to give notice that we will be appealing to Your Honour for whatever remedy is open to us to allow us to get access to the documents that we have been denied by the parliamentary secretary today.

We were told there was nothing secret about this uranium international cartel. I suggest there has been an affront to this parliament today, because the bulk of the documentation that we requested is in the hands of the Moss committee of the Congress of the United States. We know it is in the possession of this government, yet they have systematically, with trumped-up excuses, denied this parliament access to information which is in the hands of the United States Congress.

● (1522)

On another occasion, Mr. Speaker, I hope to put forward a motion which will clarify, in this instance, anyway, our right as parliamentarians to the information we have requested as set out in the motions just dealt with.

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, all I can say is that the hon. member has the rights provided under Standing Order 48. If he is not satisfied because the papers have not been produced, he is entitled to a debate to be held in due time, pursuant to Standing Order 48, and after one hour and a half of debate, each question will be put. So, his argument does not hold.

[*English*]

Mr. Breau: On the point of order, Mr. Speaker, I should like to add that the hon. member could, if he so wished, have asked that the motion be put to the House right away. But he did not make such a request; he spoke of taking another course of action. Parliament could have decided right now whether the documents are to be produced, or not, had the hon. member called for a vote.

Mr. Speaker: Order, please. The hon. member has given me notice that as a result of the response he has received, after taking the opportunity to review what has been said he will be raising the matter again. I take that as notice.

Shall the remaining notices of motions for the production of documents be allowed to stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

CANADA LABOUR CODE

AMENDMENTS TO CERTAIN SECTIONS OF THE ACT

The House resumed, from Tuesday, December 13, consideration of the motion Mr. Munro (Hamilton East) that Bill C-8, to amend the Canada Labour Code, be read the second time and referred to the Standing Committee on Labour, Manpower and Immigration.

Mr. Gordon Ritchie (Dauphin): Mr. Speaker, when the House rose last night the minister and other members had spoken on the bill. I would like to add my words. I understand that the minister is anxious to show something in the Canada Labour Code for his efforts in the labour field which really have not been all that productive since he was appointed to that portfolio. I think the minister has been singularly unsuccessful in labour relations, so that much of what he has tried to do has not come to fruition.

In general, these amendments to the labour code are innocuous and apply to those in the labour force who are covered by federal regulations, not a great many, but important in the grain handling field especially—which affects Manitoba and the west—banking, transportation, and a few other federal activities. In a general way, it can be said that most of the regulations and amendments are already part and parcel of the present labour regulations and probably do not deviate a great deal from what is being carried on at the present time.

In some of the provinces, these new amendments may be minimal, but in others they may be above the present practice. The importance of the amendments lies in the effect they will have on the general labour situation and on productivity. The provincial labour codes will have to conform to these amendments. To this extent, the proposed labour code changes are

important because what we find here also extends into the provincial field, down into small business, even to the small corner grocery store, into professional offices, and so on. Though they are not governed directly by the Canada Labour Code, nevertheless, through provincial adherence to general practice, all firms, no matter how small, will tend to adhere to the regulations.

In a general way, I would say these amendments will decrease productivity and increase labour costs without giving rise to corresponding increased efficiency.

I would like to mention one thing which specifically affects my riding and the province of Manitoba. At the recent annual meeting of the Manitoba Wheat Pool held in Winnipeg, it was pointed out that these amendments to the labour code will cause serious problems for grain handling companies on the prairies because of the adoption of a 40-hour week with only eight hours' overtime permitted within any one week. This was highlighted by Mr. Harold Sneath, the outgoing president of the Manitoba Pool Elevators, who said it would cause serious problems in the grain industry at the local level.

What are the implications of this 40-hour week, with only eight hours allowed for overtime? At country elevators, managers have their own working period. Elevator managers at country points are busy for ten, 12, or 15 hours a day at times, and they take corresponding time off. It is not unusual to find that an elevator manager has taken a couple of days off to go hunting. This is because he worked overtime previously. If this legislation is imposed on the grain handlers, it can only mean increased costs to the farmers, and I question whether it is worth it.

This point should be considered very carefully: it is going to increase costs at the country elevator points. I would hope the government would see fit to introduce an amendment which would give some sort of relief. Certainly, being an elevator agent in this country seems to be one of the more desirable occupations. They do not have a large turnover, and most country elevator agents seem to enjoy their work. So I would think this is an important feature. Should we, in effect, create a situation where at the country elevators the cost to the farmer is to be increased?

We have lately heard from the Hall commission on the abandonment of rail lines in the west. In fact, the abandonment of rail lines and the abandonment of small elevators are one and the same. If this labour legislation comes in as presently constituted, it will effectively kill small elevator points in the country: farmers will haul to larger elevators handling more grain and using a larger staff because they can give the farmer better service during the busy season. This is the considered opinion not of myself alone but of Mr. Sneath, the outgoing president of the Manitoba Pool Elevators. The fact that negotiations have been going on between the management of the pool elevators and the union means that the management's position has been weakened with this legislation.

In another portion of the bill there is reference to dust control. I do not understand why country elevators should be under federal dust control regulations. I think it is another instance of too much federal interference in what is really a matter of provincial jurisdiction. At the lakehead, the Manitoba pool had to spend $1,100,000 on dust control equipment to satisfy the Ontario department of the environment with respect to dust emission. This is significant. Why should country elevators come under federal jurisdiction, under an Ottawa bureaucracy which is insensitive to their needs, where western Canadians have little or no say and where western Canadians are not prominent at all? How can you stop dust from circulating when a truck is dumping grain from an elevator? The operators and the farmers delivering grain simply get out of the way, but presumably the federal inspectors will be able to produce a long dissertation on how to get out of the way of dust produced by grain being dumped. It will certainly cause a lot of problems and cost a lot of money.

It is doubtful if all of these regulations and inspections will really be in our best interests. We have to decide whether all these regulations are needed. In country elevators, a great deal has been done in the past two years with regard to dust control. The elevator companies are to be commended for that.

● (1532)

As for holidays, Boxing Day is to be added to the list of eight general holidays. We are still debating whether to have heritage day in February. The number of holidays in Canada is such that our calendar is beginning to look like a Mexican calendar. That holidays are important in assessing labour productivity is of some significance, I suggest. For example, when discussing the textile bill which was passed under the ministership of Jean-Luc Pepin—who is now saving the unity of this country—the textile industry told the committee that one of the significant reasons for the inefficiency of Canadian textile workers was that their competitors in other countries did not have nearly as many holidays. I was surprised to learn that the industry was not referring to low income countries such as Taiwan and Malaysia, but to countries like the United States where the number of holidays was significantly less—as I recall, only two or three. The number of general holidays in Canada is approaching between 4 per cent and 5 per cent of our total working period. This is not insignificant.

Italy, for example, also has many holidays, be they official or religious ones. The government did attempt to compress them into the Christmas and New Year holidays—which workers tended to take off anyway, whether they worked or not—but encountered stiff resistance in this regard. I suggest that in Canada the number of holidays seriously affects our productivity.

The other day the Minister of Finance (Mr. Chrétien), in talking about productivity, said that the wave of pessimism had spread too far. He had some suggestions to make in this regard. We in this country are presently trying to decide how to handle labour, management and government relations with a view to reducing the number of strikes and increasing productivity, something we all support. The Minister of Labour (Mr. Munro) has talked about tripartism. We in

Canada have had a considerable overdose of distrust, hostility and recrimination. There are those who say that our adversary system in management-labour relations is unlikely to work very well unless there is a more effective means of putting the issues on the table at the national and regional levels. I think this idea has a lot to commend it.

Similarly, we need better data. Unless our unemployment figures and statistics relating to the cost of living are brought up to date, we are going to experience considerable difficulty. You will have labour and management arguing over what is the unemployment level, or the number of man-days lost through strikes, absenteeism and industrial accidents.

The minister believes that tripartism is of some importance as a means of permitting government to become more involved in labour-management bargaining. Presumably, the minister's idea is that when the economic pie is cut up, the discord which arises when negotiating some 10,000 collective agreements will be muted by an overlay of consensus and compromise. No government in any industrialized democracy has gone this far and shared its power with big business and labour. However, in Sweden and West Germany, government has drawn labour and management into the process of economic management, though remaining, as indeed it should and must, the senior partner in the firm.

At the broadest and most fundamental level, Mr. Speaker, it seems to me there are two main objections to this kind of tripartism. I think it can be said that this question has been discussed with labour groups. First of all, it largely excludes from power many constituencies, such as consumers, small businessmen, housewives, students, the retired, the unemployed and the unorganized worker. Consider the fact that about 30 per cent of the some ten million workers in Canada are unionized. I suggest that is a significant consideration.

The question to ask is this: Can we reasonably assure ourselves that the benefits of a more harmonious relationship among big government, big business and big labour will exceed the additional cost of shutting out the rest of society? Tripartism is not a broadening of the base of power in society but, rather, an elitist reaction, as a result of which big government and big business would agree to accommodate big labour in reaching decisions which were not necessarily in the interests of society as a whole.

Although tripartism might lead to greater efficiency, in time it might lead to economic management which would be more centralist, more authoritarian and less democratic, since about seven million Canadian workers would be largely left out of consideration except for the democratic process of parliament. We all know, Mr. Speaker, how ineffective parliament is in a given situation when it comes to dealing with the problems of labour and management.

We will continue to have management and labour settling their differences without the services of the government as matchmaker. However, generally speaking, both management and labour have been critical of what the government does. They have said that there is too much government. They have said that there is too little government. They say that government is ineffective. They say there are too many controls, and then they say there are not enough controls.

This leaves multipartism to consider. Can we bring to the process the collective wisdom of a wide group of people—which, in effect, is what parliament is? I doubt that this will be very successful, though discussion of this issue has not really crystalized. Personally, I feel there is much to be said for the adversary system, the traditional system. In the last 25 years we have had relative labour peace, and as a result we have been unwilling to accept that labour-management differences have yet reached the crisis point. The minister will continue on as he has in the past. Problems between labour and management will sort themselves out without there being too much government interference, government being asked to intervene only when necessary.

● (1542)

Turning to the Canada Labour Code, I would like to point out that section 59(4) of the code currently prohibits the dismissal of pregnant employees only if they have compiled twelve consecutive months of continuous employment. That condition is now to be removed altogether, but I suggest the problem with regard to pregnancy is not solved that easily.

I suppose legislators feel that being pregnant should not be a job disqualification under any circumstances. However, with certain people pregnancy is almost incapacitating. As long as pregnant employees can do their usual work, no one complains; but in certain circumstances pregnant employees are often just "around" and are not in a physical condition to contribute their usual work output. In some instances, this amounts to wages without any work being performed. The matter of pregnancy should be studied further. Pregnancy cannot be treated as a non-event, and a pregnant person should not automatically receive the usual work benefits.

In the matter of bereavement, the definition of what constitutes a family can be very widely interpreted, and certainly could be construed and used by many employees in such a way as to get a few days off unless clearly defined. With regard to job protection, during periods of sickness most firms can reinstate their employees with few problems. But with respect to small firms—and I am thinking of perhaps small credit unions, because presumably they come under this legislation—it will not always be easy to reinstate employees in offices of two or three people. There does not seem to be any tribunal to which a small firm can apply to see if it has the ability to meet specified conditions and whether meeting them would be too onerous.

Section 5(7) provides protection against unjust firing. That is of some concern, particularly to small businesses. In fact, most dismissals from small businesses are due to personality conflicts between the boss and the employee. In most cases, no amount of ordering by ministerial authority will resolve the problem. This is a very important matter. Because of possible unpleasant effects and difficult situations, this section must be seriously considered.

With regard to section 5(8), it is not easy to ensure that an employee has his wages in hand on his regular pay day at all times. An employee may be required to be away on a particular pay day. There are many occasions when it will be costly to comply with this section. Nevertheless, in a general way I think all agree with the thrust of the amendment.

We are always dealing with labour, management and unemployment. We are always concerned about what unemployment statistics mean. In the United States, it has recently become the practice to express the cost of living index with three indices: the cost of living varies among retired people, working people and other groups. When we measure our cost of living index, we forget that it is not always exact and it is sometimes very inaccurate. We should bear this in mind when dealing with the cost of living. The cost of living index is directly related, primarily, to the middle income group and to what that group buys.

It has been suggested that the cost of living index does not truly reflect the situation of the well-to-do or of the poor, and that it does not reflect the situation of those who perhaps do not buy very many commodities because of retirement.

Are the unemployment statistics we are using correct? It has been pointed out that the highest rate of unemployment is among people who are under 25, and that among people 25 years of age and over the unemployment rate is only 4.8 per cent, half a percentage point higher than a year ago. This should be borne in mind when we examine the unemployment situation.

We must also remember the problems with regard to youth unemployment and that the benefits paid by way of unemployment insurance give youth a greater opportunity to experiment with finding the kind of work they want. They have a much greater opportunity than their parents ever had. I think it can be said that young people are leaving school without being qualified for employment in certain jobs. I think educators have some responsibility for this. It is not unusual to see young people coming out of educational institutions with the idea they are worth $15,000 or $16,000 a year—and they are, if they can find jobs. It is important that we consider unemployment statistics when we assess what we should do by way of job-creation. Unless productive jobs are created, an unnecessary amount of job-creation by the government will not lead to lasting employment in the long run.

I would like to say a few words about the withdrawal of the United States from the International Labour Organization. The withdrawal coincided with the election of Mr. Joe Morris to the top office of the CLC. Mr. Morris regretted—and I think rightly so—the decision of President Carter, along with the national labour organization of his country and business, apparently against the advice of the state department, to withdraw American support from the ILO. We should not, however, be too critical or the position taken by the United States. The ILO seems to have fallen under the domination of the Soviet Union and Third World countries which are inclined toward communism. These countries have used the ILO to put forward their views and as a political forum in which to berate western countries.

It is significant that in those countries there are not true labour movements with unions which are free to become established and to express views. I think this withdrawal will be significant, because the United States contributed about 25 per cent of the total contributed which was, I think, in the area of $25 million. This withdrawal has been likened by a few people to the German withdrawal from the League of Nations, and its subsequent downfall.

In closing, I would like to say that I hope in the Standing Committee on Labour, Manpower and Immigration there will be a complete study of the implications of the amendments contained in this bill. On the surface, they do not seem to be too severe, but in the area of grain handling they will have a major effect. About 90 per cent of grain handling is involved with export movements. Considering our balance of payments situation, that export trade is important, and if this bill causes serious problems for grain handling at country elevators it will not have served its purpose in that sector.

● (1552)

[*Translation*]

Mr. Charles-Eugène Dionne (Kamouraska): Mr. Speaker, I paid great attention to the Minister of Labour (Mr. Munro) when he introduced this new legislation before the House yesterday. The only thing I could point out at the outset of my remarks is that the working conditions mentioned in the minister's speech have been existing long enough in Canada and that we should have passed such legislation a few years ago. I realize that Bill C-8 does contain positive improvements which should contribute to avoiding certain delays in employer-employee relations.

Several clauses of this legislation provide workers with the protection they are entitled to. I have found very interesting the clauses which allow a worker to refuse to perform some duties presenting immediate risks without having to suffer a salary loss. I had the opportunity to realize that too often unfortunately that employees were exposed to dangerous work without being adequately protected, especially on construction sites. It is one essential point in working conditions. So we must have clearly drafted, safety regulations and an experienced team responsible for supervising the ways work is assigned on a construction site.

Too often workers who had been looking for a job for a considerable time and are anxious to work suffer from conditions that should not be tolerated in this day and age, when the means are available to guarantee protection against safety hazards. This is fundamental, and union leaders and labour representatives should work in that direction and supervise construction sites.

I myself worked on hydroelectric dam projects, where I found that we were sometimes directed to unsafe work places. This is especially true at times where the unemployment rate is abnormally high. For fear of losing their jobs, workers take the chance of working in unsafe conditions. In that respect, I am

100 per cent in favour of the proposal put forward, and I hope there will be adequate implementation so that regulations are understood by workers and they can insist so that their boss, or company executive or the small foreman abide by the rules.

Earned days based on years of service is stimulating for workers. Another provision covers possible intervention to hasten the payment of wages due, and there is much to be done on that. Still recently, I had an opportunity to phone an employer in the Lebel-sur-Québillon area, to get him to give a work statement to an employee who had left the site because the job was finished. He had been waiting for a month and a half for unemployment insurance benefits because the employer had not sent the employment statement as he should have. There is a lot to be done in the monitoring of work conditions.

A number of other clauses in the legislation will certainly help reduce delays and unnecessary procedures that too often hinder the administration of the collective negotiation process. I am hopeful in that respect. Delays have been the cause of many strikes. By providing the board with a greater possibility of control over votes, either to establish a bargaining unit or for other usual formalities in the relationships between the union representatives and the workers themselves, we should contribute to avoid many difficulties arising from the decisions which were made after an insufficient analysis of the consequences.

Everybody knows that workers had to struggle to obtain freedom of association. They were right and they had their rights recognized. However, if this freedom which was acquired after so much sacrifice is violated by force, it is no good to the worker. The freedom of choice of the worker, as far as the union is concerned, should always be considered. This is a very important point. A true freedom of association implies the freedom to refuse to become a member of an association and even the freedom to dissociate. This is what freedom is all about, after all. Where is the freedom of association if you are either forced to join a determined union or you can no longer leave that union. We should ask ourselves what is freedom? This should apply to the union organization as to any other association, any other group in society. The freedom of choice also entails the freedom to refuse. It is a violation of individual freedom of choice to force a union upon the individual. We could also deal with closed workshops, the Rand formula, check-offs but we will come back to these points when we have an opportunity.

● (1602)

Today I will limit my remarks to a few points. I want to bring to your attention that I am quite aware of what is going on in the administrative mechanism of trade unions. I have worked in that field for ten years as president of a local. I am pleased to add that during those ten years of union work, of labour organization, I have negotiated a number of collective agreements with quite a few employers and large corporations in forest operations. For ten years we have succeeded in negotiating and obtaining improved conditions for workers who had to work in those areas and we never had to go on strike. Why? Because we were trying to negotiate instead of trying to go on strike. Nowadays it seems that things have gone to the point where strikes mark the start of negotiations. That is why we must put order in this field. We should have done so a long time ago. I am happy today to congratulate the minister for proposing a bill aimed at that goal. We will have to see to it that the implementation is brought along in the proper way.

One of the most important problems we are faced with today is the fact that people no longer care much about government authority. Is it because it is not worth respecting? Let us think about that. We know what happened. This House has to pass legislation to send the men back to work, after giving them the right to walk out. The government is going to send a conciliation officer to the work site. But it doesn't seem to work. These points deserve serious consideration and it is absolutely natural that the government should try first to get better conditions for Canadian workers and then to direct and monitor the way the labour legislation is followed. Anyhow, the role of the government in labour disputes does not seem to be all that wonderful from what we can see. The right to strike is emphasized to the point that we sometimes seem to forget that it is subordinate to the right to work. The situation is quite serious when we reach that point. We are facing an inversion of values. The almighty dollar has priority over all other values.

The interest of the collectivity comes after the interest of the individual or in some cases of the profession. Many people keep on repeating the words freedom, freedom and rights. But these noble principles are so often used without rhyme or reason today that they are becoming real myths without any meaning. They are so often referred to in some circles that they will ultimately destroy themselves. The repeated confrontations between labour and management are a potentially dangerous tactical exercise even if it seems to be cleverly set up. It is all too easy to be so blinded by personal or professional selfishness as to forget that we can only exercise and enjoy our own rights to the extent that we respect other people's rights. While we recognize that man has been created free, we also recognize that he is a social being. Aware of these individual deficiencies, man has always tried to compensate for them by associating with his fellowmen in various ways, which is only normal, associations in which everybody can benefit from the mutual distribution of wealth owned by individuals who know each other, who realize they have common problems, who act sensibly while following a natural tendency by getting together in order to stand a better chance of obtaining as a group what they cannot obtain individually.

I read an article entitled "The Crisis of Collective Bargaining" in the December 1974 isssue of the *Labour Gazette*. According to this article, for nearly one century, collective bargaining has survived numerous pressures from within and without. In spite of all the fears that it will soon disappear, it still remains the most often used method of conducting labour-management relations. After quoting many statistics, 1,440 to be exact, concerning agreements, the assistant director of the

Labour Relations Centre at Queen's University said that 50 per cent of the settlements were reached through conciliation or mediation, 5 per cent through arbitration and 11 per cent after a strike. Only one third of the settlements were reached through direct negotiation between labour and management. These statistics clearly show that very few labour and management negotiators still know how to settle their differences at the negotiating table without the help or the intervention of a third party and without the decisive tools of a strike or a lockout.

Not so long ago, the services of a conciliator or a mediator were rarely needed. Nowadays, their intervention in collective bargaining has become commonplace. We must certainly not underestimate their contribution to maintaining peace in labour relations, but the fact that their services are increasingly called upon points to a weakness in the collective bargaining system. The renewal of collective agreements must not necessarily aim at wage increases, even if this is an interesting part of the negotiations. There is also the improvement of working conditions in the plant, in the office, on the road or on the worksite, the number of working hours, accident prevention through the implementation of safety rules, fair work distribution, proper and timely representations to government authorities using the strongest possible means of persuasion to obtain a well-balanced labour legislation which is not prompted by the fear of an impending election, but is in the interest of the next generation.

It is rather difficult to demand that governments launch all sorts of major building programs even though many projects could be implemented, especially senior citizens' residences and slum clearance.

All that is done while maintaining a financial system which does not reflect the real wealth. Our huge current production could be increased fourfold if there were real means for distributing goods. It is quite normal for people today, as it was before and as it will be in the future, to be looking for some means of escaping misery, which in our opinion is caused by an economic and financial system which is unbalanced and brings about a very unjust distribution of wealth.

To remedy the situation, we Social Crediters propose a reform of the financial system which would permit the practical application of the principle of distributive economy for abundant goods. For those who consider themselves to be scholars, this formula is too simple. They need sophisticated formulas, so complicated that they have to face unbelievable situations where workers willing to work find out they are on strike. Yet, every accomplishment in the world was done through work. Nobody can deny that. It would undoubtedly be interesting to hear the explanations given by strikemongers and those who seem unable to reach an agreement. Can the benefits arising or derived from a strike be described? Good workers, who often have a family to care for, are justified in demanding a little more happiness for themselves and their families, but this should be possible without strikes, where they might be playing into the enemy's hands who is using them to promote subversive interests.

[Mr. Dionne (Kamouraska).]

As we already wrote, unionism is still a democratic means of ensuring the portection of workers as long as it is directed by responsible leaders and that the means used are fair to both parties, when you must bring the management of the business or the various services to recognize their social responsibilities. We have the right to join forces to defend our interests as long as we do not violate the rights of others. This is very important. It is time to determine when the social and economic interests of the people must prevail over the right to strike. When everything is paralysed and air, land and sea transportation is at a standstill, I wonder if the right to strike is justified. This is when we need an appropriate and flexible legislation that would eliminate this situation and would prevent us from having to adopt other legislation to withdraw what has already been given. We operate in a very strange fashion.

I know it is difficult to solve all those problems in our confused financial system, but the situation is so serious that we could at least establish as soon as possible a real labour court made up of representatives of labour, management and government and after a study of the situation in every industry or service, set a salary scale adequate and proportionate to workers' needs and the capacity of the enterprise instead of waiting for conflicts before making decisions.

We might easily understand that workers are asking for working and salary conditions allowing them to have a decent standard of living but, however, it should be possible in Canada to establish living conditions acceptable to all well disposed workers. We have the feeling today that employee strikes have become the regular negotiation process as the possibility of a strike is raised in every collective bargaining. Yet, that principle is entirely wrong. A strike should be used only as a last resort when all other conciliation means have failed. When at the expense of human dignity management continues to exploit the wage earner or forces him to accept poor working conditions, fortunately that kind of employer has been largely reduced in our country, but when the situation exists, a strike can be justified. The employer has no right to determine on his own behalf the salary and working conditions of his employees, any more than the union has to impose its own views unilaterally. If the employer can, figures in hand, show that present and projected conditions forbid any rise in expenses beyond a given percentage if his business is to remain healthy, the union has no right to demand more and even if a strike were legal, it still would be immoral.

I have here two photocopies of press articles about Toussaint & Frères, an industry in the county of Kamouraska-L'Islet. The windows have been boarded up from the beginning of the labour dispute, and there is not much left in the Toussaint & Frères plant since the company has emptied its buildings. Faced with labour demands, the employers decided they could not carry on operating under those conditions and as they had the opportunity to transfer their machinery somewhere else, that is what they have done with the result that now some 50 workers are jobless, although some of them had been on the payroll for 18 years and others for ten, 12 or 15 years.

So all these people lost their jobs and problems arose. It happened in April. Some people have drawn unemployment insurance benefits only some three weeks ago. So I made many representations to get the Unemployment Insurance Commission to understand those things, namely that they were no longer working in that plant since the employer had shut down. They waited for all the machinery to be taken out, they had to see it done themselves, to make sure that there were witnesses, otherwise they were not ready to pay out the benefits even if some among these people had worked elsewhere on other sites and had accumulated contributions. Yet they were told: In the first place, the decision taken following the loss of your job in a collective dispute contributes to maintaining your status as non-eligible for these benefits.

The same thing is happening at Napoléon Transport Ltd., at Rivière-du-Loup. There was a lock-out there. The fact is that since last spring, following a communication with a senior Unemployment Insurance Commission officer, there may be one of these guys who is being paid unemployment insurance benefits but he did have to wait for two months. He cannot get anything. He cannot get welfare benefits because as he is told: You have stopped working because there was a labour dispute. This is true in his case, but he was not even unionized. He worked there some three weeks, and then became a victim of local developments. He worked three months elsewhere, for three different employers, yet the Unemployment Insurance Commission told him that he had lost his first job because of a labour conflict. That is the kind of nonsense which should not happen as often as it does now.

There are cases when a strike can be considered as reasonable and acceptable but it is seldom so. Often, if all avenues of negotiation were explored, a strike could be avoided. The time when the boss was almighty and kept his employees in check through fear, threat or blackmail is over. Today management is used to negotiating and even if it finds it sometimes a bit unpleasant, it recognizes that it cannot escape such obligations. However, when it sees the union making unreasonable demands, management immediately reacts by refusing to make any concessions at all. This kind of attitude is very frustrating for union officials and that is when they start being demagogical before their members by calling for union solidarity. You can imagine what happens. How do the workers react? Their blood boils, their pride is hurt and then they are ready for any act of violence. I must say with regret that this has happened in many places, particularly in the province of Quebec, because I know what happened there.

When the Minister of Labour tabled in the House this general law to amend the Labour Code, he stated that these amendments were an integral part of a large program launched by the Department of Labour to improve working conditions generally and strengthen the collective bargaining process and the industrial relations system. He also said that, besides reflecting general improvement in labour, collective agreements and provincial labour legislation, this major review of the Canadian Labour Code also corrected some problems resulting from its application. That bill could constitute a declaration of workers' rights even though it is far from being complete. This legislation affects about 550,000 private sector workers under federal jurisdiction.

For some activities such as railways, air transport, banks, trucking, broadcasting and television, grain handling, communications and harbours, I noted that some amendments to this legislation would oblige unions to provide financial statements to their members and guarantee fair and objective procedures for job offers in hiring halls. We should keep that in mind as well. In other words, the government should not unconsciously contribute to creating problems and then admit that it cannot solve them.

I have already given examples of things we should never have to do. I refer to legislation ordering striking workers back to work after the passage of legislation giving them the right to strike. Those are examples of obvious inconsistencies which should be avoided at all costs. I approve this bill on the whole because it includes much that is good. However, it should have been passed years ago, but since it has now been introduced it is never too late to act. Therefore, I support its contents on the whole because I see many improvements. Let us hope that amendments brought to the Canada Labour Code will contribute to a healthier climate and restore harmony in employer-employee relations.

● (1612)

[*English*]

Mr. Doug Neil (Moose Jaw): Mr. Speaker, I should like to make a few brief comments regarding one aspect of this bill that was covered earlier by the hon. member for Dauphin (Mr. Ritchie), and that is the way the amendments will affect grain handling in western Canada. First of all, I should like to put on the record a letter I received from the manager of one of the elevators in my constituency which sums up very well the feelings of many managers of elevator companies on the prairies. This manager writes as follows:

> I have been notified that the Canada Labour is planning to enforce an eight-hour day, forty-hour week on us effective August 1, 1978.
>
> I work for Pioneer Grain Co. Ltd. In my personal feelings this is going to damage our free enterprise. We will not have the incentive program that we have now. During harvest it will be a hardship on farmers if we have to close at six o'clock. I am sure the farmers will not approve of (an) eight-hour day in harvest.
>
> Therefore, I'm against any action taken to control our working hours.

Two or three weeks ago I had occasion to attend the annual meeting of the Saskatchewan Wheat Pool. The minister in charge of the Canadian Wheat Board addressed the meeting. Following his address, he indicated he was prepared to answer any questions that might be put to him and one or two individuals expressed the concerns they and the wheat pool had regarding the legislation.

● (1622)

Grain handling on the prairies is different from the usual type of industry. If the elevator agents or managers are restricted to a 40-hour week with eight hours' overtime, the system will just not function properly. The sale of grain is subject to quotas and delivery depends on those quotas; it

depends on the season of the year and on the weather. It is not uncommon to see a line up to ten, 12, 15 trucks at elevators during the course of a day, and there is no way the agent can shut down at six o'clock in the evening and leave trucks lined up.

I believe the elevator companies and their employees who manage the elevators are, generally speaking, happy with the legislation as it exists. I would ask the minister, if he has not already done so, to get in touch with the minister in charge of the Wheat Board, who has obviously consulted members of the Saskatchewan Wheat Pool. Perhaps the hon. minister has received representations direct from the wheat pool. If so, I hope he will take them into consideration and will make the necessary changes to the act. It may be by way of an exception or amendment, but I trust he will take the necessary steps to accommodate the requests of the grain companies and their employees.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, as my colleague, the hon. member for Winnipeg North (Mr. Orlikow) indicated in a speech last night, we are in general support of the proposals in Bill C-8. We are prepared to give it approval at second reading so that it can go to the standing committee for detailed study. Because my colleague covered the waterfront last night, it is hardly necessary for me to do it again. But I thought I would like to take the floor for a few minutes, mainly to deal with two or three specific matters that are raised in the bill.

May I say, when I hear some of the opposition to this kind of legislation, I feel even more inclined to support what the minister is doing. There are those who seem to think that by giving labour additional holidays or additional vacation time, the cost of production increases and our productivity suffers. I wish those who pronounce those views could come up to date and realize that a labour force consisting of persons who are recognized as persons and whose rights are recognized is a much more productive labour force than one consisting of just so many hands not far removed from the days of slavery. The whole concept of the right of labour to have a say in its conditions of work has greatly improved productivity in modern decades, and anything we can do to push along that process is all to the good.

I am glad to see, in the bill, one or two new things such as bereavement leave, provision for sick leave, the portion of the bill that deals with unjust dismissal, and so on. We shall look with very keen interest at the proposals in the bill which try to ensure unorganized workers some of the rights and benefits that have been won by those who are organized.

I should like to ask my good friend, the minister: What happened to an item that was in last session's Bill C-32? The minister may remember that toward the end of last session he introduced Bill C-32 to amend the Canada Labour Code mainly with respect to general holidays. In that bill he included Heritage Day and Boxing Day. In this session we have Bill C-8, and Heritage Day seems to have been dropped. I realize that the Secretary of State (Mr. Roberts) announced earlier in this session, in response to a question of mine, that the government had decided not to proceed with Heritage Day during this session in any respect. The argument that he gave was that this was a time of restraint. I find it very difficult to discover much evidence of restraint around this place.

Mr. Paproski: He means after the next election.

Mr. Knowles (Winnipeg North Centre): The time for governments to bring in goodies is before an election, not after.

Mr. Paproski: These guys work it differently.

Mr. Knowles (Winnipeg North Centre): Yes. The whole argument that, because we are in a time of restraint, workers must not be given the benefit of an extra holiday, is seeing things completely in reverse. By that kind of logic one could argue that we should cancel all holidays and make everyone work six or seven days a week, 52 weeks a year. The minister would not argue that that would increase productivity. He knows that would decrease productivity and we would have a very unhappy labour force. I contend, Mr. Speaker, that argument for a holiday midway between Christmas and the New Year period and the Easter period is a good one, especially in this country. It is a long pull from Christmas to Easter, and if we are going to have many winters like the one we are having now, it is all the more reason to have such a holiday.

I remind the Minister of Labour (Mr. Munro) that a few years ago one of the railway management-labour disputes was finally settled by the adjudication of Mr. Justice Emmett Hall. He knows that in the settlement Mr. Justice Hall made of that dispute there was a provision for Heritage Day to be added to the holidays with pay which railway workers would get as soon as it was passed by parliament. Mr. Justice Hall and those who were involved in that adjudication seemed to think at that time, because a bill for Heritage Day was before parliament and making good progress, that it would probably be through in no time at all.

Well, already the railway workers have lost two or three of those Heritage Day holidays that they thought they got resulting from Mr. Justice Hall's settlement of that dispute. Railway workers still feel today they have been treated unfairly and treated with lack of faith in the fact that this day has not been established. In fact, there has been a postcard campaign about the matter which is under way right now, and those who signed these cards are aware of the fact that a bill for Heritage Day got second reading and committee of the whole passage a year or so ago. They are aware that during the last session the government had two bills before the House concerning Heritage Day. But now, when we get Bill C-8, it is not there at all. I hope the minister will listen to argument about the matter when we get this bill into committee. It is an amendment which can be easily made in committee. It will keep faith with the railway workers in terms of Mr. Hall's settlement of that last dispute.

● (1632)

Canadians generally would welcome the idea of a weekend holiday on the third Monday in February. Surely we can do

that. In addition to the idea of a holiday, or whatever you call it, there is merit in the concept of the idea of calling it Heritage Day. There are groups and organizations in this country working very hard to help us appreciate and protect the heritage that we have. A day dedicated to that concept is a good one. I hope the minister will not feel that his cabinet colleagues have crowded him in so much that he cannot move on this, and I hope that when we get into committee on the bill Heritage Day can be put into the legislation.

I see the minister has put in the bill a new provision respecting vacations with pay. We have not had such vacations in the law very long, and up to the present time the holiday provided in the law is only two weeks. The minister now proposes that for an employee coming under federal labour jurisdiction who has been six years with the same employer, holiday pay or the period of vacation with pay is to be extended to three weeks. This is an improvement. It is in line with the bill I have been putting into the House year after year for a long time. However, why make such employees wait six years? When such an employee happens to leave one employer and goes to another, he will have to start all over again. Why cannot the idea of three weeks' holidays with pay start after a shorter period of time than six years? Even five or four years would be better; but I suggest it should start after three years with an employer.

The third point I want to raise with the minister has to do with the whole business of health and safety. I have been sitting here trying to think what year it was that the first legislation under the Canada Labour Code having to do with health and safety was brought in. It was when John Nicholson was minister of labour. Many members will not remember those days. It would be during the regime of Mr. Pearson as prime minister. I remember very clearly that bill to provide a safety code section of the Canada Labour Code being referred to the standing committee. We dealt with it at some length because we were concerned about it. I think it was in the month of December, probably 1965, 1966 or 1967. The minister made a strong appeal asking us to get the bill through so that the officials in the department could draft the regulations and the whole regime of health and safety could be put in place. Ten years have gone by. Some of it has been done, but ever so slowly. My contacts with officers of the Department of Labour who are involved in this question lead me to believe that they are keen on it. They want to push for health and safety in the work place, but somewhere there seems to be some force holding them back.

Every time the workers in the CPR Weston shops, which lie between my constituency and that of my friend from Winnipeg North, complain about fumes or other conditions in the shops that are contrary to health and safety, they have to go through a lot of rigmarole and red tape. In the end, very little is done. I certainly do not blame the officials and public servants in the department. They are keen on it. However, somebody is saying, "No. Go slowly on this." It is like the voices we hear sometimes in this debate about increasing the cost of production if we give people holidays or good rates of pay. Our view is that if you make working conditions healthy and safe, and you provide adequate holidays, rates of pay and all the rest, productivity will be a lot better. I welcome what the minister has proposed in the health and safety part of the Canada Labour Code, but I ask him for a little more speed in putting the new proposals into effect than has been the case since we first put health and safety in there ten or 11 years ago.

As I have already said, we welcome any bill that improves labour relations. We shall study this one very carefully. I hope that special attention will be paid to the three points I have made at this time.

Hon. Stanley Haidasz (Parkdale): Mr. Speaker, I welcome this opportunity to make a few remarks on the amendments to the Canada Labour Code, Bill C-8, and to congratulate the hard-working Minister of Labour (Mr. Munro) for bringing in such progressive amendments to the Labour Code—a real milestone in the long line of improvements in labour legislation initiated by Liberal administrations. Of course, primarily affected by this legislation are workers under federal jurisdiction, but its principles will no doubt be an inspiration and example for other jurisdictions to emulate.

As a physician, I am particularly interested and happy that the bill proposes comprehensive measures for the safety and health of workers. I am sure that all in this House agree with the minister that Canadian workers have a fundamental right to an environment that neither damages their health nor imperils their safety. This principle is also an important element in the maintenance of improved employee-employer relations and, consequently, improved productivity and profitability.

I am particularly interested in the minister's announcement as far as a better work environment for Canadians is concerned, and establishing a Canadian centre for occupational health and safety. There is a great need today for such a national institution. Such a centre would promote the concept of a safe-work environment and the enhancement of the physical and mental health of working people throughout the country. It would facilitate consultation and co-operation among provincial, territorial and federal jurisdictions in the establishment and maintenance of high standards of occupational safety and hygiene appropriate to the Canadian situation and compatible with recognized international standards.

I have in mind, in particular, the need for research and enforcement of appropriate regulations for the workers in asbestos mines and asbestos-related industries, and also special and strict standards to protect the worker from deafness which occurs from the occupational hazard of noise which often occurs in factories. It is imperative that this centre co-operate with the various workmen's compensation boards of the provinces in this country, in order to have special committees established to deal more quickly with those workers who have been injured on the job, and especially those who after many years in mines and asbestos-related factories have suffered damage to their lungs, liver and other vital organs of their bodies.

Another health problem which is gaining a lot of attention these days in the occupational health field is that of deafness. It is one of the fastest rising illnesses in this country. It is high time for a centre such as the Canadian centre for occupational health and safety to take strong initiatives and bring about a lowering of the noise levels in our factories and urge the various provincial workmen's compensation boards to deal more quickly with cases of deafness.

In conclusion, this bill is a great step in providing a better work environment and, therefore, better worker-management relations in our country. I look forward to making further remarks when the bill is studied in committee.

● (1642)

Mr. F. Oberle (Prince George-Peace River): Mr. Speaker, since the beginning of the industrial revolution, industry, government and business have been preoccupied with attempts to decide how the product of the industrial machine which we have built should be distributed. In this day and age we seem more concerned at every level—industry, labour and government—with the distribution of the benefits of the industrial machine than we are with oiling the machine and seeing that it keeps running. The risk of a breakdown in the industrial relations process has reached such proportions that some say it poses, at least in this country, a threat to the very survival of the economic system.

In the short time available to me I shall not, of course, be able to go back in history and draw from the experience of history in dealing with the measure we are discussing today. It is, however, my intention to place on record my views with regard to the current situation and to give an outline of the measures which Canadians workers and employers has a right to expect would be included in this bill after the promises made by the Minister of Labour (Mr. Munro) to approach the subject broadly and to make some fundamental changes to a system which has obviously run up on the rocks and is not functioning well at all.

First, let me put this whole subject of industrial relations into proper perspective in the Canadian context. When we speak about industrial relations, we are really speaking only about one-third of the Canadian work force; we are only speaking about one-third of industry which employs that work force. Those of us who represent constituencies in the House of Commons should pay more attention to the other two-thirds of the work force which has no access to unions, and to the two-thirds of the business community which employs those people and cannot afford the schemes of extravagance which have been generated by the industrial relations process. I have in mind small and medium-sized businesses for the most part.

An assessment reveals that the larger corporations, namely, those which maintain oligopolistic or monopolistic positions in society, are the ones which employ union workers. These are the corporations which manage to insulate themselves, if not completely isolate themselves, from the three market forces which the other two-thirds of the industrial community has to work with. Government, of course, is a perfect example. Public employees enjoy the greatest security, and their pensions are indexed, the reason being, of course, that government does not need to subject itself to the pressures of a free market system, but dips into the barrel every time a demand is made and settles that demand in a fashion which is least harmful to its political masters and to the harmonious operation of Crown agencies and the administration generally.

The bill has, it is true, recognized the need for adequate coverage of available unions across the country. One would have expected the Minister of Labour to address himself to this aspect. One would also expect him to have made an attempt in this bill to establish a labour code which would help those who are not presently organized either to become organized or to achieve an equitable share of that part of the gross national product which is labour's portion. On the other hand, we would have the right to expect the minister to address himself to the serious problems faced by the business community which is subjected to free market forces and which has a very difficult time dealing with workers when they demand concessions equal to or similar to those which the government grants its own employees.

One of the aspects of the bill which is particularly offensive to me is that discretion to impose a first-year settlement, in cases where certification has been achieved, should be left to the minister or his officials. To put this in proper context, one must consider the certification process, a process which is still not adequately protected in a democratic manner. As a matter of fact, the Canadian Manufacturers' Association, in a statement to the minister expressing disappointment with his approach to this question, expresses the view that "certification of a union as a bargaining agent should only occur where there is evidence that there is majority support for a union through a government supervised secret ballot."

I was involved in a situation recently in which unions were certified to represent the work force of a certain industry although the majority of the employees were not in favour of certification. Should the two parties not be able to get together after certification has been made by the government, the minister takes it upon himself to impose a first-year settlement. I can only assume that his decision would be in accordance with the general guidelines and standards set by the public sector.

A great many employers express fears of the consequences such a procedure might bring. As a matter of fact, I am connected with a firm which finds itself exactly in that position. Certification has been made, but there is no contract because the workers do not want a contract. The union which has been certified will not tune or change its contract, a global contract signed in British Columbia. The upshot is this: the employees of that company have no access to a union simply because they are not prepared to sign a contract imposed on them by a union even though it has been properly certified. I serve notice on the minister that these workers will be equally upset if he comes along and tells them he intends to impose the initial contract.

Many of my colleagues criticize me for what appears to be an anti-labour stand taken from time to time in the House of Commons. I have said there is no democracy in the industrial relations process in this country. I have said that unions and employers often act irresponsibly. As a matter of fact, in defending a private member's bill in this House I have said on a couple of occasions that the freedoms and rights of the individual are being eroded in this country as a result of the certification process to which we adhere.

● (1652)

I should like to give hon. members an example of what I mean. Just recently I received a letter from one of my constituents, who is an employee of the Canadian Union of Postal Workers, enclosing a copy of a letter he had received from the first vice-president of CUPW, André Beauchamp. My constituent says that he is relying on me to defend, in the House of Commons, his personal rights and freedoms which he feels are offended, indeed endangered. I should like to place part of this letter on the record. It is addressed to all local presidents across the country and quotes article 4.74 of the new national constitution which reads as follows:

4.74 a) The national director convenes the regional executive committee and the local presidents to his region once a year in order to: "Ensure that local officers comply with the national policies and orientation of the union in their attitude toward the employer at Union-management meetings, counsellings, etc., and avoid any suspicion of collusion with the employer by refusing to participate in recreational events, sports events, dances, distribution of prizes and trophies, collaboration to employer newspapers, etc., in order that the integrity and independence of union leaders be safeguarded in their dealings with employer representatives and that members themselves comply with this orientation.

The letter then goes on to define sports events in this way:

Sports events means softball tournaments, hockey tournaments, golf tournaments, curling bonspiels and any other events that will bring you into contact with members of management.

This policy should be enforced and explained to the members.

Management is trying to show two faces—

In the case of the Postmaster General (Mr. Blais), that may not be too far out.

—one during working hours and another outside the workplace; we know from experiences that this does not work out for the benefit of our members.

In solidarity—

That is signed by André Beauchamp, first vice president. I ask, Mr. Speaker, is my constituent justified in feeling that his personal freedom is being infringed? I say yes. If he wants to work as a public servant in the Post Office, or anywhere else in the public service, he is compelled to join this union. In earning his livelihood as a public servant, he cannot fraternize with his employer. He cannot participate in softball tournaments. He cannot curl. He cannot do the things which I suppose people do behind the wicket boxes in a post office. There is dire need for fundamental change in our industrial relations process in this country as long as any one of the partners to this tripartite arrangement of government, labour and management adopts this kind of stance.

What are some of the problems we are facing? Last year we had the world record for lost man-years. What a dubious distinction! Our trading partners in the world are not at all amused by the kind of behaviour which our industries demonstrate every time they demand that a certain delivery contract be filled, or when our transportation system breaks down.

Mr. Munro (Hamilton East): Those figures are not accurate.

Mr. Oberle: The minister says the figures are not accurate. I wish he would set the record straight. Perhaps Italy again managed to hold the prize for yet another year; but our figures indicate differently, that Canada does have the worst record in the world for lost man-years resulting from strikes, lockouts and shutdowns. As I was saying, Mr. Speaker, there is gross exaggeration of the adversary system, and the letter I have just put on the record is a perfect example. There does not seem to be any forum in this country for business, labour and government to get together, as is the case in more advanced and more refined industrial countries with which we compete.

The problem is that there is no true industrial democracy in this country. The kind of industrial democracy that we have is the kind our Prime Minister (Mr. Trudeau) espoused when he said to a press conference in London the other day that he favoured a one-party democracy as a viable option for this country. May I remind my colleagues that a one-party democracy is what exists in East Germany, Poland, Czechoslovakia and other Iron Curtain countries.

It is about time freedom of association, one of the cardinal principles of democracy, is restored in this country. Freedom of association means that a member of the work force should have the inalienable right to access to a union. It should also mean the right not to join a union if the individual so wishes. The fact is that only about one-third of this country's work force has the option of joining a union; two-thirds have no access to any union.

In order to make fundamental changes in our industrial relations in this country, the minister must address himself to legislating the conduct of unions so as to provide access to their membership for all workers in Canada, which is not the case now. With this bill, the minister seems to want to fill the vacuum by legislating holidays and health and safety regulations within a plant. He expects this to solve the problem. The fact is that it will not.

We must seriously examine some of the industrial relations models which other countries in the western world have adopted, such as those which provide that all persons have access to a union, that no one shall be compelled to join a union. Under the European social charter, unions do not have the right openly to support just one political party, compelling their membership in the union concerned to support that one party. Management should also have the right, as they do in more advanced industrial countries, to join with unions in reacting to legislation and to demands made by the other two partners, government and labour, in the economic process.

I am pro labour, Mr. Speaker, pro union. I believe that union power in this country must be solidified, as it is in other parts of the world. In the West German model there are 16 unions, and every worker in the country has access to one of

them. In this country our unions are fragmented. They fight with each other. None is capable of evaluating the economic problems which this country faces, problems which at least to some extent are brought on by the lack of an intelligent industrial relations program. We should encourage unions to broaden their scope of union activity and to build into that activity certain social components, not just among its membership but along with management, in order that the tripartite and consultative approach necessary to bring about a more enlightened industrial society can be fostered and advanced.

● (1702)

Surprisingly enough, my colleagues in the industrial sphere have already brought in the meaningless things which are in this bill. Bereavement leave is one of those. I do not know an employee of any company with which I am associated, or with which my friends or partners are associated, who would not be allowed to take two or three days or a week off if a member of his immediate family were to die. I do not know anyone who is not given sick leave, an extra holiday or three weeks' vacation after six years' service. These are minimum standards which no industry in the private sector today would want to be without.

The problem is that there should not be conflicting jurisdiction between the federal and provincial governments. We have a federal labour code and provincial labour codes, and no one knows what the minimum standards are. The provinces have direct jurisdiction over health plans, workmen's compensation boards, and so forth, and it becomes rather confusing when the federal minister intervenes and sets one set of standards while the provinces have other standards. Clearly, in this field the federal government should decentralize and surrender its jurisdiction to the provinces.

I agree with the hon. member for Winnipeg North Centre (Mr. Knowles) who reminded the minister of his promise about Heritage Day. A promise is a promise. Even though this may not be a good time to legislate more holidays, it is time to improve productivity in our industries. However, a promise is a promise. This measure is long overdue, and in committee I intend to remind the minister of the promise he made to the rail unions at the time of the Hall commission settlement. I remind the minister that we have every right to expect this holiday to be included in the bill before us.

The unions do not like most of the measures in this bill. It sets inadequate standards. The minimum standards set are not acceptable to labour or business. The Canadian Manufacturers' Association indicated to me that it is not at all happy with this bill because it fails to address itself to the fundamental problems we are facing in our industrial relations process. Who likes this bill? I do not know, but it is certainly my intention to find out in the committee and to remind the minister of his responsibility to bring about some basic changes which must be brought in if our economic system is to survive.

[Mr. Oberle.]

[*Translation*]

Mr. Roch La Salle (Joliette): Mr. Speaker, I should like also to make a few remarks about this legislation whose objectives, I feel, have some merits. I suggest to the House that this legislation is of paramount importance for the future of our labour relations which long since should have been governed by more effective mechanisms. I think it will prove very important in the future, especially in the economic area, and that is why the provisions of this bill may contribute something useful, but one must not only think so, one must say so.

I have listened most attentively, of course, to the remarks which our official critic, the hon. member for Vancouver South (Mr. Fraser) has made. I have also been able to understand quickly the provisions, somewhat general in scope, of this bill. When this legislation deals with labour relations, I suggest again that it deals with much more. It deals with justly warranted leave in this day and age and, in the present context, with security of employment and, something which is also important, the health of workers. We will probably have to reach agreements with the provinces in that regard, in view of their responsibilities.

Mention has also been made of setting up of an information centre. That point is of particular interest to me because I feel, or at least hope, that such a centre would enable union workers to obtain all the economic data they need when the time comes to discuss with the employers. Provided with information that is comparable to that of the employer, I feel, on the one hand, a union could better understand the economic effects of its demands and, on the other hand, that the union also has the right to be made aware of the financial situation of a company. So, with regard to the setting up of an information centre, I dare hope it would be of tremendous help to both sides. It might even help draw both parties closer in the interest of the national economy.

If I understand the bill correctly, I gather an attempt is being made to bring to the same table, more than ever, the three parties concerned, namely the employer, the government and the union workers. God knows how often hon. members have made that observation in the House and urged the government to try, as much as possible, to bring all interested parties and sectors around the same table to discuss collective agreements, in a real dialogue to achieve more interesting results than they have in the past. There is no doubt, as my colleagues pointed out earlier, that we will support this bill on second reading. I should also like to point out that I come from a province, like so many of my colleagues, which has gone through difficult times because of the strikes we have had.

This legislation affects only 10 per cent of workers, but I quite understand that it can hardly cover the majority of workers since the act applies to employees under federal jurisdiction. However, I believe that if we could, indirectly, through this legislation, through these correctives, through these amendments give some sort of an example to the provinces, either indirectly or directly, we could make an important contribution to the collective agreements negotiated in each province. But is it possible at this level of government to invent

enough new mechanisms to avoid a greater number of these strikes which are so costly and which have unfavourable effects either on prices or on productivity or on the climate which prevails in certain industries or groups of workers? We are well aware that people do need the public services which are in fact essential services. There have been many problems, not only in Quebec, but throughout the country, in the area of labour relations, and this has caused strikes.

Like many others, I believe that the time is past when the government could give the right to strike with one hand and withdraw it with the other because of the difficulty or the impossibility of coming to an understanding concerning collective agreements or collective bargaining. This legislation therefore aims at improving or facilitating labour relations. I believe it is our duty to wish that the government may meet its objectives, and even urge it to do so.

I am among those who have been always fascinated by—and I do not know if this would be possible—the development of a permanent bargaining mechanism which could perhaps bring to this process the clearsightedness and foresight wished for by all members of the House. Could such a mechanism be invented to enable the people concerned to avoid those strikes which, once again, have been so costly and so unfavourable to our economy? Of course, as the minister said, this legislation aims at improving the labour relations system and, hopefully, the competitive position of Canada on an economic level.

Several observations have been made since last September with regard to the economy, especially to the effect that productivity, labour disputes and the like have had the tendency of making us less competitive for the sale of our products abroad. I would not put the whole burden of responsibility on the shoulders of the workers alone. Of course, I think that we have the responsibility of trying to arrange and modify the existing mechanism of negotiations between labour and management. If we at the federal level could engineer a device which could increasingly prevent these strikes, which I insist have had a very negative effect on the economic development of Canada, I think indeed that if we could work out a sufficiently efficient mechanism, we could perhaps draw the attention of the provinces to what is happening here and prompt them into imitating this newly created mechanism so that they would also be able to prevent so many strikes from breaking out.

I mentioned a province which has known difficult times because of strikes. I could refer to my own riding where we have also experienced serious difficulties because of strikes which caused enormous problems to certain people. Given the circumstances, I repeat, even if this legislation concerns only some 10 per cent of Canadian workers, I do hope that these amendments will all bring the desired results, and will anyway make union spokesmen, representatives from our industry and our provincial heads of government, but particularly union leaders, reflect and perhaps analyse these new mechanisms which could serve them and particularly their members.

I think that this legislation aims particularly at protecting the interests of our unionized workers because the interests or the success of our industries are also directly related to the interests of the workers. These were some of the comments I wanted to make and I hope the minister responsible for this legislation gets the results he expects. Inasmuch as this legislation serves the interests of the workers and the economic development of Canada, I think that as far as our side of this House is concerned we will not hesitate a minute in supporting any good legislation of this kind.

• (1712)

[*English*]

Mr. Arnold Peters (Timiskaming): Mr. Speaker, as my colleagues have indicated, we support most of this bill. The minister is to be congratulated for removing the pregnancy clause which allowed certain industries to dismiss members of their female force because of that condition. Also, some additional holidays have been provided. Why did the minister choose six years as being the time necessary to qualify for three weeks' holiday? He could have chosen three years or some other appropriate time span.

When the original one week and 1 per cent vacation pay program was developed, it was on the basis of 2 per cent for one year and 4 per cent after the second year. Many plans contained a provision, after six years, for a 6 per cent vacation pay program, and now the six years' requirement is being proposed in the bill before us. I think that proposal could have been more generous.

Some hon. members have been blaming the problem of strikes on labour. I suggest it is like dancing: it takes two to tango. It is not always the organized employees who cause a problem; quite often the employers are to blame. This has never been more evident than in the case of the postal employees. These employees have had no employer with whom to bargain or to present their grievances. They are unsure whether they are dealing with the Department of Public Works, Treasury Board, or the Postmaster General. As I understand it, they come under the Public Service Staff Relations Act, which is similar to the Canada Labour Relations Act.

It is very difficult to blame those employees, because they do not know who to negotiate with. That is a problem which must be looked at. I am sure those workers would like to come under the Canada Labour Relations Act. They are attempting to have the idea of a Crown corporation accepted by the country in order to come under that act. One of the reasons is their inadequate grievance procedure. Not only must a bona fide union negotiate, arrange working conditions and hours, but it must arrange an orderly method for handling grievances. Under the Public Service Staff Relations Act, grievances take months and months to be settled, and thus the act fails. This causes wildcat strikes and arrangements which are unsatisfactory to the public, to the employees and to the employers. Perhaps more than 10 per cent of the population should come under the Canada Labour Relations Act.

I was interested in the comments of the hon. member for Prince George-Peace River (Mr. Oberle). They reminded me

of a man who worked all his life in a plant, fought the unions by working hard against certification, negotiations and strikes, then reached the point where he was on his death bed and requested his lawyer to draft his last will and testament. He asked for six union members to be pallbearers at his funeral. His lawyer said, "Why do you want them? You have been opposed to unions all your life." The man indicated that the lawyer was correct, but that every time the unions negotiated a contract, he reaped the benefits; every time the man had a problem, he went to the union and took advantage of it. He concluded by saying, "I do not see any reason why I should change that when I am dead".

The addition of the new clause relating to the dismissal of non-organized workers concerns the unions. While perhaps this is necessary because only a quarter of the workers in Canada are organized, it seems to me that assistance under the act should be provided to help organized labour in organizing the unorganized. This bill provides only minimum standards which are acceptable perhaps to the minority. In saying this, I suggest we are merely going through the motions rather than accomplishing anything, because in a small plant in which the federal government is involved and where there are unorganized workers, it is doubtful if they will be able to find a representative to act on their behalf in case of any dismissal, to ensure that the provisions of the Canada Labour Relations Act are observed. It might be better if the advantages of being organized were made clear to the workers because, despite what people say, an organized worker is a much more orderly and productive worker: and if management is reasonable in relation to the employees, it will find unions to be of advantage.

● (1722)

The minister made a major change in the bill by requiring the establishment of a safety and health committee. A few moments ago an hon. member mentioned the occurrence of strikes in his area and said he was opposed to them, as I am sure all hon. members are. However, it is interesting to look at the last year for which we have figures in that respect. We find that in 1974, nine million days were lost through strikes and lockouts, and in that year 11.5 million days were lost through accidents.

It seems to me the minister has recognized that one of the major problems causing loss of production by employees is not strikes and lockouts, but sickness. Much of the sickness has not only been the result of lack of safety precautions, but because workers have not been involved in observing that safety precautions are applied in their places of work. We are plagued in this country by a large number of agencies involved in safety. We have special safety measures for ships, others for aircraft, others for miners and loggers. Many categories of safety measures are applied differently from one area to another.

It seems to me very important that we look at some of these safety factors. The hon. member for Parkdale (Mr. Haidasz) mentioned some of them. One area of danger in my area which requires safety precautions to be taken, and which scares the hell out of me, is asbestosis, which is the most dangerous disease that can occur because it appears to act like a time-bomb. You can be exposed one day, and 20 years later the effects might become evident. It may be limited exposure, but still the results will appear in 20 years time, which may mean total incapacity, sometimes followed shortly by death.

We have little understanding of asbestosis. I think some members from the province of Quebec should take a special interest in that disease, because I believe the standards which are observed in Ontario are being only partly enforced in some of the towns in Quebec where asbestos is being mined and where the asbestos dust content is even higher than in some Ontario mines.

The premier of Quebec has been very concerned about this problem, to the extent of thinking about nationalization of the industry, partly because of the damage that has been done over a long period of exposure to many people in that province. Although the same danger exists with other chemicals, this is particularly true of asbestos. When I was a miner working underground in hard rock mines, I was exposed to silicosis. Silicosis does not affect everyone in the same way. Some miners were affected, and others were less so, even though they all were exposured to it to the same degree.

I remember working with a young chap who was on a stope very close to me for quite some time. He was in the mine about 11 months, and developed 100 per cent silicosis. We were given an X-ray examination every year and his X-ray showed 100 per cent silicosis. He was very badly incapacitated and could not continue working. We insisted that many other union workers in the mine in which I worked have a regular silicosis examination, and with one or two exceptions no one was found to be suffering from silicosis to any degree.

These are odd diseases and they are not too well understood. In many cases, silicosis can be seen on the X-ray, and it does not get any worse unless you are further exposed or unless there is a complication. But with chemicals such as vinyl chloride, PPB, asbestos and many other chemicals which cause industrial diseases, a time factor is involved. There is a certain period of incubation during which there is no indication of the disease developing, and then it occurs, in many cases with a fatal result in a short period of time.

The minister has indicated that he wishes these committees to be set up in areas where there are unions which, jointly with management, would organize committees; but he has not said how often these committees would meet, what they are to do and how the decisions that they make will be implemented. It will be very difficult to set up a bona fide safety and health organization in plants where there are unorganized workers.

I suppose that those members of the House who are opposed to unions will continue to put forward the argument that union leadership dictates to management. Let me point out that unions also protect the worker, and if someone is nominated at a union meeting to the health and safety committee of the plant, there will be protection, in the course of his duties, against any decision that may be made by that committee. In the case of the unorganized worker, I can see no way in which

he can be protected. It is not spelled out how he will be nominated and whether all the employees or only 50 per cent will be required to nominate him. When the bill reaches the committee we will be asking the minister those questions.

I would have liked to see a number of other clauses in the bill. One of them should have dealt with the lack of training of unorganized workers elected to represent fellow workers on a safety committee. The minister should ensure that workers in plants where there is radon gas, radioactivity, or exposure to asbestos or coal dust, are trained properly so that they can operate efficiently. Even on a construction site, workers are sometimes exposed to asbestos dust in small fibre particles. I think the organized trade unionist will insist that his union gives him some training in order that he can function properly.

● (1732)

These matters can be discussed in committee, but I hope the minister is prepared to indicate the type of training that will be provided to enable these safety committees to operate properly. It is all right to say that nobody has to work in an area where there is imminent danger, but what is imminent danger? In a mine, the miner is about the only person who can really tell whether there is loose in that area which is dangerous, and if he has been working in the area for some time it is likely he will know whether the danger is imminent.

It would be difficult for the shift boss to come in and say, "I agree the danger is imminent and that you are in danger of loose falling on you." There will be some disagreement, so perhaps the committee should be charged with finding a more appropriate word than "imminent". Once it is established that there is a danger, the matter of degree will always be argued—whether it is imminent, or a large or small degree of danger. We will have to iron this one out. Because of the time lost through problems of industrial health and safety, I think we should make sure that these safety committees are established in such a way that they will offer the maximum amount of protection.

I am sure the minister will agree that changes to the bill are necessary because in many ways we are entering a totally new field. In my experience with the mining industry, the boss usually said it was his responsibility whether conditions were safe or not, and as a rule the only consideration was whether compensation would have to be paid for an accident of fatality. It was often cheaper to pay in the case of a fatality than in the case of an accident, so his understanding of what was imminently dangerous was influenced in a way that safety committees would not be.

I think the minister should indicate how often the committees should meet, and they should be required to report on a regular basis. They should also be allowed an opportunity to participate in research in relevant areas. If these suggestions are adopted, I am sure the minister will find there is co-operation from both management and employees as they come to understand the advantages of participating in an organized way.

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, I should like to make a brief intervention in this debate. I appreciate that the minister has brought this legislation forward to improve the conditions of the unorganized worker, and we on this side are anxious to see the bill receive second reading and go to committee. I have had an opportunity to look at some of the provisions in the statute, and did so with the eye of a lawyer. The minister is a distinguished lawyer in his own right, of course. I must say that when I encountered such provisions in my law practice, I used to hold them up to a mirror to see if they made any more sense when read backwards.

After the minister introduced the bill yesterday, my colleague, the hon. member for Vancouver South (Mr. Fraser), referred to the credibility of the minister in matters pertaining to labour. At that time I was reminded of the story about the late John F. Kennedy. In the course of his political career, he had occasion to visit a number of steel mills and in one was stopped by a worker who asked, "When did you ever work a day in your life? What do you know about labour matters? When did you ever hold a real job?" Mr. Kennedy stumbled a bit and replied that he was sympathetic to the plight and to the aspirations of the working people of the United States. The worker is reported to have replied, "With respect to ever having a job in your life, you have not missed a thing."

Mr. Speaker, I want to tell the minister that this party is interested in supporting legislation that will improve the lot of the unorganized worker in Canada. He will have our support in any attempts to improve the legislation. One of the difficulties with this kind of legislation, considering the breadth and width of our country, is that it contains provisions which are intended to have blanket application. As a westerner, I want to point out again to the minister the particular importance of the grain industry to western Canada and to pronounce a caveat with respect to it.

My colleagues, the hon. member for Dauphin (Mr. Ritchie), and the hon. member for Moose Jaw (Mr. Neil), have already brought to the attention of the minister the unique problems of the grain industry. Farming as a whole is a seasonal occupation where people are very active at certain times of the year and not so active at others. I think we must look carefully at the bill to ensure that in cases where seasonal considerations are necessary, such as the grain industry, there is a degree of flexibility available to elevator operators and people coming under federal jurisdiction. The farmers of western Canada should not be inconvenienced by the inaccessibility of elevators or other important and related industries.

In order to ensure co-operation between management and labour, we should make sure in committee that not only are applications for averaging orders made by employers, but that it is incumbent upon them to consult employees on the advisability of granting an order. The minister might entertain an amendment calling for something short of a formal vote but requiring that the employer consult the employees concerned. We often overlook the interest of the employees in legislation

of this kind, when these are the very people we are trying to help.

● (1742)

I do not want to be specific at this time, but the minister may see, from the provisions contained in the amendments to the Canada Labour Code, that at the present time, as far as averaging orders are concerned, there is no reference to employees, no reference to consultation with employees but, rather, the only provision in this respect relates to an application by the employer. If the minister took the grain industry by way of example, he would find the elevator agents would, in fact, be very receptive and agreeable to such an application being made for an averaging order relating to hours of work which they are entitled to perform during heavy seasons. It would be part of an attempt by the government to consult with labour in order to allow them to be involved in the process. Perhaps provision could be made in the legislation to manifest the desire of the minister—I know we on this side have such a desire—to bring employees into the consultative process as opposed simply to being the odd man out and a third party in the whole procedure.

The point I have with respect to the grain industry, whether it relates to elevator agents, managers of elevators or just people involved generally in the grain industry, is twofold. First of all, consideration should be given to this particular segment of employees to ensure that they are able to work during heavy seasons. The period of time should be sufficiently long so that plans can be made. Then everyone involved in the industry will know that hours of work will be adjusted to a particular period of time during a certain designated season. Then there will be no misunderstanding about applications having to be made a few weeks before harvest, for example. On a yearly basis, everyone will know in advance, as far as seeding time and harvest time are concerned, that there will be a period of time when the elevators will be open and available.

I suggest this should extend, as well, to implement dealers and manufacturers. One of the problems we have in western Canada is the difficulty during a heavy season—the harvest season, for example—in getting the parts needed for repair purposes to keep the machinery operating. It seems to me the extent of this application is a matter, again, for the committee. Such a provision respecting the grain industry could well be extended to manufacturers of farm implements. They then have flexibility as far as supplying spare parts was concerned. It could also include truckers and others in the transportation industry which is related to the farm industry. It would allow them to work extra hours and to be sure parts were available at the place of the farming operation. In the long run, we could have a more efficient farming industry, which is so important to our economy.

I realize some of these matters are under provincial jurisdiction. However, I say to the hon. member—who is a very astute member and dresses very nattily—that the particular references I have made are to matters under federal jurisdiction; that is, interprovincial transportation and interprovincial businesses. I know the hon. member is rarely wrong, but I must say to him, rarely is he right.

I would ask the minister to take these suggestions into consideration during the committee hearing which we will have, and to make sure that the farming industry, the grains industry in western Canada will not be put in the same position that has all too often occurred through this government's policies, and our suggestions being given scant consideration. I assure the minister that if he attends the committee meetings and this government is not receptive to the representations which I and my colleagues from western Canada will make, we will be heard and we will not stand for any scant attention being given to the interests of western Canada.

Some hon. Members: Hear, hear!

Mr. Hnatyshyn: I simply say there are many precedents—the minister will know this with respect to the concept of averaging—and many provincial legislatures have passed legislation because of the importance of particular industries within their jurisdictions. This is an important matter as far as western Canada is concerned. We are in support of the basic precepts set forth in this bill, but we want to make sure the application is fair to everyone across the country, especially western Canada. I know the minister will give consideration to the matters that have been raised. We look forward to his receiving our suggestions in the committee.

The Acting Speaker (Mr. Turner): It is my duty to inform all members that if the minister speaks now, he will close the debate.

Hon. John C. Munro (Minister of Labour): Mr. Speaker, I appreciate the fair comments that have been made by many speakers in the official opposition, the NDP and the Social Credit party. I shall not endeavour to answer many of the points raised, because some speakers said they will raise them again in committee. I shall give further thought to the points raised as to how we intend to achieve the objectives of certain clauses of the bill, what the process will be, how we can speed up the system, how people will be appointed and the number on committees, the interests of people in the grain industry and how they can be protected with respect to averaging. All these things, it seems to me, we can deal with constructively in committee.

The encouraging aspect of the remarks of most of the spokesmen for the opposition parties is that they agree with the fundamental precepts of the bill. That being so, they are more concerned with working out acceptable arrangements in arriving at some of the objectives of the legislation, and in that

respect we are prepared to be as flexible and as accommodating as possible. In that spirit of co-operation, Mr. Speaker, perhaps that is sufficient from me, other than to reiterate that we hope to have a constructive session in committee in order to deal with most of the points in a beneficial way.

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

Some hon. Members: Question.

Motion agreed to, bill read the second time and referred to the Standing Committee on Labour, Manpower and Immigration.

Message from the Senate

MESSAGE FROM THE SENATE

[*English*]

The Acting Speaker (Mr. Turner): I have the honour to inform the House that a message has been received from the Senate informing this House that the Senate have passed Bill C-15, an act for granting Her Majesty certain sums of money for the public service for the financial year ending the 31 March, 1978.

It being six o'clock, this House stands adjourned until tomorrow at two o'clock, pursuant to Standing Order 2(1).

At 5.51 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Thursday, December 15, 1977

The House met at 2 p.m.

● (1407)

ROUTINE PROCEEDINGS

[*English*]

HARBOURS

PROPOSED PURCHASE OF FIRE TUG FOR ST. JOHN'S—MOTION UNDER S.O. 43

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. In view of the tragic incident in St. John's Harbour in September when the Portuguese sidetrawler *Vasco D'Orey* caught fire in St. John's harbour causing loss of life and threatening a major disaster in the harbour at St. John's, since no fire tug is now provided for that port and in view of the agreement of the chairman of the St. John's port authority, the Liberal candidate in the St. John's West by-election, that the authority needs and is lobbying for a new multi-purpose tug which would include fire-fighting equipment, I move, seconded by the hon. member for St. John's East (Mr. McGrath):

That the government of Canada make funds available to the port authority of St. John's for the purchase of a new multi-purpose tug including fire-fighting equipment in order to be properly prepared to take action to save lives and to save the harbour of St. John's in the event of any other shipboard fires in that harbour.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

INDUSTRY

REQUEST FOR MEASURES TO PROTECT ACRYLIC YARN AND SWEATER MANUFACTURERS—MOTION UNDER S.O. 43

Mr. Max Saltsman (Waterloo-Cambridge): Mr. Speaker, I rise under the provisions of Standing Order 43 to urge the House to take action on a matter of pressing urgency. Yarntex Holdings Limited, which operates plants in both Quebec and Ontario has reduced its work force by some 500 people in the past two years. Moreover, spokesmen for the Canadian sweater industry, which employs about 8,000 people, suggest that if the trend to closings in the acrylic yarn sector continues, the sweater industry would also find its future in jeopardy, and possible lay-offs there could become imminent.

The Minister of Industry, Trade and Commerce (Mr. Horner) has had in his possession since early November the report of the Textile and Clothing Board on acrylic yarns, and so far no action has been taken on this serious matter. I therefore move, seconded by the hon. member for Winnipeg North (Mr. Orlikow):

That this House call upon the government to take immediate steps to protect both the acrylic yarn industry, and also the sweater industry, and to make those steps known to this House without further delay.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

AGRICULTURE

REQUEST GOVERNMENT INTRODUCE MEASURE TO ENCOURAGE YOUNG FARMERS—MOTION UNDER S.O. 43

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

Considering that several dairy producers are now facing quota problems, which has prompted them to demand additional quotas; considering that the prices they must pay are often out of proportion with a fair production income, thus discouraging them further; and considering also that many young farmers could not only obtain an additional quota, but saw the one which they already had restricted by a harmful government policy, I move, seconded by the hon. member for Champlain (Mr. Matte):

That the federal government take immediately the necesary steps to introduce legislation aimed at helping rather than discouraging, as is the case at present, our young farmers who are eager to relieve their seniors.

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

Some hon. Members: Agreed.

Some hon. Members: No.

[*English*]

TRANSPORT

SUGGESTED REFERENCE TO COMMITTEE OF SUBJECT OF TANKER MOVEMENTS ON WEST COAST—MOTION UNDER S.O. 43

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity relating to the winding down of the hearings of the west coast oil ports inquiry today and tomorrow. I have the honour to propose the following motion. In light of the conflicting reports emanating from British Columbia following the decision to recess the west coast oil ports inquiry and in light of the uncertainties generated by the fact that the proposal by Kitimat Pipe Line Limited has not yet been withdrawn from the National Energy Board, I move, seconded by the hon. member for Surrey-White Rock (Mr. Friesen):

That the issues and concerns related to oil tanker movements on the west coast as might be affected by the Kitimat Pipe Line Limited, TransMountain Pipe-Line Limited, and other proposals be referred to the Standing Committee on Fisheries and Forestry and that upon receipt of the interim report of the west coast oil ports inquiry by the government, the report be referred to the same committee for due consideration and that the same committee shall report to the House within three months of the receipt of the interim report.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

● (1412)

INDIAN AFFAIRS

SUGGESTED DELAY OF WICKANNINISH PROJECT PENDING DISCUSSION BETWEEN FEDERAL-PROVINCIAL OFFICIALS—MOTION UNDER S.O. 43

Mr. G. H. Whittaker (Okanagan Boundary): Mr. Speaker, I wish to move a motion under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. On November 21 the honourable Grace McCarthy, B.C. deputy premier and travel industry minister, sent a telegram to the Minister of Justice (Mr. Basford). The substance of the telegram was a request for a meeting between herself, the justice minister, the Senate government leader, the hon. member for Vancouver-Kingsway (Mrs. Holt) and the Parliamentary Secretary to the Minister of Indian Affairs and Northern Development (Mr. Milne). The meeting's topic would be keeping Wickanninish Inn as a place of accommodation. The justice minister, the senior B.C. cabinet has not yet responded—

Mr. Speaker: Order, please. If the hon. member has a motion to put, perhaps he will propose it forthwith.

[Mr. Speaker.]

Mr. Whittaker: Mr. Speaker, I move, seconded by the hon. member for Fraser Valley West (Mr. Wenman):

That this House call upon the Indian affairs and northern development minister to direct the architect to delay his work on the Wickanninish project pending the outcome of the meeting with B.C.'s deputy premier, which I am sure the justice minister would be happy to convene as soon as possible.

Mr. Speaker: Is there unanimous consent for the presentation of such a motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

REGIONAL ECONOMIC EXPANSION

INCLUSION OF DEPARTMENT IN FUTURE STUDIES OF FUNDY TIDAL POWER PROJECT—MOTION UNDER S.O. 43

Mr. J. Robert Howie (York-Sunbury): Mr. Speaker, I rise under the provisions of Standing Order 43. Whereas the Fundy tidal power development study is substantially complete and a pilot project is now under active consideration, whereas the Fundy development can generate tremendous economic activity in Atlantic Canada, whereas DREE, which is seriously impaired by underfunding, has thus far been excluded from these studies, and whereas neither the budget nor supplemental estimates contain any new and badly needed development impact for the Atlantic region, I move, seconded by the hon. member for Carleton-Charlotte (Mr. McCain):

That the Minister of Regional Economic Expansion (Mr. Lessard) be included in all future Fundy studies and his department be directed to attend the upcoming meeting of energy ministers considering the long delayed maritime power corporation.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

HOUSE OF COMMONS

PRESENCE IN GALLERY OF CANADA'S OLDEST CITIZEN

Mr. Speaker: Order, please. Before beginning the Oral Question Period I know all hon. members would want to join with me at this time in signalling not only a very significant event in Canadian history but as well the presence in our gallery of a very distinguished Canadian. David Albert Trumble was born December 15, 1867 at Haliburton. He is Canada's oldest citizen, being born in the year of confederation. He is residing in Northbrook, Ontario in the federal

riding of Frontenac-Lennox and Addington and is here visiting his member of parliament and celebrating his birthday.

Some hon. Members: Hear, hear!

ORAL QUESTION PERIOD

[*English*]

THE CANADIAN ECONOMY

REQUEST FOR DETAILS OF PROPOSED LABOUR-INTENSIVE PROGRAM—POSSIBILITY OF OTHER MEASURES TO DEAL WITH UNEMPLOYMENT

Mr. James A. McGrath (St. John's East): Mr. Speaker, my question is for the President of Treasury Board. Is the minister prepared to take the House into his confidence with respect to details of the government's federal labour intensive program, which I understand from the minister's office he is releasing to the press later this day, and to tell the House at least what he proposes to tell the press? Perhaps at the same time he might also tell the House whether this is the same program which was announced in this House by the Prime Minister on October 19.

Hon. Robert K. Andras (President of Treasury Board): Mr. Speaker, I have taken the members of the House into my confidence to some degree by appearing before the miscellaneous estimates committee, at which time there were certain questions asked about it. Indeed, the Minister of Finance announced the program in principle, and in fact described the amount of money to be allocated to the program, in his speech on October 21. I do recognize that there have been other allusions to it. There will be an allocation of $150 million over the period from now to September 28. The program will be directed on a provincial distribution basis to those areas weighted for high and chronic unemployment. The provincial breakdown will be made available to members in letters going to them this afternoon. Fifteen departments of government will be involved in the program and the hiring which should create about 157,000 man-months of work. I use the term man-months as some jobs should last two or three months and others eight or nine months, so the average will be from five to five and one-half months' duration. If the hon. member wishes to put any other questions I shall be glad to answer.

● (1417)

Mr. McGrath: A supplementary question, Mr. Speaker. Given the fact that since the program was announced in the House by the Prime Minister on October 19, the number of unemployed has increased by 53,000 and we understand that only 20,000 jobs will be created or one job for every 50 unemployed Canadians, can we expect any other initiatives from the government before the first minister's conference takes place to deal with what is perceived as an emergency situation now that winter is approaching with critically high unemployment?

Mr. Andras: Mr. Speaker, we on this side of the House share the hon. member's concern as expressed on many occasions about the high level of unemployment, particularly in certain regions of the country. The program I have described and which was announced by the Minister of Finance on October 20, augments the $458 million that this Parliament has approved for expenditure this year on direct job creation and many other programs that the Minister of Employment and Immigration has enunciated and articulated in this House. There are other measures which the Prime Minister and other ministers have described as being in the mill, some to culminate in the series of meetings going on with our counterparts in the provinces and other groups in the country, the details of which will probably come out about February.

Mr. McGrath: Mr. Speaker, may I put a further supplementary question given this flip-flop approach to unemployment which is the only thing the government has to offer Canada at the present time, and in light of the fact that allocations under phase 2 of the Canada Works Program were largely influenced by political patronage in that Liberal constituencies received approximately $300,000 more than Conservative constituencies, given the fact, also, that the hon. member for Renfrew North announced a $2.5 million program of FLIP for his constituency last Monday, can the minister assure the House that this program will be allocated fairly and impartially and not on the basis of any partisan consideration?

Some hon. Members: Hear, hear.

Some hon. Members: Shame!

Mr. Andras: Yes, Mr. Speaker. I can give the hon. member that assurance. In dealing with his preamble I find it strange that he was given the lead responsibility in this matter for his party since as I recall his constituency enjoys one of the highest allocations under the LIP program.

[*Translation*]

REQUEST FOR PROJECTS ALLOCATED TO QUEBEC

Mr. Roch La Salle (Joliette): Mr. Speaker, my question is also directed to the President of the Treasury Board. Following my colleague's question, I would like to ask the minister, given the fact that $53 million seemed to be intended for the province of Quebec, if he would provide the House with some information, that is to which specific projects will those funds be allocated in the province of Quebec?

[*English*]

Hon. Robert K. Andras (President of the Treasury Board): Mr. Speaker, the hon. member is correct about the amount allocated to the Province of Quebec. I might tell hon. members that the basis for the provincial distribution was the unemployment rate in each province multiplied by the labour force in the province which labour force was adjusted to equalize the

participation rate across the country. Then there was a flat 3 per cent of the number of unemployed deducted. This has the effect of tilting it toward the high and chronic unemployment areas. As to the details of the $53 million in the Province of Quebec or, for that matter, any other province, I would refer hon. members to the information which will be forthcoming today and tomorrow and to the particular departments which will be administering the projects, of which there are 15.

● (1422)

[*Translation*]

Mr. La Salle: Mr. Speaker, could the minister assure the House that these projects which will be implemented in the province of Quebec have been previously discussed with certain ministers of the government of Quebec? Could he also give us the assurance that these projects comply with priorities already established by the province of Quebec?

[*English*]

Mr. Andras: Mr. Speaker, this is a federal initiative. The direct hiring will be under federal authority and the dispensation of wages will be made from federal funds although there will be the usual exchange of information with the provinces.

[*Translation*]

Mr. La Salle: Mr. Speaker, since the minister has scheduled a press conference to that effect, would he not consider that it would be useful and fair to us in the opposition it he were to make a statement at three o'clock this afternoon so that we could ask him relevant questions? We are quite pleased with these investments but still we would like to ask a few questions and I think it would be fair also to all members of the House.

[*English*]

Mr. Andras: Mr. Speaker, I weighed that consideration but I felt that this program having been announced on October 20, as the hon. member preceding the hon. member who has just spoken took great pains to establish, this is not the first announcement of it. Because of the questions I have been asked and the obvious interest shown, I have responded to questions here but some of the details are available and they will be in hon. members offices today. I have answered fully the questions asked here today, and I shall be pleased to answer further questions during the question period. There is no intention to withhold information. We want all interested members to know about the projects and, indeed, to advise us with regard to the projects in their areas when they are made known.

* * *

VETERANS AFFAIRS

INCREASE IN BASIC DISABILITY PENSION—SUGGESTED RESUBMISSION TO CABINET

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, my question is directed to the Minister of Veterans Affairs. It relates to the deep concern of veterans and veterans organizations, as well as a great many Canadians, over the announcement the minister made some weeks ago to the effect that the basic rate of the war disability pension would not now be restored to the composite rate standard which was set in 1973. My question to the minister is this: has he at any time since he made that announcement taken this matter again before cabinet? If he has, what was the result? If not, will he make such a submission at an early date?

Hon. Daniel J. MacDonald (Minister of Veterans Affairs): At the time I made the announcement I did say that I knew the veterans and the veterans organizations would be disappointed. But I also said, and I repeat it now, that the government will be again considering this matter when fiscal restraints can be eased.

Mr. Knowles (Winnipeg North Centre): I hope that the lack of restraint we see in so many quarters will encourage the minister to feel that the time has come to take this issue back to cabinet. When he does, may I ask him if he will also point out to cabinet the small amount of money which would be needed to pay prisoner-of-war compensation to the fewer than 200 World War I veterans who were prisoners of war and who are still with us? Will he also keep alive the question of amending the rules respecting widows' pensions so that those whose husbands were receiving pensions of below 48 per cent will get a pension as of right?

Some hon. Members: Hear, hear!

Mr. MacDonald (Cardigan): Mr. Speaker, the items enumerated by the hon. member are always under study in my department and could be moved forward at any time.

* * *

FINANCE

DATE OF INTRODUCTION OF EMPLOYMENT CREDITS MEASURE—NUMBER OF JOBS CREATED

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, my question is for the Minister of Finance. As he will recall, in his statement of October 20 he said:

I am announcing tonight employment credits for job creation.

Yesterday, in answer to a question put by the leader of my party, the minister stated "We are busy drafting it"—meaning the employement credit bill. Would the minister tell us what progress he has made in drafting the bill and whether we may receive it today?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, the bill is not ready. As I indicated before, I was stuck in the House for almost six weeks on Bill C-11.

Some hon. Members: Oh, oh!

Mr. Chrétien: I am working on the bill and I hope everything will be ready very soon. I hope it will be in place in the early months of next year.

Mr. Stevens: My supplementary question to the minister arises out of a report yesterday in UPI which stated:

● (1427)

Finance Minister Jean Chrétien says he has $100 million he can't give away.

That is referring to the employment tax credit bill. Can the minister indicate to the House when the bill is forthcoming, how many jobs will be affected by the provisions in that bill, assuming it will receive prompt passage in this House?

Mr. Chrétien: Mr. Speaker, I hope this program will create at least 50,000 new jobs next year.

Mr. Stevens: Mr. Speaker, assuming the minister can introduce the bill forthwith and assuming there is early passage of that legislation, would he indicate when job creation will be felt, if the bill is passed before we recess? What is the earliest opportunity for people to receive work as a result of his new bill?

Mr. Speaker: Order, please. I realize the minister is anxious to answer that type of question, but I caution the House that we are beginning to get far afield. We are anticipating legislation, and in addition, we are beginning to put hypothetical questions. However, I will let it go.

Mr. Chrétien: Mr. Speaker, the bill cannot be ready before next week. When we started Bill C-11, the hon. member said that second reading was to be three or four days, and it lasted three weeks. Thus, I cannot rely on him very much.

Mr. Stevens: That is not true.

Some hon. Members: That is not true.

* * *

RESEARCH

INQUIRY AS TO PROGRAMS TO STIMULATE DEVELOPMENT OF MANUFACTURING SECTOR

Mr. J. Robert Howie (York-Sunbury): Mr. Speaker, my question is directed to the Minister of Public Works and Minister of State for Science and Technology. Given Canada's trade deficit for last year in excess of $10 billion in manufactured goods, heading for $11.5 billion this year; and in view of our reliance on technological advantage to enable Canadian products to compete in world markets, is the minister going to introduce any new programs or incentives to stimulate research and development in the manufacturing sector of the economy to promote greater efficiency, expand our export trade and put more Canadians to work?

Hon. Judd Buchanan (Minister of Public Works and Minister of State for Science and Technology): Mr. Speaker, there are measures contained in the bill which my colleague, the Minister of Finance, is dealing with in the House now. These measures provide investment tax credits of five per cent and 10 per cent for research and development. In addition, we have our contracting out policy which we are extending to deal with this matter. I share the hon. member's concern. The level in the Canadian industrial sector is dismally low and should be significantly increased.

DELAY OF APPOINTMENTS TO MEDICAL, SCIENCE AND ENGINEERING COUNCILS

Mr. J. Robert Howie (York-Sunbury): Mr. Speaker, is the decision to delay for over half a year the appointment of the president of the Medical Research Council and the president and members of the Natural Science and Engineering Council considered an encouraging move? When are they to be appointed?

Hon. Judd Buchanan (Minister of Public Works and Minister of State for Science and Technology): Mr. Speaker, as far as the Natural Science and Engineering Council is concerned, we hope it will be in the very near future. As far as the Medical Research Council is concerned, I would prefer the Minister of National Health and Welfare to respond.

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, I am in the process of reviewing some candidacies for the presidency of the Medical Research Council. I realize the urgency of such an appointment. No delay has ever been decided upon, as suggested.

* * *

[*Translation*]

ROYAL CANADIAN MOUNTED POLICE

REQUEST FOR LIST OF EXPENSES OF McDONALD COMMISSION AND OPPOSITION TO KEABLE COMMISSION

Mr. René Matte (Champlain): Mr. Speaker, my question is for the Solicitor General. Could he disclose to the House the amounts of money which have been spent up till now for legal fees and other judicial costs in relation to the Royal Canadian Mounted Police, in his department's unsuccessful attempt to oppose the Keable Commission and the honest disclosure of all circumstances surrounding the action of the RCMP special group responsible for uncovering any so-called subversive activities?

Hon. Francis Fox (Solicitor General): First of all I want to tell the hon. member that all documents in our possession and related to allegations of questionable or possibly illegal practices have already been referred to the commission established by the federal government precisely to investigate RCMP activities, practices and procedures. It is therefore extremely difficult to accept the premise of the hon. member's question that we are trying to hide something when every document in our possession and every allegation directed to us have already been referred to a commission of inquiry headed by a judge from the Supreme Court of the Province of Alberta. As for the amounts for legal services, I obviously do not have the figures here. Those are matters which are being considered before the courts, and the services of the lawyers involved are paid for by

the Department of Justice according to a tariff set up by the Department of Justice when their services are needed.

Mr. Matte: Mr. Speaker, I have a supplementary question. Are we to understand from the reply the minister has just made that he will not go before the Supreme Court to appeal the decision rendered by Justice Hugessen in connection with the case which is now pending before the Keable Commission, and to what extent is the current administration not willing to go to demonstrate the relevancy of federalism, as well as its sole preoccupation with truth and justice by working in closer co-operation with the Keable Commission?

Mr. Fox: Mr. Speaker, I suggest that by setting up an inquiry at the federal level, we have clearly demonstrated to the Canadian people our intention to go to the bottom of the sometimes far-out allegations which have been made, like those the hon. member himself made on TV, when he accused the RCMP of having murdered a former—

An hon. Member: A friend of his!

Mr. Fox: —resident of the province of Quebec, a certain Mr. Viger, when all available evidence bears witness to the fact that Mr. Viger fell off a tractor on his farm and died from heat exposure. If the hon. member wants to talk of justice, Mr. Speaker, he should be honest enough to substantiate his rumours before the inquiries which have been set up or refer them to the attorney general of the province of Quebec and indicate who his informants are. Should he fail to do so, we would have to come to the conclusion that his rumours are the result of a highly irresponsible mind.

Mr. Matte: Mr. Speaker, I would not raise a question of privilege since the moment is not appropriate, but I—

Mr. Speaker: I will hear the hon. member at three o'clock on a question of privilege.

• (1432)

[*English*]

McDONALD COMMISSION—REASON FOR OPPOSITION TO APPLICATION OF LEADER OF OPPOSITION TO BE REPRESENTED

Mr. Bill Jarvis (Perth-Wilmot): Mr. Speaker, I have a supplementary question to the same minister. With regard to the application that was recently made by counsel on behalf of the Leader of the Opposition to the McDonald Commission, which was opposed by three counsellors, namely, counsel for the commission itself, counsel for the commissioner of the RCMP and counsel for the Solicitor General, did the counsel oppose that application on the instructions, be they direct or indirect, of the Solicitor General? In other words, did all three oppose these instructions, and if not, who opposed the application of the Leader of the Opposition and for what reasons?

Hon. Francis Fox (Solicitor General): When the Leader of the Opposition decided to ask permission to have counsel sit in on commission hearings, the matter was brought to my attention by my counsel. My position is that the Government of Canada has full confidence in the commission of inquiry which was set up by the government of Canada to look into the matter concerning allegations against the RCMP. We have full faith that that commission will be able to get to the bottom of the matter. We believe that if it comes to the question of who should appear before that commission, it becomes quite clear at that point that all political parties would have as good a case as the Leader of the Opposition to be represented before that commission as well as innumerable groups throughout the country. It is our position that the commission has received a mandate from the government to go right to the heart of the matter. We have full faith in that commission, which apparently is not the case of the Leader of the Opposition.

McDONALD COMMISSION—SUBMISSION TO COUNSEL OF QUESTIONS NOT ANSWERED BY SOLICITOR GENERAL

Mr. Bill Jarvis (Perth-Wilmot): I regret the Solicitor General refuses to answer whose counsel was instructed by him or by the government. He described the McDonald Commission as a place where sunshine is let in. It could be more accurately described right now as foggy hall. Numerous questions were put to the Solicitor General in the House and in the committee which he refused to answer on the basis that those questions would be more properly put before the McDonald Inquiry, and I do not think he will deny that. Has his counsel received the transcript of questions put both in the House and in the Standing Committee on Justice and Legal Affairs, and will the Solicitor General make an undertaking to the House that those questions will be put at the appropriate time by his counsel at the McDonald Commission?

Hon. Francis Fox (Solicitor General): It is quite apparent the hon. member does not understand the workings of the McDonald Commission. Perhaps if he left the House and sat in on some of the meetings of the commission he would understand that questions are being put to witnesses by the commission counsel. Perhaps he would also understand that the decision as to whether a political party should be represented before the commission was made by the commission itself.

So far as the specific questions which were put to me at the hearings of the Standing Committee on Justice and Legal Affairs are concerned, I would be delighted to forward a copy of the committee's proceedings to the counsel for the commission of inquiry.

* * *

AGRICULTURE

REQUEST FOR MAINTENANCE OF QUOTAS ON OCEANIC BEEF

Mr. Maurice Foster (Algoma): Mr. Speaker, my question is for the Minister of Agriculture. In view of the fact that quotas on low grade Australian and New Zealand beef will run out at the end of this year and the continuing low returns to the Canadian livestock industry, can the minister assure the House

and the industry that the present levels of quotas on Oceanic beef will be maintained in 1978?

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, negotiations have been going on regarding quotas on Oceanic beef with our other trading partners, the United States and Argentina, and an announcement will be made shortly concerning these quotas which should not be much different from what they were before. But I would remind the hon. member that when he speaks about depressed beef prices, he is not 100 per cent correct. They are on the increase and have been for some months. It appears that we are out of the bleak picture in which we found ourselves for a couple of years with regard to beef prices. My colleague, the Minister of Industry, Trade and Commerce, and I are working very closely on this with the other countries concerned.

BEEF—POSSIBILITY OF REQUEST FROM AUSTRALIA AND NEW ZEALAND FOR INCREASED ALLOTMENT

Mr. Bert Hargrave (Medicine Hat): Mr. Speaker, I have a supplementary question for the Minister of Agriculture. We have noticed recently that Canada's allotment to the U.S. was increased by some five million pounds. The announcement was made perhaps a week or ten days ago. Has the minister received a request from Australia and New Zealand that their allotment for some 120 million pounds for this year be extended upwards in view of the U.S. allocation to Canada?

Hon. E. F. Whelan (Minister of Agriculture): I think it would be only natural for them, if they have a surplus of beef, to want to sell more, but just because they made a request does not mean we will grant it because we have established a fairly good quota. If there is any modification in it, the change will be very small. I should remind the hon. member also, as I am sure he is aware, that the U.S. have not filled one third of their beef quota to Canada.

Mr. Hargrave: I want to assure the minister that I am well aware of that situation, but I want to ask him a supplementary question. Is it the intention of the government to increase those allocations for the balance of this year? I am not asking him whether or not he has received a request but whether it is his intention to increase the allocations to Australia and New Zealand above the 120 million pounds?

Mr. Whelan: No decision has been made at this time and it is our intention to protect the beef producers of Canada.

* * *

AIR TRANSPORT

REQUEST FOR PUBLIC INQUIRY INTO ENFORCEMENT OF SAFETY REGULATIONS—ENFORCEMENT PROBLEMS OUTSIDE ONTARIO

Mr. Cyril Symes (Sault Ste. Marie): Mr. Speaker, my question is for the Minister of Transport. In view of the fact that investigators have found that air safety regulations in northwestern Ontario have frequently been disobeyed, thereby jeopardizing the travelling public, and that attempts to discipline the offending aviation firms have been overruled by somebody in Ottawa, thereby raising the spectre of political influence, I should like to ask the minister when he will institute an independent public inquiry into this problem which the minister knows is the only effective way to clear the way and regain public confidence.

Hon. Otto E. Lang (Minister of Transport): In fact, of course, the investigation which revealed the necessary facts upon which to act has already given us the information required. It is my intention to act upon that information. I have already done so in some respects and I expect to make a complete statement of the progress being made in the very near future.

Mr. Symes: The minister very carefully avoided the question of political influence and we need to get to the bottom of it. I would like to ask the minister a supplementary question. Can the minister assure the House that the lack of enforcement of air safety regulations has been confined only to northwestern Ontario and is not a national problem? I ask this with particular reference to representations made to the minister by the Canadian Airline Dispatchers Association.

● (1442)

Mr. Lang: Mr. Speaker, the issue raised by the airline dispatchers is really quite a separate one, but I should say that the question of enforcement of regulations is one which extends beyond the Ontario region, and after our review of the requirement for more inspectors we proposed the addition of 12 inspectors, who will be located in various regions of the country, although an extensive number of them will be for the Ontario and western region which covers northern Ontario. I think this will go a long way toward improving enforcement of regulations, and we are making other changes to ensure that too.

* * *

HEALTH

SUGGESTED DELAY OF BAN ON SACCHARIN TO PERMIT COMPANIES TO REDUCE INVENTORY

Mr. Stan Darling (Parry Sound-Muskoka): Mr. Speaker, I would like to direct a question to the Minister of National Health and Welfare. In view of the fact that the United States has set an 18-month moratorium on the saccharin ban, and in view of the fact that the saccharin ban imposed last March by the Canadian government has caused severe hardship to companies involved in the production of the sweetner, is the minister prepared to extend the regulations so that these companies might sell off their remaining stock in order to offset some of the very heavy costs they have incurred so far?

Hon. Monique Bégin (Minister of National Health and Welfare): No, Mr. Speaker. We have refused this request more than once. Our studies have confirmed the validity of

scientific tests with regard to saccharin. Furthermore, we are not banning saccharin as is the case in the United States; we are simply putting it where it belongs, in drug stores.

* * *

INDUSTRY

PROPOSED GRANTS TO PERMIT DEVELOPMENT OF NEW DIET PRODUCTS

Mr. Stan Darling (Parry Sound-Muskoka): Mr. Speaker, I have a supplementary question for the Minister of Industry, Trade and Commerce. In view of the fact that industries everywhere in Canada are facing at best difficult times, particularly in rural ridings such as mine, is the government prepared to offer incentives and grants so that these particular companies can research and develop new diet products and so that this industry may thrive and continue to provide jobs?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Yes, Mr. Speaker, the Department of Industry, Trade and Commerce does offer grants for new initiatives and new products. Companies can apply to either the Ontario or federal enterprise development board.

REQUEST FOR INTRODUCTION OF SUGAR POLICY

Mr. Ken Hurlburt (Lethbridge): Mr. Speaker, I wish to direct my question to the Minister of Industry, Trade and Commerce. In light of the fact that representation has been made by myself on behalf of Alberta sugar beet growers to the Minister of Industry, Trade and Commerce, the Minister of Agriculture and the stabilization board regarding the closing of the sugar factory at Picture Butte, Alberta and in view of the fact that we produce only 10 per cent of the sugar we consume in Canada, would the minister assure the House today, prior to my meeting tomorrow in Vancouver with Canadian sugar producers, that he will bring in immediately a sugar policy to save this valuable industry?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, we have a sugar policy. Sugar beet growing in southern Alberta is assisted by the federal government, and it is my information that there will be no reduction in acreage because of the closing of that one plant.

Mr. Hurlburt: Mr. Speaker, I have a short supplementary question. In light of the fact that sugar beet growers in southern Alberta are not going to be pleased with the answer I just received and that this government refuses to act when it comes to a meat import law, which forces many cattlemen into bankruptcy, is this the plan the government has for the sugar producer?

Mr. Horner: Mr. Speaker, with regard to a meat import law I can assure the hon. member that that matter is in good hands, and there will be one for the year 1978.

Some hon. Members: Oh, oh!

[Mlle Bégin.]

Mr. Horner: The hon. member has nothing to worry about in that regard.

* * *

AIRPORTS

VICTORIA—INSTALLATION OF RADAR

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, my question is directed to the Minister of Transport. It is related to the recently published expansion plans for Victoria International Airport, presumably on the ground that more traffic is expected. During the past 15 months there have been at least 14 air traffic incidents at that airport including four accidents in which eight people lost their lives, four of those fatalities having happened within the last 30 days. Those accidents and incidents could certainly have been avoided had radar been installed. Do the plans which are being made include installing radar at Victoria International Airport, or are there plans apart from those which are now being made involving the installation of radar there?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, our ordinary practice is to develop long-range plans for airports and to provide facilities step by step. That is the case with Victoria International Airport, as it is with any other. However, I think the hon. member was being somewhat misleading in suggesting that these specific incidents were related to the absence of radar.

Mr. Munro (Esquimalt-Saanich): Mr. Speaker, I was not being misleading. I want to make it quite clear that when the fatal accidents did occur the aircraft involved were beyond the sight of the Vancouver control tower and within sight of the Victoria tower. Therefore, I wonder if the minister will now give me the report he promised almost a year ago about plans for installing radar at Victoria International Airport.

Mr. Lang: Mr. Speaker, I have given the hon. member everything I promised to give him. He does a disservice by suggesting that he knows the cause of aircraft incidents and the way in which they could be avoided without knowing the findings of thorough investigations of those incidents. The hon. member raises this matter in this House without giving me notice of the fact he is going to speak about specific instances so that I can add some light.

* * *

COMMUNICATIONS

POSSIBILITY OF FEDERAL-PROVINCIAL CONFERENCE—MINISTER'S POSITION ON SEPARATE AGREEMENT WITH EACH PROVINCE

Mr. J. P. Nowlan (Annapolis Valley): Mr. Speaker, my question is to the Minister of Communications. The minister of communications of the province of Quebec appears to be interested in discussing administrative arrangements on the

question of cable jurisdiction and other communications matters, and I wonder if the minister is considering a full-fledged federal-provincial conference in the new year. There has not been one for several years, and there are many questions outstanding.

[*Translation*]

Hon. Jeanne Sauvé (Minister of Communications): Mr. Speaker, I think the hon. member is not well informed about the frequency of meetings of communications ministers. A meeting was held March 29 and another one is scheduled for next March.

Regarding the negotiations proposed by Quebec communications minister O'Neill, I acknowledged his proposal and I am prepared to enter into negotiations with him on a bilateral basis, as it has already been done with other provinces such as Saskatchewan, Manitoba and Ontario.

[*English*]

Mr. Nowlan: Mr. Speaker, I am talking about ministerial meetings, not meetings among officials. Do I understand from the minister's answer that the minister is going to continue her Don Quixote policy of bilateral negotiations with each individual province and of not putting the whole matter of communications on one table to try to resolve the issues? Does the minister want to have separate agreements with the ten provinces?

[*Translation*]

Mrs. Sauvé: The memory of the hon. member is certainly failing him, because the meetings I am referring to took place at the ministerial level. As for these bilateral negotiations, I think the hon. member should understand that these are extremely complex issues, they arise in a context which varies from one province to another and must be dealt with on a bilateral basis. It would of course be desirable to reach similar agreements with all provinces. It is my objective but I am not sure I will reach it.

* * *

[*English*]

INDIAN AFFAIRS

BELLA BELLA, BRITISH COLUMBIA—REQUEST FOR ASSISTANCE IN REPAIRING DAMAGE

Mr. Jack Pearsall (Coast Chilcotin): Mr. Speaker, my question is directed to the Minister of Indian Affairs and Northern Development. Is the Minister aware of the economic disaster and tragedy which struck the remote village of Bella Bella on the coast of British Columbia? For the minister's information, in case he has not heard, power was lost for a week, freezing temperatures burst pipelines and a flood took place. In addition Bella Bella has just lost its hotel. Can the minister assure me that efforts will be made by his department to assist the residents of Bella Bella as they seek to rebuild and replace the buildings and facilities they have lost?

Some hon. Members: Oh, oh!

● (1452)

Hon. James Hugh Faulkner (Minister of Indian Affairs and Northern Development): What is obvious, Mr. Speaker, is that there is much more concern on this side of the House than there is on the other side respecting the disaster at Bella Bella. If they are not taking it seriously, we are.

Mr. Speaker: Order. I wonder if I might be able to hear the minister's answer.

Mr. Faulkner: We are involved, Mr. Speaker. We have two engineers working with Chief Reid. I understand things are under control. I will be in touch with Chief Reid later on in the day, and we will be communicating with the hon. member.

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ENERGY

LOWER CHURCHILL FALLS POWER PROJECT—FEDERAL PARTICIPATION IN DEVELOPMENT

Mr. Jack Marshall (Humber-St. George's-St. Barbe): Mr. Speaker, my question is to the Minister of Energy, Mines and Resources. His colleague, the Minister of Employment, has repeated on a number of occasions the type of projects that would provide long-term employment, for example, the lower Gull Island site in Labrador. I wonder if the minister would indicate if he has had any further discussions with the province of Newfoundland? Have there been any new proposals, and has he indeed participated in discussions between that province and the province of Quebec with regard to future developments?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Yes I have talked to the minister of mines and energy for the province of Newfoundland, Mr. Speaker, with respect to this particular project. I have asked him if he would put forward a proposal to me and to the federal government indicating what the priorities of the Newfoundland government are for the development of the Lower Churchill Falls site. Also how they relate to his government's priorities with respect to a settlement of the outstanding dispute with the province of Quebec. He has undertaken to do so, and I would expect to receive a letter from him some time next week. I believe it was promised to me before Christmas.

An hon. Member: Don't count on the Christmas mail.

Mr. Marshall: I realize the amount of money allocated in the FLIP program would not go very far towards full development. I wonder if the minister has any allocation of that funding? And is there funding going to such a project for the preparatory work which might help out in the future?

Mr. Gillespie: Mr. Speaker, should such funds be made available, I am sure that the Minister of Employment would want to make that announcement, and I will leave that to him.

Oral Questions

EXTERNAL AFFAIRS

TIBETANS—REASON FOR CHANGING PLACE OF BIRTH ON PASSPORT APPLICATIONS

Mr. J. R. Ellis (Hastings): Mr. Speaker, I have a brief question for the Secretary of State for External Affairs. After Tibet was taken over by communist China, a small contingent of Tibetans came to Canada, and the majority of them settled in Belleville. They have become extremely good citizens. I would like to ask the minister why when these Tibetans now apply for their passports, does the External Affairs Department arbitrarily change their place of birth from Tibet to China?

Mr. Speaker: I really think that is a question which ought to be put on the order paper.

* * *

TRANSPORT

EFFECT OF CLOSING SEAWAY ON SOYBEAN MEAL PRODUCERS

Mr. John Wise (Elgin): Mr. Speaker, my question is directed to the Minister of Transport. On December 2 officials of the minister's department issued an order closing the seaway. This would be about three weeks in advance of the order normally being issued. One of the results has been that some 14,000 tons of soybean meal will not reach the export market. I would like to ask the minister if he is aware of the situation, and if so is there anything possible that can be done?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, the only order on December 2 was the closing of the further movement of ships upward into the seaway system which would, of course, have to return. We were aware of the fact that there were a great number of ships within the seaway and they would want to emerge. To this day, when ordinarily the seaway would officially close, there are some 87 vessels still caught and wanting to come through. It will take superhuman efforts by the seaway pilots and coast guard to get most of them out. It was the only course of wisdom to stop further vessels and thus adding to that number.

Mr. Wise: Mr. Speaker, this will certainly cause a very severe depression in prices. There is also a possibility that sales of soybeans from southern Ontario will cease for approximately a three-month period. I would like to ask the minister if he would make every attempt to see whether there are any vessels now in the system which might be utilized to move at least a portion of the 14,000 tons of soybean meal which is sitting in the port of Toronto to the export market?

Mr. Lang: I am sure that the people with the soybeans will be looking for those empty vessels in the seaway, if there are any, and they should be able to make such arrangements. I hope the hon. member does agree that it would not help the situation to allow a vessel to go in, be loaded and then to be frozen inside and not be able to get out again.

[Mr. Gillespie.]

INDUSTRY

TRIDENT AIRCRAFT—REASON FOR DELAY OF FEDERAL AID—POSSIBILITY OF TAKEOVER BY GRUMAN OR CANADAIR

Mr. Bob Brisco (Kootenay West): Mr. Speaker, my question is for the Minister of Industry, Trade and Commerce. In light of the fact that British Columbia Development Corporation advised the minister's office on September 15 that they had fulfilled their obligations with reference to Trident Aircraft, and in light of the fact that up until yesterday they had not had the courtesy of a reply to their phone calls and Telex's, has the minister decided whether or not he is going to live up to the department's obligations to provide $5 million to Trident Aircraft as arranged by the former minister of industry, trade and commerce?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): My department has been in touch with Trident Aircraft and we require them to suggest that they have 25 credit-worthy applicants for their airplane with 10 per cent down, and then we will give them greater assistance.

Mr. Brisco: Mr. Speaker, it would appear on the surface that the minister has now changed the rules by which British Columbia Development Corporation and Trident are supposed to play the game. May I ask the minister if he is aware of any efforts by Gruman and Canadair to take over Trident Aircraft. If so, is the department involved?

Mr. Horner: Mr. Speaker, Gruman and Canadair are doing a market survey for the Trident aircraft to see whether there is a market for them.

* * *

AIRPORTS

REQUEST FOR REPORT ON SECURITY MEASURES

Mr. Bill Clarke (Vancouver Quadra): Mr. Speaker, my question is for the Minister of Transport. In view of the great interest and concern created by recent skyjackings and bombings of scheduled airliners, I want to ask a two-part question concerning airport security in Canada. First I would like to ask about differences in levels of security in different cities in Canada, for example one can undergo a detailed—

Mr. Speaker: In light of the time limitation could the hon. member ask his question.

Mr. Clarke: Mr. Speaker, my question is what measures are being taken to monitor the inspections that are being carried out to be sure that Canadians are getting proper protection from this costly service? Secondly, would he also tell the House if any attempts are currently being made to determine if dangerous materials are being carried in passengers' baggage in aircraft holds?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, the security system is being monitored, and every effort is

being made to make sure it is as effective as possible. However, I would like to have a detailed report before commenting on measures in relation to items in the holds of aircraft.

Mr. Speaker: The hon. member for Dauphin.

Mr. Ritchie: As the Prime Minister has left the House, I will wait until tomorrow.

Mr. Speaker: The hon. member for Wellington-Grey-Dufferin-Waterloo.

Mr. Beatty: My question is also for the Prime Minister.

* * *

INDUSTRY

ACRYLIC YARNS—DATE OF RELEASE OF REPORT OF TEXTILE BOARD

Mr. Max Saltsman (Waterloo-Cambridge): Mr. Speaker, I would like to direct my question to the Minister of Industry, Trade and Commerce. As the minister has had in his possession since early November the report of the Textile and Clothing Board on acrylic yarns, is the minister now prepared to release the report and act upon it; if not, can he tell the House when he will be in a position to do so?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): The report is still being considered.

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ROYAL CANADIAN MOUNTED POLICE

ALLEGATION OF FLQ CELL IV MONCTON UNIVERSITY—REQUEST FOR INVESTIGATION AND REPORT

Mr. Leonard C. Jones (Moncton): Mr. Speaker, my question is directed to the Solicitor General. What does the minister intend to do with regard to recent revelations of an alleged active FLQ cell now in the University of Moncton? Are the RCMP investigating this matter? If not, would the minister please take steps to have the RCMP move in on this serious matter immediately and report to this House on the entire situation?

Hon. Francis Fox (Solicitor General): I will take note of the hon. member's representations of the matters that ought to be looked into and report as soon as possible.

* * *

TRADE

INTERNATIONAL ECONOMIC BOYCOTTS—REASON FOR DELAY OF REPORT

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, my question is to the Minister of Industry, Trade and Commerce and is supplementary to a question put yesterday by my colleague, the hon. member for Halton-Wentworth. Nearly a year ago the deputy minister of the Department of Industry, Trade and Commerce issued a directive on international economic boycotts stating that a semi-annual report would be published. I would like to ask the minister if he has received that report and if so, when did he receive it and will he table it now?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): With regard to the economic boycotts and the report, it is still being considered.

● (1502)

INTERNATIONAL ECONOMIC BOYCOTTS—POSSIBILITY EXPORT DEVELOPMENT CORPORATION HAS OWN GUIDELINES

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, we would like some explanation from the minister as to why a semi-annual report to be issued twice a year has not yet been issued, nearly a full year after it was first promised. Will the minister look into the possibility of whether the Canadian Export Development Corporation has developed its own set of guidelines having to do with international economic boycotts. If so, and I would like a confirmation if that is the case, will the minister undertake to make those guidelines public?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, the EDC operates under the guidelines laid down under the legislation. I can say to the hon. Leader of the Opposition that there will be new legislation early in the new year with regard to the EDC and all of this can be discussed at that time.

Mr. Clark: Just so the minister is clear on precisely what I am referring to, I am referring to the question of guidelines relating to international economic boycotts. Is the minister saying that there are no new guidelines except those set out in legislation? If that is not the case, and there are new guidelines, will he undertake to make those guidelines public to the House of Commons at the earliest possible moment?

Mr. Horner: As I said, Mr. Speaker, there will be new legislation in the new year which will clearly define the obligations of EDC and strengthen its ability to guarantee loans and insurance to Canadian corporations.

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THE ROYAL ASSENT

Mr. Speaker: I have the honour to inform the House that a communication has been received which is as follows:

Goverment House
Ottawa

Ottawa, December 15, 1977

Sir,

I have the honour to inform you that the Hon. Wishart F. Spence, O.B.E., Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy

Governor General, will proceed to the Senate chamber today, the fifteenth day of December, at 5:30 p.m. for the purpose of giving Royal Assent to certain bills.

I have the honour to be,
Sir,
Your obedient servant,
Edmond Joly de Lotbinière
Administrative Secretary
to the Governor General

* * *

[*Translation*]

PRIVILEGE

MR. MATTE—RCMP—REPLY OF SOLICITOR GENERAL RE DEATH OF MICHEL VIGER

Mr. René Matte (Champlain): Mr. Speaker, I wish to raise a question of privilege. Since the Solicitor General (Mr. Fox) when answering my question took that opportunity to insinuate falsehoods, I now take the liberty of making the necessary rectifications. The Solicitor General's insinuations concerning my recent statements regarding the serious presumptions I entertain about the circumstances surrounding the death of Michel Viger are of an hostile character and show a reaction of panic on his part. The reasons which force me to search for truth and justice are not based on the sensationalism of rumours which would be more or less groundless; they are rather the result of a profound indignation stemming from the following facts. First, the authorized criminal action of a special committee of the RCMP which, instead of preventing subversive activities, actually sought to provoke them. Some people tell me to prove it. All they have to do is simply refer to the Standing Committee on Broadcasting, Films and Assistance to the Arts which was in session here on Parliament Hill in 1969 and they will know what I mean. Second, the explicit disclosure of some of these facts by the authorities themselves, which cannot be denied, with the intention of concealing more compromising circumstances. Third, the fact that a whole nation has been profoundly traumatized in 1970, following tragic events whose origin is foreign to the legitimate aspirations of Quebeckers and which were provoked by these famous special committees whose methods are more like those of the Gestapo. These are reasonable and sufficient grounds indeed. The minister thinks that he can allow himself to cast doubt on my good faith because, in his opinion, he alone and his government hold the key to that enigma by the fact they control this famous special committee which, as I just mentioned, looks like some modern version of the Gestapo.

I am not therefore expecting the minister or the government to simply confess the ignominious actions of these agents provocateurs of a few years ago, we saw how a president of the United States denied vigorously some facts which were actually quite true. I intend to safeguard my reputation. My only concern is to rid our institutions once and for all of hatred and terrorism, and for that purpose it is necessary to go to their roots, namely these agents provocateurs who worked systematically in order to bring about the October crisis of 1970, and for the edification of the minister himself, to know to what extent, when I am asking him what were the circumstances, his department is really aware of the circumstances surrounding the alleged accident in which Michel Viger died.

Before answering my questions, the minister should have the decency to investigate. He would discover things he may not be aware of but which can very well have happened. Because Michel Viger, whom I knew, told me himself in so many words he was a Royal Canadian Mounted Police agent, and on this I would like to conclude my question of privilege.

Hon. Francis Fox (Solicitor General): Mr. Speaker, as the hon. member knows, this government established last June a commission of inquiry in order precisely that we could have an independent body inquiring on certain allegations made in months past. The hon. member is straying enormously from the debate. He spoke the day before last and it has been reported in newspapers across Canada that he blamed the RCMP for Mr. Viger's death. The Montreal *Gazette* of December 14, 1977 for instance had this headline, and I quote:

MP accuses RCMP of murder.

Mr. Speaker, we have the same thing in the newspaper Ottawa *Today, Today* Staff:

[*English*]

RCMP accused in Viger death.

A Quebec MP said last night he suspects the RCMP was instrumental in the death of the man who shielded Pierre Laporte's murderers in his farmhouse outside Montreal.

René Matte, social credit MP for Champlain, said in a Radio-Canada interview last night that he suspected the RCMP in the death of Michel Viger—

[*Translation*]

It is not only in the English press. The hon. member was well understood in both the official languages of this country. The newspaper *Le Droit* carries the headline:

Matte claims Michel Viger was murdered by RCMP.

Mr. Speaker, it is, of course, also in the *Journal de Montréal*. What I said to the hon. member in the question period is either he has or does not have information about that death. If he does not, Mr. Speaker, and he made up that rumour, he deserves to be called, as I did in the question period, irresponsible.

An hon. Member: True.

Mr. Fox: If he has information in that respect, Mr. Speaker, he also deserves to be called irresponsible because his duty as a citizen and as a member of parliament, Mr. Speaker, is to make the information he has immediately known to the relevant authorities. If he has information on the causes of Mr. Viger's death, causes which were explained by Mr. Viger's father in interviews with reporters during the day as surely being accidental, well, his duty, Mr. Speaker, is to bring those facts to the attention of the attorney general of the province where the death occurred, a government with which he has excellent relationships for that matter, the attorney general of the Province of Quebec. If he has not done so, Mr. Speaker, he is also irresponsible.

Mr. Speaker: Order. The hon. member for Champlain raised the question of privilege concerning his disagreement with the Solicitor General (Mr. Fox) about questions and answers during the question period. In any case, it is certainly a matter of debate but not a question of privilege. Finally, the hon. member did not move any motion. Consequently, as far as the Chair is concerned, nothing can be done in the circumstances.

* * *

[*English*]

BUSINESS OF THE HOUSE

WEEKLY STATEMENT

Mr. Baker (Grenville-Carleton): Mr. Speaker, I rise on a point of order with regard to the usual business question. I must preface it with an expression of regret that the President of the Treasury Board did not, as I requested, stay to make a statement on the very important program he is announcing. I presume he had an appointment in the Press Building which was unavoidable even for parliament.

I wish to ask the deputy government House leader to confirm what he intends to call for today and tomorrow. There have been certain discussions with respect to the business for Monday and Tuesday, when it is contemplated there will be a debate on external affairs. I think this will be a very important debate and one which will capture the attention of the country. Is the hon. member in a position to inform us when the motion will be put down, and in what terms it is likely to be? Would he also consider setting down the motion for the adjournment in accordance with the discussions which have taken place, so that we might dispose of it and carry on with the important debate to which I have referred?

● (1512)

Mr. Cafik: The first priority, and the business which will be called today, is Bill C-5, the report stage and third reading of the Canada Elections Act. We would like that bill disposed of in all its stages before introducing anything else. If Bill C-5 is disposed of before tomorrow evening, we would call Bill C-7, to amend the Corporations and Labour Unions Returns Act. After that, it is planned that Monday and Tuesday will be set aside for a special debate on external affairs. In addition, we would hope some accommodation might be reached on the question of the freedom of information reference to the committee. That matter is under discussion at the moment.

As far as the tabling of the motion relating to the external affairs debate is concerned, that will not be done until we have disposed of Bill C-5, but we would like it to be done as quickly as possible. In terms of the motion for the adjournment, we would also like to dispose of Bill C-8 prior to its introduction. If those two items are taken care of, we would be able to do those things tomorrow.

Mr. Baker (Grenville-Carleton): That is a very full reply and I should like to think we can expect an equally full reply in relation to a question which was raised by my hon. friend from York-Simcoe who suggested that the government, if it wished, could introduce the important employment tax credit legislation which was talked about long before Bill C-11. We would undertake to deal with that bill quickly because it is such an important measure.

As well, I think it would be appropriate for the deputy government House leader to tell us now what the government intends to bring forward by way of legislation when we come back in January, particularly in terms of measures to deal with the economy of the country. I hope we shall not be coming back to deal with such things as a petroleum statistics bill. I realize that the hon. member may not have that kind of information available to him today, but would he consult his colleagues to determine whether before we leave an announcement could be made by the government House leader, the Deputy Prime Minister, telling us what measures the government plans to introduce to deal quickly with economic matters in terms of legislation?

Mr. Cafik: In connection with the expeditious passage of tax credit legislation prior to the adjournment, I must tell the hon. member that I am not in a position at the present time to know what stage that matter has reached; but I can assure him I will bring this question to the attention of my cabinet colleagues, together with the disposition which the hon. gentleman has expressed.

Second, in relation to tabling, prior to the adjournment, a list of legislation to be dealt with following the Christmas recess, I might say that this matter has been discussed on a number of occasions in the context of the announcement of business for a whole session. Such a practice has not been followed in the last 1½ or two years because the original reason for tabling a list of all legislation in advance was so we might be able to negotiate an arrangement whereby time would be allocated and the various bills, and so on, dealt with in an expeditious way. It did not serve that purpose, and for this reason the practice has not been followed recently. Nevertheless, I will draw the matter to the attention of the House leader, and I am sure it can be discussed when the House leaders meet.

Mr. Baker (Grenville-Carleton): Is it possible that the real reason why we do not get a list of legislation is that the government does not know what it is doing?

Some hon. Members: Oh!

An hon. Member: Cheap shot.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, that last question was one which I had in mind as a supplementary, but now I do not need to ask it.

Mr. MacFarlane: Humbug.

Mr. Knowles (Winnipeg North Centre): May I get back to the minister's statement that he does not wish to table either the motion having to do with external affairs or the motion for

the adjournment until Bill C-5 has been concluded? I would point out that if these two matters are to be debated on Monday, notice will have to be filed in any case before the House rises tomorrow. I wonder whether he might not let us on the opposition side have copies of the intended motions, so that we can know what to plan in terms of the debate on Monday and Tuesday.

Mr. Cafik: I simply indicated that if there was a disposition agreeable to all members whereby an order of the House, or something to that effect, could be made under which we would dispose of Bill C-5 by a given time between now and Friday, we would be able to table these motions immediately. That might be a convenient way of achieving the objective hon. members are seeking, as well as the objective the government has in mind, namely, to dispose of Bill C-5 prior to Friday evening.

An hon. Member: Keep that up and you will be here until the new year.

Mr. Knowles (Winnipeg North Centre): I am afraid the minister has missed my point. I am simply suggesting it would be helpful to all members if we could know, before the motions are tabled, particularly with regard to the debate on external affairs, what the terms of the motion are to be. I am simply asking that he supply the representatives of the parties with copies even before that motion is tabled.

Mr. Cafik: Yes, Mr. Speaker. I think that is a very reasonable request. I think the request I have made is very reasonable, too. I will take into account what the hon. member has said, and when the motion is drafted I will try to make copies available to members of the opposition parties.

[*Translation*]

Mr. Lambert (Bellechasse): Mr. Speaker, this question is very important. Such situations occur each year just before the Christmas holidays. This is nothing new; it happens every year.

Bill C-5 is very important and it interests all members of this House as well as the public because, normally, in a democracy the whole population must know the elections act since it must apply it.

We agree that Bill C-5 must be passed as soon as possible and as intelligently as possible.

However, from what the minister has just said, it appears that there might be—we are not absolutely sure about this—a debate on external affairs. We do not know what the motion will be and whether there will really be a debate. Why not tell us? And if there is a debate, why not tell us exactly what particular subject will be debated? I very much fear, Mr. Speaker, that when the motion on Bill C-5 is passed next week, if we do not know exactly the nature of the debates which will take place in the House, it is possible that a certain number of members will be absent, and we know that the weather can have a very great influence on such matters.

Mr. Speaker, in my opinion, it would be normal to ask the minister to specify the nature of this debate so that we can prepare ourselves intelligently and have interesting and useful sittings.

● (1522)

[*English*]

Mr. Cafik: Mr. Speaker, I think a false impression is being created, and if it has been created on my part, I apologize. If Bill C-5 is not disposed of by Tuesday, I presume there will be no debate at all on external affairs. This is why I have indicated that the motion will be tabled when Bill C-5 is disposed of. Presuming that, in private discussions with hon. members, I am led to believe that Bill C-5 will be disposed of this week, I have also indicated to all hon. members that the external affairs debate, if held—as presumably it will be—will be a broad-ranging debate which will allow hon. members a full opportunity to participate and to speak on all matters relating to external affairs. I have not seen the motion, but I am under the impression that that is its nature. I think all hon. members will be well guided to bear those factors in mind in making preparations to participate in a debate which may be held on Monday and Tuesday, depending on the disposition of Bill C-5.

Mr. Foster: On a point of order, Mr. Speaker, would the acting House leader tell us whether the government is going to table the bill on the Alcan pipeline? It seems to me this is a matter of great concern not only for the Yukon but, in economic terms, for the whole country. Can the bill be tabled before the Christmas recess, so that hon. members will have a chance to review it before they recess?

Mr. Cafik: Mr. Speaker, it is the intention of the government to table a number of bills for first reading prior to the adjournment. I must admit that I do not have the papers in front of me, so cannot say whether this bill will be one of them; but if it is not, I will take the representation to my colleagues to see what can be done.

ROUTINE PROCEEDINGS

[*English*]

CRIMINAL CODE

MEASURE TO PROHIBIT PORNOGRAPHIC DISPLAYS

Mr. Bob Kaplan (York Centre) moved for leave to introduce Bill C-411, to amend the Criminal Code (pornographic displays).

Some hon. Members: Explain.

Mr. Kaplan: Mr. Speaker, it is true that this bill deals with the subject of pornography, but I regard it as an environmental pollution control bill. It will not affect the availability of pornography in society; that is not its purpose. Its purpose is to prevent those running establishments which emphasize sex and

pornography as one aspect of their literature from displaying such material so that it is visible to the public passing by on the street.

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

* * *

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today: 217, 223, 307, 315, 340, 442, 534 and 724.

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

[*Text*]

NUMBER OF PERSONS UNDER CONTRACT TO EXPORT DEVELOPMENT CORPORATION

Question No. 217—**Mr. McKenzie:**

1. What is the total number of persons under contract to the Export Development Corporation and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Mr. Bernard Loiselle (Parliamentary Secretary to Minister of Industry, Trade and Commerce): In so far as Export Development Corporation is concerned: 1 and 2. By tradition and as a matter of commercial principle Crown Corporations have not been required by Parliament to answer detailed questions on their administration and operation, and in the case of Export Development Corporation, the Export Development Act places the responsibility for such matters on its Board of Directors.

NUMBER OF PERSONS UNDER CONTRACT TO GENERAL ADJUSTMENT ASSISTANCE BOARD

Question No. 223—**Mr. McKenzie:**

1. What is the total number of persons under contract to the General Adjustment Assistance Board and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Mr. Bernard Loiselle (Parliamentary Secretary to Minister of Industry, Trade and Commerce): 1. There are no persons under contract with the Enterprise Development Board, the successor to the General Adjustment Assistance Board.

2. There were no persons under contract to the General Adjustment Assistance Board during 1975 or 1976.

EXPORT DEVELOPMENT CORPORATION—PERSONNEL OBTAINED FROM PRIVATE EMPLOYMENT AGENCIES

Question No. 307—**Mr. McKenzie:**

1. Has the Export Development Corporation obtained (a) part-time (b) full-time employees from private employment agencies in (i) British Columbia (ii) Alberta (iii) Saskatchewan (iv) Manitoba (v) Ontario (vi) Quebec (vii) New Brunswick (viii) Nova Scotia (ix) Prince Edward Island (x) Newfoundland and, if so, in each case, how many?

2. Are such employees paid from supplementary estimates and, if not, from what estimates are they paid?

3. By province, what was the (a) average hourly rate paid to employment agencies (b) average hourly rate paid to employees (c) total amount paid by the Export Development Corporation in (i) 1975 (ii) 1976?

Mr. Bernard Loiselle (Parliamentary Secretary to Minister of Industry, Trade and Commerce): In so far as Export Development Corporation is concerned: 1, 2 and 3. By tradition and as a matter of commercial principle Crown Corporations have not been required by Parliament to answer detailed questions on their administration and operation, and in the case of Export Development Corporation, the Export Development Act places the responsibility for such matters on its Board of Directors.

GENERAL ADJUSTMENT ASSISTANCE BOARD—PERSONNEL OBTAINED FROM PRIVATE EMPLOYMENT AGENCIES

Question No. 315—**Mr. McKenzie:**

1. Has the General Adjustment Assistance Board obtained (a) part-time (b) full-time employees from private employment agencies in (i) British Columbia (ii) Alberta (iii) Saskatchewan (iv) Manitoba (v) Ontario (vi) Quebec (vii) New Brunswick (viii) Nova Scotia (ix) Prince Edward Island (x) Newfoundland and, if so, in each case, how many?

2. Are such employees paid from supplementary estimates and, if not, from what estimates are they paid?

3. By province, what was the (a) average hourly rate paid to employment agencies (b) average hourly rate paid to employees (c) total amount paid by the General Adjustment Assistance Board in (i) 1975 (ii) 1976?

Mr. Bernard Loiselle (Parliamentary Secretary to Minister of Industry, Trade and Commerce): 1. Neither the General Adjustment Assistance Board, nor its successor, the Enterprise Development Board have obtained part-time or full-time employees from private employment agencies in any Province.

2. See 1 above.

3. See 1 above.

SALES TAX EXEMPTION

Question No. 340—**Mr. Whittaker:**

1. Have any firms applied for sales tax exemption under the provisions of the last budget that cover new energy conservation equipment items and, if so, which firms?

2. What new items have been (a) approved (b) rejected under the energy conservation equipment tax exemption provisions?

Hon. Joseph-Philippe Guay (Minister of National Revenue): 1. Yes. It is impractical to provide the names of the hundreds of companies that have applied for an exemption. Many requests for exemption applied to the same product.

Order Paper Questions

2. (a) Thermal insulation designed for pipes, ducts, boilers, tanks and wrapping materials designed exclusively for use with such insulation; wood-burning stoves, wood-burning furnaces and wood-burning space heaters, but not including fireplaces or stoves, furnaces or space heaters that burn oil or gas in combination with wood; automatic timer controls for electrical equipment which controls are designed primarily to reduce energy consumption rather than for convenience, security or to provide visual effect but not including controls designed to be integral components of electrical household appliances or any other electrical equipment; wind deflectors designed to reduce fuel consumption and for installation on motor vehicles and trailers; waterwheels for converting water power to mechanical or electrical energy and pumps and generators specifically designed for use with such waterwheels; loading dock door seals and shelters designed to conserve heated or refrigerated air during loading and unloading; and power factor correction capacitors. (b) A wide variety of items where evidence to support energy conservation representations were not received and could not be independently established by technical expertise available to the Department.

NATIONAL REVENUE EXPENDITURES IN CONSTITUENCY OF NEW WESTMINSTER

Question No. 442—**Mr. Leggatt:**

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

Hon. Joseph-Philippe Guay (Minister of National Revenue): 1969-70, not available; 1970-71, not available; 1971-72, $449,305; 1972-73, $514,578; 1973-74, $546,925; 1974-75, $125,396; 1975-76, $136,336; 1976-October 31, 1977, $154,709.

MERCHANDISE TRADE BALANCE

Question No. 534—**Mr. Howie:**

In terms of billions of dollars, what was Canada's merchandise trade balance in (a) 1973 (b) 1975 (c) 1976?

Mr. Bernard Loiselle (Parliamentary Secretary to Minister of Industry, Trade and Commerce): Statistics Canada reports that: Canada's merchandise trade balance was as follows:

Year	Billions of Dollars
(a) 1973	+ 2.74
(b) 1975	− 0.53
(c) 1976	+ 1.09

TOURISM

Question No. 724—**Mr. Herbert:**

Did the government make any contribution within the past five years towards the construction of a tourist centre in the County of Soulanges, Quebec and, if so (a) in what amount (b) were there any terms agreed to with the payment?

[Mr. Guay (St. Boniface).]

Mr. Bernard Loiselle (Parliamentary Secretary to Minister of Industry, Trade and Commerce): (a) Under the terms of the Government's Federal Labour Intensive Winter Works Project for the Winter 1971-72, the Canadian Government Office of Tourism contributed $80,000 towards the construction of a permanent tourist information centre at Rivière-Beaudette, Autoroute 20, County of Soulanges, Quebec. (b) The following is the proforma for the project: Objective: To give quick stimulus to job creation in the winter across Canada. Method: By carrying out the clean-up, refurbishing, re-design or augmenting with special new facilities, features or equipment, of one or more travel-tourism attractions or facilities per province. Provincial Contribution: The aim was for the provincial contribution to match the federal contribution as closely as possible (a minimum for provincial contribution would be 25 per cent of the costs of the projects selected). Costs: Were to be predominantly labour-intensive, although a minor share of equipment or capital cost could be included provided this could be related to job-creating activities. Approximately 75 per cent of the federal share of the contributions was to be made for the FY 1971-72 ending March 31, 1972 and 25 per cent in the two months of April and May and ending May 31, 1972.

GOVERNMENT ORDERS

[*Translation*]

CANADA ELECTIONS ACT

AMENDMENTS TO CERTAIN SECTIONS OF THE ACT

The House proceeded to the consideration of Bill C-5, an Act to amend the Canada Elections Act, as reported by the Standing Committee on Privileges and Elections (with amendments).

Mr. Deputy Speaker: Order. As the hon. members know, there are on the order paper 18 motions at the report stage of Bill C-5, an act to amend the Canada Elections Act. The Chair feels that 12 of these 18 motions do not meet the requirements of the Standing Order of the House or of our precedents, according to which amendments cannot go beyond the scope of a clause or of the bill itself, nor seek to amend the main legislation. Moreover, since some of these amendments are not accompanied by royal recommendations, they infringe upon the royal prerogative.

[*English*]

It is my intention at this time to outline to the House my views concerning each and every one of the 18 motions. As I have just said, motion No. 12 does not seem to me to meet procedural requirements and precedents in order to be accepted by the Chair. I feel that motions Nos. 1 and 6 go beyond the scope of the clause they seek to amend, and therefore are not in order. I refer hon. members to page 521 of May's in support of the application of this rule.

Motions Nos. 3, 7 and 12, standing in the name of the hon. member for Lanark-Renfrew-Carleton (Mr. Dick), seem to be defective from the procedural standpoint in that they introduce into the bill a new proposition. In this regard I refer the hon. member to citation 203 of Beauchesne's.

Motions Nos. 5, 8 and 15 go beyond the scope of the bill itself and amend the parent act, and thus would not be acceptable.

Motion No. 9, also in the name of the hon. member for Lanark-Renfrew-Carleton, infringes upon the financial initiative of the Crown and would require a royal recommendation.

Motion No. 13, standing in the name of the Deputy Prime Minister and President of the Privy Council (Mr. MacEachen), seems to be irrelevant to the clause it seeks to amend as it attempts to amend the parent act.

Motions Nos. 16 and 17 are the same. However, they go beyond the bill and are not relevant to the subject matter of the bill as adopted by the House at second reading stage. They also seek to amend the main act.

We are, therefore, left at this time with motions Nos. 2, 4 and 14 which are considered to be in order, along with motions Nos. 10, 11 and 18. The Chair would suggest that the motions in the name of the hon. member for York East (Mr. Collenette) bearing the numbers 2, 4 and 14 be grouped together for debate, and that a vote on motion No. 2, if required, would also dispose of motions Nos. 4 and 14. As for motions Nos. 10, 11 and 18, they should be debated and voted on separately.

I invite hon. members at this time to comment on this first impression of the Chair, which I think is based upon precedents and Standing Orders which can hardly be contradicted.

Mr. Cafik: Mr. Speaker, in so far as motions Nos. 6, 13, 15 and 16 are concerned, I believe there will be consensus in the House of Commons to give unanimous consent to deal with those motions which are put down in the name of the government. Therefore, I request that they be called in the usual manner, and when they are called I will seek unanimous consent to proceed with them at that time.

Some hon. Members: Agreed.

• (1532)

Mr. Deputy Speaker: I would like to hear arguments from other members who are concerned about the point I have raised. I will recognize the hon. member for Lanark-Renfrew-Carleton (Mr. Dick) and come back to the request of the minister.

Mr. Paul Dick (Lanark-Renfrew-Carleton): Mr. Speaker, what you have said may be quite valid. Your Honour went through quite a list. As a matter of fact, we might be out of here by four o'clock at the rate we are going with your assistance. I believe all the matters which for one reason or another you thought to be beyond the ability of this chamber to discuss were discussed in committee.

I must admit that I am a little confused, as Your Honour proceeded quite rapidly. Your Honour had notes. If you had called motion No. 1 and made the objection, we might have been disposed to give unanimous consent, in spite of your objection, to allow the hon. member for Trinity (Miss Nicholson) to present her motion. I do not think it would take long to debate it, and we might be able to go through the motions in that order.

I think Your Honour dealt with 14 out of 18 amendments, some of which we want and some of which are controversial. I wish I had a copy of *Hansard* to find out what was said about the amendments I put forward. I think if the motions were taken one at a time and it was suggested that motion No. 1 went beyond the scope of the bill, it would be easier. I thought the hon. member for Trinity had found a way of bringing it within the scope of the bill.

Mr. Deputy Speaker: Order, please. The hon. member is correct in saying that the Chair had some notes which were read, but that is an indication that the Chair took the trouble and the time to look through the motions and to verify the references. I should like to refer the hon. member to Standing Order 75(10), which reads as follows:

> Mr. Speaker shall have power to select or combine amendments or clauses to be proposed at the report stage and may, if he thinks fit, call upon any member who has given notice of an amendment to give such explanation of the subject of the amendment as may enable Mr. Speaker to form a judgment upon it.

My remarks were not made to preclude the hon. member from expressing his point of view but, rather, to save time. I think some of the objections I have voiced are quite evident. The hon. member and others concerned will find it difficult to convince the Chair otherwise, unless it can be done by unanimous consent. That is why I did not want to put the request of the minister concerning motions Nos. 6, 13 and 16 to the House immediately, in order not to take away the right of hon. members who might have done the same type of work, or had dialogue with colleagues, to seek unanimous consent for their own motions. I am ready to proceed in a way that will satisfy everybody, and I would welcome some assistance from hon. members.

We could perhaps proceed by elimination. If nothing procedurally wrong is brought to my attention, we could proceed immediately with the motions that are acceptable to the Chair. We could seek unanimous consent for the motions that have been proposed on which there has been discussion. We have been told by the minister that unanimous consent may dispose of the question of their acceptability and in due time bring them up for debate.

In the meantime, the hon. member, through the Chair, could examine whatever possibility there is concerning the motion he has put, and the Chair would give a chance to other concerned members to do the same. In due time we can make sure that this legislation has been heard in all its implications and hon. members will feel they have not been prevented from doing their share in improving or amending the legislation.

Miss Nicholson: Mr. Speaker, if I understood you correctly, the objection to my motion No. 1 is that it seeks to add to section 13 of the act, and as Bill C-5 amends a subsection of section 13 my motion goes beyond the scope of the bill.

Mr. Deputy Speaker: Order, please. I wish to correct the hon. member. I said the hon. member's amendment goes beyond the clause to which it is attached. It does not go beyond the bill, but beyond the clause.

Miss Nicholson: Mr. Speaker, since the clause in Bill C-5 that I am attempting to amend opens up section 13 of the act, I suggest my amendment might be considered if there were unanimous consent.

Mr. Deputy Speaker: If there are no other comments I would seek unanimous consent to the proposition of the acting House leader on motions Nos. 6, 13 and 16. Is there consent? Precedents allow this to be done. It does not mean that the Chair feels it is a good habit to develop this method of proceeding, but if there is unanimous consent, the House is master of its own rules and these three amendments—

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, there are four—Nos. 6, 13, 15 and 16.

Mr. Deputy Speaker: I am sorry; I omitted No. 15.

Mr. Cafik: Mr. Speaker, I suspect there may be some feeling that the government is attempting to go beyond the scope of our rules on these four amendments. The amendments were brought forward at the request of members of the standing committee, not on the initiative of the Crown. I think that should be known. We are simply trying to respond to the representations made by members, on both sides, of that committee who requested me to take this action. I agreed. I do not want hon. members to feel that the government has some self-serving objective in bringing forward these amendments at this time.

Mr. Baker (Grenville-Carleton): Mr. Speaker, we are not questioning the motivation of the government, but we find ourselves in a strange position this afternoon, much the same as we found ourselves in on another occasion with respect to $1 items. I say, with respect, that the Chair had been given notice of the difficulties and had time to consider this very controversial and difficult matter of procedure. Now we find ourselves, without notice from the Chair, dealing with important procedural matters. The minister said there have been discussions. I think I am speaking for all members when I say it is regrettable that we now find ourselves faced with these difficulties, without any notice.

I hope this is not going to be the practice. It does not lead to swift consideration of the business of the House. I have not had notification of any difficulty from the procedural point of view. It is obvious from the consternation of the deputy House leader for the government that he has not received any indication of difficulty. I cannot speak for the hon. member for Winnipeg North Centre (Mr. Knowles); perhaps he has. We are dealing with an important piece of legislation with respect to which there are procedural objections. Quite frankly, I regret that very much.

● (1542)

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I regret to say it, but the hon. member for Grenville-Carleton (Mr. Baker) is making a mountain out of a molehill. There is no trouble. Your Honour has done the right thing by studying the proposed motions with regard to their procedural acceptability. Your Honour has given the opinion that there are indications of unanimous consent to proceed, and Your Honour has indicated that if that is the case, you will agree. Thus, why do we not get unanimous consent and put motions Nos. 6, 13, 15 and 16 on the list of motions to be dealt with?

[*Translation*]

Mr. Adrien Lambert (Bellechasse): Not having been advised of the procedure the leader of the government suggested to the House, Mr. Speaker, I was very much surprised. However, following consultations with my colleagues, and because we have closely watched the progress of Bill C-5 which is currently under review and which has reached the report stage, we understand that the intention is to study motions Nos. 6, 13, 15, and 16 together. Moreover, the government leader has consulted me, as he must have no doubt consulted the other leaders to come to a consensus which would be acceptable to all members.

I understand that this may be a somewhat improvised procedure, but because the House has had the opportunity to consider seriously all these amendments, I feel that we should accept this intelligent way to proceed and that we should get on with it. But I should like to emphasize once again that this is a very important piece of legislation and that Canadians should abide by the election act when they are called upon to vote. Its provisions must be as clear as possible, because it is always the same people who never study the legislation which they are responsible for enforcing on election day. That is why I say to you, Mr. Speaker, that come election day, voters have the power and, if we want to make sure that they use this power, the people who are responsible for enforcing the legislation must be informed of it as much as possible. As members of parliament, we must see to it that the legislation is not complicated, but that it is clear and easy to understand.

[*English*]

Mr. Dick: Mr. Speaker, I do not want to be difficult. I understand the point raised by the hon. member for Winnipeg North Centre (Mr. Knowles). The deputy House leader for the government has indicated that he would like unanimous consent for a number of motions which stand in his name. I, for one, would be prepared to support that request. I am not sure whether the deputy House leader for the government is listening.

Mr. Cafik: I am listening.

Mr. Dick: Thank you very much. Perhaps we could deal with a couple of clauses which have been approved, in order to indicate some *quid pro quo*. With unanimous consent, we can proceed. I believe the entire debate will be finished by tomorrow afternoon, anyway. If we arrive at an agreement now, and then an hon. member opposite rises and says "no" to my motion because of an irregularity, I will not be very happy.

If we establish agreement for all 18 motions at this time, then we will proceed through the list. There will not be much discussion, except on a few points; therefore, it will not take long. At this time I would prefer that Your Honour did not ask for unanimous consent, because my feelings at this moment may be different from my feelings later, after discussion.

Mr. Deputy Speaker: Order. I intervene at this time without precluding other members from speaking. Perhaps the hon. member for Lanark-Renfrew-Carleton (Mr. Dick) has forgotten that he has a motion which is not acceptable. Because it infringes upon the financial initiative of the Crown, the Chair has no authority to seek unanimous consent. The Chair could seek unanimous consent only to permit the government to get from the Governor General the royal recommendation. Therefore, I cannot accept the request of the hon. member to ask for unanimous consent with regard to the 18 motions.

Mr. Dick: Mr. Speaker, I agree that the motions requiring a royal recommendation should be struck because they have been duplicated by the minister: he has adopted my wording and is able to receive royal recommendation; I am not. The same situation exists as far as the hon. member for Renfrew North-Nipissing East (Mr. Hopkins) is concerned.

Mr. Deputy Speaker: This proves the hon. member is aware of what is happening in the motions and there is no element of surprise. I have to apply the rules. My concern is not to seek an early Christmas adjournment but to look at the report stage of the bill on which there are motions of hon. members in order to determine whether they meet the requirements of the Standing Orders. We have not proceeded in any different way from other occasions. Actually, the Chair has demonstrated much co-operation.

[*Translation*]

In answer to the hon. member for Bellechasse (Mr. Lambert) who wants the act to be clear, I suggest that the act may be clear, but when the Chair must rule on the acceptability of an amendment, it must do so according to the rules, the precedents and the practice of the House. The Chair is not allowed to pass or amend legislation but it must apply the rules and ensure that the Constitution of Canada is complied with and serves hon. members as well as it can.

I offered my full cooperation. Finally I suggested that the easiest way to proceed was to seek unanimous consent for the motions introduced by the Acting President of Privy Council (Mr. Cafik). There is apparently some hesitation on the part of one member of the opposition to give unanimous consent to these four motions at the present time. So, I return to my first suggestion which would be to proceed immediately to the study of the motions which are considered to be acceptable and unobjectionable, and group motions Nos. 2, 4 and 14 for the purpose of the debate, so that they may be disposed of with one vote. Later, we could consider and discuss separately motions Nos. 10, 11 and 18. In the meantime, the hon. members who are interested could meet and determine on which acceptable motions there is unanimity; then the Chair would be at the entire disposal of the House to formally seek its unanimous consent, and we could proceed with our study at the report stage.

[*English*]

Mr. Cafik: Mr. Speaker, I have just one point. I do not think this is the time to commence negotiations, because the problem is clear: certain of these motions are procedurally out of order. It is my intention, and I rose to indicate it earlier, to seek unanimous consent on behalf of the government and on behalf of members of the committee. If the House does not want to deal with these motions, then let members withdraw unanimous consent and the bill will go forward without the motions. But I implore hon. members to realize what they are doing, because some of these motions are extremely important in terms of providing voting rights, for instance, to civilians voting with the armed forces overseas. If members want to deny that right, let them deny it; but I will put the question.

● (1552)

[*Translation*]

Mr. Lambert (Bellechasse): Mr. Speaker, I rise on a point of order.

Mr. Deputy Speaker: The hon. member for Bellechasse on a point of order.

Mr. Lambert (Bellechasse): I am very sorry, Mr. Speaker, but I would like to hear the interpretation to understand fully the House leader's remarks. Since there is no interpretation right now, it is very difficult to understand what the minister is saying.

[*English*]

Mr. Deputy Speaker: Perhaps the minister has the tendency to speak too fast. He might want to correct that.

Mr. Cafik: I can speak more slowly, Mr. Speaker. The fact of the matter is that I have indicated that I propose, in order to live up to my commitment to members of the committee, to move these motions on their behalf, with the consent of the government; and if the House decides it does not wish to provide that unanimous consent, they will accept that responsibility—but I will have fulfilled my commitment.

Mr. Scott: Mr. Speaker, the spirit we enjoyed in the committee was one of understanding and co-operation. As the deputy House leader said, the committee agreed that the matter would be proceeded with in that manner, and that was the understanding of all the parties. The minister made a commitment which he wishes to carry out. I think we should go along with it.

Mr. Epp: Mr. Speaker, it is not my intention to keep this discussion going much longer, but I am in a somewhat unique situation on motion No. 17 which stands in the name of the hon. member for Renfrew North-Nipissing East (Mr. Hopkins). That motion would allow the right to vote to teachers who are presently working under contract with the Department of National Defence but are still in the employ of their school boards. I had a private member's bill on exactly that issue in the previous session, and I have in this session.

Some hon. Members: Order.

Mr. Epp: I am simply saying that it would be my wish that we come to some agreement and we put the motion before the House, because it is my intention not to disfranchise those who can vote.

Mr. Benjamin: The minister is prefectly right. Amendments for which we ask unanimous consent are amendments put forward at the request of members of all parties. Some of them are for the convenience of the Chief Electoral Officer. I wish the hon. member for Grenville-Carleton (Mr. Baker) had kept his seat instead of trying to impress the House with his knowledge of the rules. If you will pardon my expression, Mr. Speaker, he is fouling up the agreement at which all parties arrived. As far as I am aware, there is unanimous consent, if only everyone would shut up and sit down.

Mr. Hopkins: I am not surprised we have stopped at motion No. 17 because there has been considerable discussion about a royal recommendation. However, when the deputy House leader appeared before the committee, he undertook to obtain a royal recommendation for this motion, and he came back with it, for which I thank him. At the same time, I wish to state—as has been indicated by certain members on the other side of the House—that there was good rapport among members of the Standing Committee on Privileges and Elections. I have spoken to representatives of all parties on the other side of the House and understand they agree to motions Nos. 16 and 17, for which I thank them. I simply suggest that we should go ahead and obtain unanimous consent.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I would like to suggest a way in which we could proceed. First, I propose that you make a ruling with respect to motion No. 1 which you indicated you do not favour. The case has been stated by the hon. member in whose name it stands, and I suggest Your Honour should make a ruling on it. Then I suggest we proceed to debate motions Nos. 2, 4 and 14 which you have grouped for discussion.

The other suggestion I make is that we agree to give unanimous consent on motions Nos. 6, 13, 15 and 16, but that we leave open the right to argue procedurally any of the other motions, such as motions in the name of the hon. member for Lanark-Renfrew-Carleton (Mr. Dick), particularly those which Your Honour says go beyond the scope of the bill, rather than those which involve expenditure. In all fairness to the hon. member, he should have the right to argue the procedural admissibility of his motions.

[Mr. Scott.]

I think no one wants to foul up the understanding which was reached on motions Nos. 6, 13, 15 and 16. If there is any doubt about it, we can carry on debate on motions Nos. 2, 4 and 14 and deal with the others later. We are prepared to debate the ones Your Honour approves. We are prepared to deal with motions Nos. 6, 13, 15 and 16 on the basis of unanimous consent. But some of the others which Your Honour thinks are out of order are motions concerning which members would like to argue procedural admissibility, and I believe Your Honour will give them that assurance.

Mr. Cafik: Mr. Speaker, I certainly agree with what has been suggested by the hon. member for Winnipeg North Centre (Mr. Knowles).

Mr. Dick: Mr. Speaker, I seem to be the fly in the ointment. Since all the other alternatives have been discussed, perhaps it might be best to go on to motions Nos. 2, 4 and 14 and then proceed to motions Nos. 10, 11 and 18. The reason I want to state that clearly, if I may, at this time, is that you have ruled against my motions Nos. 3, 5 and 7, ones about which I happen to feel very strongly. The reason I put them down in this way is that the Standing Committee on Privileges and Elections, in a report made to the House on April 29, unanimously agreed to have them debated and the government left them out of the bill. I would like to be able to speak on them.

Mr. Deputy Speaker: The hon. member will have a chance to put forward his argument if he can convince the Chair that the motion is acceptable procedurally. Whatever report the committee has made, and whatever the House may want to do, must be within the confines of our rules. This is what my ruling will be about. When I gave an indication of my opinion regarding these motions, I did not wish to stop any member from putting forward argument on his motion, which is the usual practice of the House and is one which I intend to follow.

It is up to hon. members to argue their case before the Speaker makes a ruling. That is something upon which I cannot disagree, so I accept the suggestion of the hon. member. I hope that when he argues his case, he will argue it on the procedural aspect of the motion and not on the reason for his presentation of the motion.

● (1602)

In order to find a way for this House to move more quickly, perhaps I can put to the House the proposal of the hon. member for Winnipeg North Centre (Mr. Knowles), that we call motion No. 1 and invite comments from the hon. member for Trinity (Miss Nicholson) as to the acceptability of her motion. Then I will make a decision on that motion, and after that we will proceed with motions Nos. 2, 4 and 14. Then, because they have been grouped for debate, a vote on Motion No. 2 would dispose of all three of them. Then we could come back to motion No. 3. If there are some arguments to be made, I would listen to them and make my decision; then we could proceed.

However, so that we can plan the work of the House, I wonder if there is unanimous consent to go forward in due time with motions Nos. 6, 13, 15 and 16 proposed by the minister.

Mr. Dick: Mr. Speaker, call them one at a time, please, and start with motion No. 1 as suggested.

Mr. Deputy Speaker: It is a matter requiring unanimous consent. The question could be put later.

Mr. Cafik: Mr. Speaker, do I not have unanimous consent to put those motions? If that is the decision, that is the end of the motions. I have sought consent.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I think the hon. member's words are being slightly twisted. He did not say no unanimous consent, ever; he said no unanimous consent, now. He suggested that we call them one at a time. My hope is that when we reach motions Nos. 6, 13, 15 and 16, there might at that point be unanimous consent. The hon. member is nodding his head. I think I have stated it correctly.

Mr. Dick: Absolutely correctly.

Mr. Deputy Speaker: The hon. member for Trinity has put down a motion and the Chair has indicated that motion No. 1 goes beyond the scope of the clause it is intended to amend. Unless the hon. member can argue the point successfully, the Chair will not change its mind. I invite the hon. member to comment.

Miss Nicholson: Mr. Speaker, I will make my argument very brief. Since clause 9 of Bill C-5 seeks to amend section 13 of the Canada Elections Act, my argument is that since section 13 has been opened up, it should be possible to make the amendment I have proposed.

Mr. Dick: Mr. Speaker, if I may speak on the same point of order, the hon. member for Trinity (Miss Nicholson) discussed this point in committee and at that time she was having some difficulty as to how she might word her motion. When I saw it, I thought, as Your Honour has pointed out, that it might be in violation of the rules. I think the hon. member feels strongly on this point, I know there will be a very brief discussion on the point she wants to raise. If we are going to give unanimous consent later on some things, I think it behooves us to give unanimous consent to the hon. member for Trinity, because this matter is very important to her. I would certainly be willing to give my consent.

Mr. Deputy Speaker: It is not the prerogative of the Chair to deem that there is unanimous consent. I refer the hon. member for Trinity to page 521 of May's where it says:

> An amendment which is out of order on any of the following grounds cannot be proposed from the chair:
>
> (1) An amendment is out of order if it is irrelevant to the subject matter or beyond the scope of the bill, or if it is irrelevant to the subject matter or beyond the scope of the clause under consideration.

I remind the hon. member that section 13 in its entirety is not before this House. Only that portion of section 13 of the act which is being amended by this bill is before the House at this time, and in no way will the foregoing citation permit me to put the hon. member's motion to the House.

The argument made by the hon. member defeats her own point. She tried to convince the Chair that she wants to amend a part of the act which is not before the House in Bill C-5 which we are studying. I cannot accept the hon. member's amendment.

Following the suggestion made by the hon. member for Lanark-Renfrew-Carleton (Mr. Dick), I will now ask whether there is unanimous consent to put the next motion to the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Dick: The minister said "No."

[*Translation*]

Mr. Lambert (Bellechasse): On a point of order, Mr. Speaker—

Mr. Deputy Speaker: Is the hon. member rising on a point of order?

Mr. Lambert (Bellechasse): Yes, Mr. Speaker. Since the Chair has declared motion No. 1 out of order on account of some irregularities. I remember two years ago a case in the House of Commons concerning the report stage of Bill C-52 amending the Pension Act. At that time, the Chair, despite many misgivings, had seriously considered all views and ruled that the amendment presented under a motion numbered so and so was not in order and that it was not possible to put it to the House.

The Speaker had then ruled the amendment out of order and we could not go further. Now on the basis of such precedent, I think that the situation today is absolutely similar to that of two years ago and I support the ruling of the Chair.

Mr. Deputy Speaker: Order. I thank the hon. member for his comments and I will now call motions Nos. 2, 4 and 14.

[*English*]

These three motions are to be debated together, and a vote on motion No. 2 will dispose of all three motions. These three motions are in the name of the hon. member for York East (Mr. Collenette).

An hon. Member: Where is he?

Hon. Norman A. Cafik (for Mr. Collenette) moved:

Motion No. 2.

That Bill C-5, an act to amend the Canada Elections Act, be amended in clause 10 by striking out line 19 at page 14 and substituting the following therefor:

"agent of a registered party".

Canada Elections Act

Hon. Norman A. Cafik (for Mr. Collenette) moved:

Motion No. 4.

That Bill C-5, an act to amend the Canada Elections Act, be amended in clause 10 by striking out lines 32 and 33 at page 14 and substituting the following therefor:

"party, and where the registered agent of a party".

Hon. Norman A. Cafik (for Mr. Collenette) moved:

Motion No. 14.

That Bill C-5, an act to amend the Canada Elections Act, be amended in clause 41 by striking out lines 41 and 42 at page 44 and substituting the following therefor:

"and not otherwise, and where the official agent".

● (1612)

He said: Mr. Speaker, I have very briefly explained my understanding of the reason for these three motions. The reprinting of the report of the committee to the House of Commons did not take into account the precise wording that was agreed to by the committee. It is really a correction of typographical errors in order to conform with the report of the Standing Committee on Privileges and Elections.

Mr. Deputy Speaker: Is the House ready for the question?

Some hon. Members: Agreed.

[*Translation*]

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

Some hon. Members: Agreed.

Mr. Deputy Speaker: Carried.

[*English*]

Accordingly, as previously suggested by the Chair, the adoption of motion No. 2 disposes of motions Nos. 4 and 14.

An hon. Member: Which way?

Mr. Deputy Speaker: I declare motions Nos. 2, 4 and 14 carried.

Motions Nos. 2, 4 and 14 (Mr. Cafik for Mr. Collenette) agreed to.

Mr. Knowles (Winnipeg North Centre): They are disposed of here all the time, but it does not mean "favourably."

Mr. Deputy Speaker: The House will now consider motion No. 10 in the name of the Deputy Prime Minister and President of Privy Council (Mr. MacEachen).

Hon. Norman A. Cafik (for Mr. MacEachen) moved:

Motion No. 10.

That Bill C-5, an act to amend the Canada Elections Act, be amended in clause 35 by striking out lines 34 and 35 at page 39 and substituting the following therefor:

"(9) When a recount of votes is made by a judge pursuant to subsection (7) or where the results of any other recount are such that the number of votes separating the candidate who obtained the highest number of votes and any other candidate is no more than twenty-four."

[Mr. Cafik.]

Mr. Deputy Speaker: Might I bring to the attention of the hon. member that this motion has a royal recommendation attached to it.

Mr. Cafik: I just draw briefly to the attention of the House that this particular amendment is the result of a proposition put forward by a member of the opposition. It effectively means that when there is a required recount under the law, where the gap between the winner and the next runner-up is within 25 the present law provides that the Crown, through the electoral office, will pay legal costs up to $250 a day. This amendment corrects that. If it is within 25 votes either prior to or after the recount, it will still be covered in the same way. The government agreed to accept that amendment. It will not happen very often, if ever, in the circumstances I have described.

[*Translation*]

Mr. Béchard: Mr. Speaker, may I ask a question?

Mr. Deputy Speaker: The hon. member for Bonaventure-Îles-de-la-Madeleine (Mr. Béchard) wishes to ask a question.

Mr. Béchard: If this is a literal translation, could the minister tell us why in English it reads:

. . . no more than twenty-four",

And in French:

. . . moins de vingt-cinq".

[*English*]

It is the same thing, but not the same words.

Mr. Cafik: This matter was brought to my attention not only by the Chair but by legal counsel. It was looked into and a number of options were considered. In the final analysis, it was decided the manner in which it is expressed in the motion was the most accurate way we could devise. There is no difference whatsoever in terms of its effect. As the hon. member has pointed out, it happens to be expressed differently in the two official languages.

An hon. Member: Good for you.

Mr. Scott: I have to agree with that. As a matter of fact, I was the one, on behalf of my colleagues in committee, who spoke to the hon. member for Ontario (Mr. Cafik) in this respect. An error can be made. For any election to be decided by a majority of 25 votes is not much, and why should the candidate be put to this expense through no fault of his own? We felt that $250 a day was not enough for the price of legal advice at this time. We support the government on this amendment.

Mr. Deputy Speaker: Order. The minister is seeking the floor on a point of clarification, which is permissible.

Mr. Cafik: I am sorry, because I do not like to intervene, but I would draw to the attention of the member who spoke prior to myself that motion No. 11 deals with the second aspect, that is, the amount of remuneration for legal fees in the case of

a recount. Motion No. 10 deals strictly with the item to which I referred in my comments.

Mr. Dick: Mr. Speaker, I would like to clarify that point. From the minister's remarks, it appears there was an implied discussion of motion No. 11. Certainly, the hon. member for Victoria-Haliburton (Mr. Scott) mentioned that. It is, perhaps, unfortunate that the minister and the following speaker mentioned the number "25". That is where the confusion arises. If you state that number and less, it is definite. I understand that the only person who would have qualified for this reimbursement was the former hon. member, Jean-Luc Pepin, in the constituency which he represented in 1972. This amendment would allow that if a person was defeated by 25 or 50 votes, a recount was requested, and after the recount it was discovered there had been an error in the addition—they had won, or lost, by 24 votes or less—then he or she would be covered for the expenditures by the Chief Electoral Officer.

I agree with the minister that it will not happen very often. But it has happened. I believe this is a very worth-while amendment, and I am glad to see that the royal recommendation was brought in by the minister for it.

[*Translation*]

Mr. Lambert (Bellechasse): Mr. Speaker, I fully agree on the suggested amendment for reasons identical to those given by the previous speaker. I think that more and more in Canada, as the number of political parties tends to rise, we should protect traditional parties, the old parties, as possible difficulties concerning recounts will be more and more frequent. So I think we should help those who have governed this country for many years by recognizing at least this aspect that would give them the satisfaction of a recount that would not be an unduly heavy financial burden for a candidate or a party.

Mr. Speaker, even if my remarks might seem facetious, I said it very seriously as it is the only solution considering the frequency of problems and the difficulties we are facing presently at the constitutional level throughout Canada. I do not wish to include the province of Quebec more than other provinces, because in every province there are people who think differently and see Canada in a different way but nevertheless, we should at the time of general elections designate representatives of the people and then the votes might be closer. This is why the government leader included this aspect in an amendment to the elections act to ensure better protection for some candidates following an election that could be a financial burden for them.

● (1622)

Mr. Deputy Speaker: Order please. Is the House ready for the question? Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Motion No. 10 (Mr. MacEachen) agreed to.

[*English*]

Mr. Deputy Speaker: The House will now consider motion No. 11.

Hon. Norman A. Cafik (for Mr. MacEachen) moved:

Motion No. 11.

That Bill C-5, an act to amend the Canada Elections Act, be amended in clause 35 by striking out lines 19 and 20 at page 40 and substituting the following therefor:

"relates, the lesser of such amount and five hundred dollars for each day or".

He said: Mr. Speaker, in this amendment we have changed the limits in the Election Expenses Act from $250 to $500. This means that in the case of a recount, a person within the category in question will be entitled to receive compensation for payment of legal fees to a maximum of $500. It would be the amount of the bill up to that maximum figure.

Mr. Deputy Speaker: Is the House ready for the question?

Some hon. Members: Question.

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

Some hon. Members: Agreed.

Motion No. 11 (Mr. Cafik, for Mr. MacEachen) agreed to.

Mr. Deputy Speaker: The House will now proceed to motion No. 18.

[*Translation*]

Hon. Norman A. Cafik (for Mr. MacEachen) Deputy Prime Minister and President of Privy Council moved:

Motion No. 18.

That Bill C-5, An Act to amend the Canada Elections Act, be amended in Clause 71 by adding immediately after line 21 at page 82 the following new subclause:

"(3) Section 27 of the said rules is further amended by adding thereto the following subsection:

"(16) The Chief Electoral Officer may make regulations modifying this section for the purpose of making it applicable to Canadian forces electors described in subsection 21(3), and when such regulations are published in the *Canada Gazette*, this section shall, for such purpose only, be read and construed as modified by such regulations." "

[*English*]

Mr. Cafik: Mr. Speaker, I rise on a point of order with regard to motion No. 18. I tried to get Your Honour's eye before you actually put the motion. Motion No. 18 is of no consequence whatsoever in the law unless motion No. 16 carries. Motion No. 18 is consequential on motion No. 16 which, as we have discovered, requires unanimous consent in order to be put. I think it is counterproductive at this stage, as motion No. 18 has no meaning whatsoever unless motion No. 16 is carried.

Mr. Deputy Speaker: The question having been put, is there consent that it be withdrawn and considered together with motion No. 16?

Some hon. Members: Agreed.

Motion No. 18 withdrawn.

Mr. Deputy Speaker: This brings us to the consideration of motion No. 3 appearing in the name of the hon. member for Lanark-Renfrew-Carleton (Mr. Dick). The Chair has indicated that the motion is defective from a procedural standpoint in that it introduces a new proposition into the bill. On this point, I wish to refer the hon. member to citation 203(3) which reads as follows:

An amendment setting forth a proposition dealing with a matter which is foreign to the proposition involved in the main motion is not relevant and cannot be moved.

The hon. member's motion attempts to modify the clause by giving a purpose or direction to the money, which is not provided by the clause under consideration or by the intent of the bill. I am ready to listen to the argument of the hon. member.

Mr. Paul Dick (Lanark-Renfrew-Carleton): Mr. Speaker, if I cannot rely on this motion being acceptable, at some stage I may ask the minister to act in the friendly and co-operative way in which the Standing Committee on Privileges and Elections has historically acted; that is, with consent and from a non-partisan point of view. I hope he will consent to there being discussion of this matter.

I am willing to have motions No. 3, 5 and 7 lumped together and dealt with at one time. They deal with slightly different aspects of the same thing. Your Honour has ruled motions Nos. 3 and 7 out of order as they introduce a new proposition to the bill. Your Honour stated that motion No. 5 goes beyond the scope of the bill and amends the parent act. They are all within clauses of the bill which are opened up. Your Honour read a citation to the hon. member for Trinity (Miss Nicholson) which refers to clauses. It does not refer to subclauses. There is a distinction, as we often refer to clauses and subclauses.

These motions were put down in my name because the government did not see fit to bring them in. There was all-party consideration in the Standing Committee on Privileges and Elections. I emphasize—all-party consideration. The Liberal party, the New Democratic Party and the Progressive Conservative party were there at that time, April 29, 1976.

I asked a number of questions in the House. The then government House leader said he wanted to amend the legislation in the way I had brought in the amendments. He said there was a private member's bill before the House that he wanted brought forward and discussed. That bill went forward to the Standing Committee on Privileges and Elections. At page 26 of issue No. 44 for Tuesday, April 13, the Chairman said:

The next is Mr. MacGuigan's bill, restricting expenditures obtained under the Canada Elections Act to the acitivity of that party in the federal field.

● (1632)

There was a brief discussion. Then he said: "Those in favour of the subject matter of Mr. MacGuigan's bill? Those opposed?" The subject matter of the bill was agreed to. In the next publication, which contains the report of the Standing Committee on Privileges and Elections to the House, the following appears on page 7 of issue No. 45, dated April 29:

Your committee recommends that the government consider the advisability of introducing amendments to restrict expenditures obtained under the Canada Elections Act to the activities of the party in its federal capacity as referred to in Bill C-362.

So the committee did make a recommendation: it made an all-party, unanimous recommendation.

Mr. Deputy Speaker: Order. The hon. member is really debating the motion. I had hoped to receive argument from him as to its acceptability. However, he has at least given me an opportunity to examine the three motions to which he referred, Nos. 3, 5 and 7. I might be ready to reconsider my decision on motion No. 3, but I do not see any way in which I could do so with respect to motions Nos. 5 and 7.

Mr. Dick: I am sorry; I did not want to get into debate. I wanted to show that a recommendtion had been made and that it may have been overlooked in the bill which was put forward. That is why I put these motions down. I certainly made an attempt to bring them within the scope of our rules. Perhaps I will settle for No. 3 at this time.

Motion No. 3 would introduce certain additional words at line 32 on page 14. The clause is already there; we are definitely into a subclause in this case. The clause states:

(a) all money provided by an individual other than the candidate or by a corporation, trade union, unincorporated organization or association, whether as a loan, advance, deposit, contribution, gift or otherwise, shall be paid on his or its own behalf out of moneys to which he or it is beneficially entitled to a registered agent of the party—

My amendment would provide that such money—it is the same money we are talking about—shall be for the use of the party in its federal capacity only. I do not think this introduces a new topic, though as a matter of fact there is some doubt as to whether this topic is already covered in the bill. I would point out that this is an elections act for electing members to the federal House; we are registering federal parties at the office of the Chief Electoral Officer of Canada, and I am merely talking about using the funds for the benefit of the party at that level, though I may have spelled it out in more precise detail.

Mr. Deputy Speaker: I am glad the hon. member has addressed himself to motion No. 3. I allowed him to pursue his comments because I have been examining his request to reconsider my first opinion as to the acceptability of that motion. The hon. member is right in the sense that his amendment is directly related to the clause. It does, of course, bring in a new concept—and that was my preoccupation—the concept of limiting certain funds to federal activities, which was not in the bill. But I have come to the conclusion that since this a borderline case, I am ready to accept the motion and it can be put to the House.

Mr. Dick: Thank you, Mr. Speaker. I therefore move, seconded by hon. member for Edmonton Centre (Mr. Paproski):

Motion No. 3.

That Bill C-5, an act to amend the Canada Elections Act, be amended in clause 10 by striking out line 32 at page 14 and substituting the following therefor:

"party and such money so provided shall be for the use of the political party in its federal capacity only; and where money is received by a"

Mr. Speaker, I may not be successful in convincing the House of the necessity for the course I am proposing, but I can assure Your Honour that I shall not attempt to argue motions Nos. 5 and 7. Frankly, I was hoping that they would all be accepted and taken together. I had intended to make one speech on them all, anyhow. As the mover of this motion, I am limited to 40 minutes. I shall try to be as precise as I can, but I wish to cover some of the history relating to this measure.

The intent of the Election Expenses Act of 1973 was that money was to be raised with the benefit of a federal tax deduction and used for federal activity of a registered party. There has been some debate on this matter pro and con. In 1974, there was a by-election in Carleton East, in the province of Ontario—right here at the edge of Ottawa—wherein Mr. Benoit ran for the Progressive Conservative party and Evelyn Gigantes ran for the New Democratic Party. The representative of the Liberals was the successful candidate but he lost nine months later in the general election.

In that election, one of the political parties—to be precise, the New Democratic Party—raised every cent of its provincial campaign funds by using the federal tax deduction. They said, "Toll it through the federal party. We will give you a reduction in your federal tax payable." They immediately moved the $100 down to the provincial party and ran the by-election. Now there was a loophole and some of us felt it was wrong. I only say there was some concern. In October of 1974, I point out, there was a further development. I quote a letter dated October 28, 1974:

Liberal Party in Ontario

15 Duncan Street, Toronto, Ontario

We Liberals now have a new opportunity and a new responsibility. Our responsibility is to broaden our base of financial support in order to lessen the potential influence of large institutions in the political process.

The Election Expenses Act, Bill C-203, stimulates financial involvement by encouraging volunteer support and small donations. To accomplish this the new act provides for tax credits. A tax credit is a direct reduction of federal income tax payable. The system must work. It is therefore necessary to obtain your support through your contribution.

In the past a donor who made a direct contribution to the party or a donation to the Liberal Union (later the Red Carnation Fund) did so with no tax benefit. You now have the opportunity of supporting the LPO up to a maximum of $1,150 and be able to claim a direct credit against your personal income tax (not against taxable income but against the tax payable) to a limit of $500 as indicated by the chart below.

Then a chart follows. Continuing:

The funds are used to pay staff of the party, provide party offices and other services that the party needs to function between elections.

A substantial share of your contribution will be deducted from your 1974 income tax if your cheque is received before the year end, payable to the Liberal party in Ontario, 15 Duncan Street, Toronto, Ontario. The Liberal party is in urgent need of your support. Your cheque is vital if we are to continue functioning as an effective party organization.

You will note, Mr. Speaker, that this is not directed to the national Liberal party, which has its office, I think, at 305 Bank Street.

● (1642)

Mr. Maine: It is 102 Bank Street.

Mr. Dick: My apologies. This is sent to the Toronto office and is signed by Jeffrey L. D. King, president of the provincial Liberal party of Ontario. He was elected at the annual meeting in Toronto when the provincial Liberal leader was named guest speaker, at a function where their federal counterparts, including the federal Liberal leader, did not come to greet them. That was a provincial affair at the time, and this was signed by a man who to all intents and purposes was provincial Liberal president at the headquarters in Toronto. In other words, the Liberal party began to use the same mechanism in 1974. I felt that this was wrong, so on November 6, 1974, I posed this question to the then House leader, as reported at page 1111 of *Hansard*:

I am sorry, Mr. Speaker, I intended that my question be directed to the President of the Privy Council. Thank you very kindly. I had no intention of demoting the minister.

I had made an error previously.

In view of the fact it has been some ten days since it was drawn to the attention of this House—

I believe through newspaper articles.

—that there has been a flagrant abuse of the Election Expenses Act, I believe an immoral exploitation of a loophole, such that provincial political party associations are going to reap benefits which were not intended, does the President of Privy Council have any intention of introducing amendments to close up this loophole and stop the exploitation of the Federal Election Expenses Act by the NDP or other political parties?

The then president of the privy council, the hon. member for Eglinton (Mr. Sharp), replied:

Mr. Speaker, I have been reviewing the operations of the Election Expenses Act and I think it will be necessary to bring revisions before the House. The hon. member may be aware that one member on the Liberal side, the hon. member for Windsor-Walkerville, already has a private bill on the order paper for that purpose.

Mr. Speaker then recognized me for one short supplementary, and I asked:

Mr. Speaker, is the introduction of this bill being delayed as a government bill because of the fact that on October 28, 1974, on Liberal party of Ontario stationery over the signature of the president Jeffrey King, individuals were being asked to donate to the provincial party in the same manner—

The hon. member for Eglinton replied:

The answer is no, Mr. Speaker. I do hope, however, that hon. members on the othr side of the House will co-operate in dealing with measures to clear the order paper so I can deal with this matter.

He expressed the intentions of the Liberal party in saying that he wanted to deal with this matter, and then referred to the fact that the hon. member for Windsor-Walkerville (Mr. MacGuigan) had a private member's bill on the order paper outlawing the practice of handing money which is tax deductible down to the provincial level. Then a funny thing happened, Mr. Speaker. In 1976, the Standing Committee on Privileges and Elections, following discussion which I will go into in more

detail later, made a unanimous, all-party recommendation to the government. This is to be found in issue No. 45 of the committee proceedings for April 29. I think it bears repeating that we have here all-party support. The recommendation is as follows:

Your committee recommends that the government consider the advisability of introducing amendments to restrict the expenditures obtained under the Canada Elections Act to the activity of the party in its federal capacity as referred to in Bill C-362.

Bill C-362 was the private member's bill of the hon. member for Windsor-Walkerville in that session referred to by the then president of the privy council. In other words, there was an all-party recommendation to the government of the day that this loophole be closed. I took a look at the contents of Bill C-5 and I had to do some stickhandling, I guess. I wanted to have the matter dealt with, so on November 22, as reported at page 1117 of *Hansard*, I raised the matter again. You will note that this is three years and 16 days after I first brought the matter up and when the Liberal government of the day said it intended to correct this loophole. I put the following question to the President of Privy Council:

Mr. Speaker, I wish to direct my question to the President of Privy Council. On December 6—

That is an error; it should be November 6.

—1974, page 1111 of *Hansard*, I directed a question to the then president of the privy council, the hon. member for Eglinton, with regard to the Election Expenses Act. I pointed out that provincial party affiliates of federal parties were reaping the benefits through a loophole in that act and money taken off of federal tax payable was being taken down to provincial levels to fight provincial election campaigns. At that time the then president of the privy council said that they were very interested in closing that loophole and that private members' bill in the name of the hon. member for Windsor-Walkerville would, he hoped, be debated very soon. The same recommendation was made in the report of the Standing Committee on Privileges and Elections on April 29 of last year. Why was that loophole not included in Bill C-5 presently before the committee? Why is there no provision included to cut off that loophole?

The President of Privy Council replied:

To be frank with the hon. member, Mr. Speaker, at the moment I am not aware of the reason that particular amendment has not been proposed. Presumably any loophole that may exist in the law can be in practice closed by the operation of the national political parties and the candidates for whom collections are made. I suggest to the hon. member that this is a matter which might be considered in the committee because the bill is now before that committee.

That was the committee I referred to. The fact is that it was dealt with by the committee in the previous session and that committee made an all-party recommendation that this loophole be closed. The minister continued:

It might be a matter for consideration.

How thoughtful of him!

Certainly, I will give it some thought and consider whether it would be necessary and desirable to move an amendment to bring this objective about if it does constitute a real problem.

Then I followed up with this supplementary question:

Mr. Speaker, there was a private members' bill to cover this loophole and it was requested by the Standing Committee on Privileges and Elections in their report of April 29 of last year that the government provide for this. The bill presently before the committee is silent on this. We cannot introduce an amendment of a provision which has not even been opened up in the government legislation before us. Will the President of Privy Council take the necessary steps as quickly as possible to refer that subject matter or an amendment to Bill C-5 so that it can be considered at the same time?

● (1652)

Mr. Speaker, I was in error because, of course, I have found a way to bring in the amendment. The President of Privy Council responded as follows:

Mr. Speaker, I will consider the representations made by the hon. member and whether at this stage it would be desirable to bring in an amendment, either by consent or otherwise in the committee, or have it done in another way. I still believe it is a loophole that can be closed by the national parties operating as they see fit in the management of collected funds.

Mr. Speaker, you know, I know, every member of this House knows, and anyone who is not locked up in a hospital because of mental instability knows that no party will stop using loopholes until there is an order that all parties stop. Each is afraid that the others will have the advantage. I have looked into the matter and I know that although for almost a year this party refused to use this mechanism to help fund provincial parties, they are going to use it now, as does the Liberal Party and the New Democratic Party.

An hon. Member: They do not need that in Ontario.

Mr. Dick: My hon. friend says that Ontario and Alberta, the provinces with the most progressive governments in the country, have closed the loophole at the provincial level and refused to allow federal parties to pass money to their provincial counterparts. The other eight provinces do not have such legislation. The legislation before us provides for the laundering of money not only to provincial but to municipal elections, and not only to municipal elections either, because just this year the New Democratic Party advertised for people to send contributions under the federal Election Expenses Act to support the socialist party of Spain. Imagine using our tax dollars at the federal level to support a foreign party of whatever political stripe! A certain political party has inquired whether it can use federal tax dollars to support its counterparts in Chile and Argentina. Mr. Speaker, this government has an $8 or $9 billion deficit, so we should not be financing other political parties in the world.

This loophole is so wide it can easily be abused, but the practice cannot be stopped as the law stands. That is why I offer these amendments. The abuses must be stopped if this government and members of this House have any conscience. The original intent of the act was to make it easier to collect money for federal political parties and for the support of candidates at the federal level at the cost of the federal treasury. The first proposal was a tax allowance of $75, which is a loss of $75 to the treasury. Mr. Speaker, I suggest that with our deficit we need all the money we can get. Why should we support a continued loss to the treasury of about a $3 million per year so that provincial parties can ride on our coattails?

If parties want to assist provincial activity, let them take the money from their own treasuries, as Ontario and Alberta have done, by introducing similar legislation. The people who want to engage in that activity at whatever level should pay for it.

When I brought this matter up in the last round of committee meetings, the Minister of State for Multiculturalism (Mr. Cafik) said that in 1973 the then president of the privy council said he did not mind if we were involved in provincial activity. In a moment I shall show how selective he was in choosing that quotation because the former president of the privy council stated the exact opposite.

As I have already said, there is no doubt that the three major political parties are using this provision to fund provincial organizations. This is unfair. The Liberal party in Quebec can use the federal Liberal structure to fund itself, for instance, but the Union Nationale party cannot use it as it has no federal counterpart and is not registered nationally. Neither can the Parti Québécois. The Social Credit party can use it, because it is both national and provincial.

It is well known that federal tax moneys were used in the last municipal election in the city of Winnipeg. A New Democratic Party candidate ran for mayor and was funded by federal tax dollars. But the use of this system, laundering the money at the federal level and directing it in this way, he was able to run his campaign. That is how wide open this is, Mr. Speaker. We can fund municipal elections in the same way.

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

Mr. Cafik: Mr. Speaker, on a point of order, I wonder if I could ask the unanimous consent of the House to revert to motions to tidy up one small housekeeping matter.

Some hon. Members: Agreed.

ROUTINE PROCEEDINGS

[*English*)

FINANCE, TRADE AND ECONOMIC AFFAIRS

STANDING COMMITTEE AUTHORIZATION TO TRAVEL TO U.S.A.

Hon. Norman A. Cafik (Minister of State)(Multiculturalism) moved:

That members of the Standing Committee of Finance, Trade and Economic Affairs be granted leave to travel outside Canada, namely, to Washington, D.C., U.S.A., for a period of up to four days while the House is adjourned, for the purpose of studying problems relating to the management of national economies in the 1970s, and that the necessary staff accompany the members on the inquiry.

Motion agreed to.

* * *

Mr. Baker (Grenville-Carleton): On a point of order, Mr. Speaker, Your Honour will recall that during the question period matters were raised by the hon. member for St. John's East with respect to the announcement of the details of the FLIP program. The President of the Treasury Board indicated that he would not make a statement on motions with respect to it, but that he would be making a statement later in the day.

Part of his rationale for following the course that is apparent under the rules was that members of the House would receive in their offices the statement that he was to make at his press conference.

I have raised this matter before. It has come to my attention that members of parliament will receive the statement tomorrow. As has been argued before, in other cases, there ought to be a statement on motions regarding government announcements.

● (1702)

The minister is in contempt of this House because he did not make a very short statement in this chamber on a program which is significant enough to cause him to scutter across Wellington Street for a press conference. There are rules for short replies and reasonably short question periods in circumstances such as this. I have raised this point because I feel very strongly about it. The government is holding the House in contempt by doing this, especially when members will not receive written notice until tomorrow, and the press conference took place today.

The Acting Speaker (Mr. Ethier): Before the parliamentary secretary speaks on this point of order, I should like to remind the hon. member for Grenville-Carleton that perhaps he has a matter of grievance, but the Chair cannot recognize it as a point of order or a question of privilege.

* * *

PRIVILEGE

MR. McGRATH—STATEMENTS MADE BY MINISTERS OUTSIDE HOUSE

Mr. James A. McGrath (St. John's East): Mr. Speaker, perhaps the point of order of the hon. member for Grenville-Carleton is not proper, but I have a proper question of privilege. If I am wrong, I will apologize to the House and to the minister. In reply to a question today, the minister indicated that I would have the details of his statement delivered to my office. When I returned to my office, knowing the minister was meeting with the press at three o'clock, I called his office in order to find out at what time we could expect receipt of his statement. I was informed that we would not receive it until tomorrow. Inadvertently or otherwise, it seems to me the minister has seriously misled the House on this important matter. As long as ministers treat the House contemptuously, then they are responsible for delaying the proceedings of the House. Every time that occurs we will raise it as a question of privilege or a point or order.

Some hon. Members: Hear, hear!

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, I call your attention to Standing Order 16 which says that the proceedings on private members' business shall not be suspended except as provided for in

Standing Orders 15(5), 26(12) and 44 or when otherwise specified by any special order of this House. So I suggest that these points of order and these so-called questions of privilege which are now being made go against the right of members to present their bills or their motions at private members' business time. I say that we have been dealing with points of order or so-called questions of privilege which are strictly political and that we should now proceed immediately with private members' business.

[*English*]

The Acting Speaker (Mr. Ethier): Order, please. The question of privilege raised by the hon. member for St. John's East will be taken as notice and brought to the attention of Mr. Speaker. If that is agreeable to the hon. member, we will proceed now to private members' business.

PROCEEDINGS ON ADJOURNMENT MOTION

[*Translation*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Ethier): Order. It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for York Centre (Mr. Kaplan)—External Affairs—Imprisonment in Soviet Union of Anatoly Sharansky—Efforts to obtain release; the hon. member for Sault Ste. Marie (Mr. Symes)—Export Development Corporation—Reason for financial support for Canadian Superior Oil to drill in Dominican Republic; the hon. member for Humber-St. George's-St. Barbe (Mr. Marshall)—Manpower—Lay-offs at Labrador linerboard mill—Government action to alleviate.

It being five o'clock, the House will now proceed with private members' business, in the sequence shown on the order paper of today namely notices of motions (papers), private bills, public bills.

PRIVATE MEMBERS' MOTIONS FOR PAPERS

[*English*]

CORRESPONDENCE RELATING TO EDC FINANCING OF SUGAR COMPLEX IN REPUBLIC OF IVORY COAST

The Acting Speaker (Mr. Ethier): Shall order No. 2, in the name of the hon. member for Vaudreuil (Mr. Herbert) stand?

An hon. Member: Stand.

[Mr. Pinard.]

The Acting Speaker (Mr. Ethier): Stand at the request of the government.

Mr. Hal Herbert (Vaudreuil) moved:

That an humble address be presented to His Excellency praying that he will cause to be laid before this House copies of all correspondence, notes, minutes of meetings, documents and agreements relating to the financing by the Export Development Corporation of a cane sugar complex in the Republic of the Ivory Coast to be built by Redpath Sugars Ltd.

He said: Mr. Speaker, the motion follows a reply to a question which I had on the order paper in October, 1976. It was answered just prior to Christmas, 1976. Originally, the motion was put on the order paper in February, 1977. It died in the last session and was repeated by me in this session. I should like to explain why the question was posed in the first place.

The annual Canadian consumption of sugar is approximately 100 pounds per person. Of this amount, something more than half is used by food manufacturers. World sugar production presently exceeds 80 million metric tons per annum, of which Canada consumes over two billion pounds of sugar per year and is dependent upon imported raw sugar for approximately 90 per cent of its needs.

With regard to imported sugar, approximately 800 million pounds per annum come from Australia, 600 million pounds per annum from South Africa, and 400 million pounds from Mauritius. I obtained this information from an answer tabled by the then minister of industry, trade and commerce.

The 1971 report of the Tariff Board relative to the investigation ordered by the then minister of finance respecting sugar reads in part as follows:

The price of refined cane sugar in Canada appears to be based primarily upon considerations not as closely related as is desirable to such factors as production costs and competitive pricing. It is based on formulae related to the London daily price for "free market" sugar adjusted by a variety of factors; this situation has the further characteristic that one company is the price leader and the others assume that the refiner's margin of the price leader is constant in the short run.

Resulting from the clamour over the price of sugar when there were sharp rises, a document entitled "Food Prices Review Board—Sugar Prices and Policies," dated July, 1974, was prepared. At page 6 it reads as follows:

There has been a strong trend by a number of countries to establish their own sugar industries, both growing and processing. As new developments in the technology of sugar-processing continue . . . it is expected that more countries will process raw sugar, either from beets or sugar cane.

The document continues, at page 32:

The Food Prices Review Board considered that the Canadian sugar policy . . . should be based upon a broader multilateral approach . . . In a world market where future supplies are likely to be much tighter, it would appear to be ironic for Canada to continue policies which put nearby sugar-exporting countries, such as Cuba and Brazil, at a disadvantage in selling supplies in the Canadian market . . .

● (1712)

In the face of expanding world demands and uncertain world supplies, Canada's sugar policies must not be confined by traditional attitudes or arrangements.

In 1974, the same year as the report—in fact, following it by two or three months—the then minister of consumer and corporate affairs stated that the government would be introducing a new policy. The minister was contemplating the idea of a federal board to buy raw sugar and resell it to refineries. Just after that, president Neil Shaw of Redpath, Canada's largest sugar refinery, criticized politicians for meddling in the affairs of the Canadian sugar industry. I would remind you, Mr. Speaker, that we are talking of the Redpath company, a subsidiary of the Tate and Lyle multinational giant. In a book published in August, 1975, also by the Food Prices Review Board, concerning the Canadian refining industry, one can read the following statement on page 16.

—most of the Canadian refiners negotiate contracts allowing them to purchase their raw sugar on a "deferred pricing" basis. Under such contracts the price of the raw sugar would—

—in many cases, not—

—be determined . . . until the raw sugar was actually used in their refineries.

In the same document it is said:

—refiners can derive their refining margin from the list prices issued by Redpath.

Redpath is the company we are considering. It goes on to say:

—the refining margin received by the other refiners would not be determined directly by their own refining cost and profit expectations but instead by those of Redpath . . . This situation is quite typical of an . . . industry . . . in which there are few sellers.

In January of 1977, in a letter signed by the former minister of industry, trade and commerce, I read the following statement:

The general policy of the government is to leave the buying and selling of products in the hands of private companies with government involvement limited to border measures such as the tariff and matters affecting competition. This is the case with regard to sugar.

Also, in another letter from the then minister of industry, trade and commerce dated November 21, 1977, we find the following statement concerning proposals for the Foreign Investment Review Act:

These proposals were approved for the acquisition of control of Merry Packaging Limited and Holway Paper Box Manufacturing Limited by Redpath Industries Limited and its wholly-owned subsidiary, CBC Packaging Limited respectively.

I would explain my anxiety by referring to a couple of fairly well known cases that are being pursued in the courts. In 1974, testifying at the anti-combines trial of Redpath, St. Lawrence Sugar Limited and Atlantic Sugar Refineries Company Limited, an expert Crown witness testified that Redpath Industries Limited paid several million dollars more than necessary to a tax-exempt Bermuda company in which it was a shareholder. He said that the figures indicated that Albion contracted with various suppliers at discount prices for the raw sugar and charged it to Redpath at the price fixed daily in London. I understand that the case of tax evasion by the use of a Bermuda subsidiary is scheduled to come to trial in January, 1978. In connection with the appeal from the combines acquittal involving the same firm and other firms but involving primarily Redpath, a hearing was held in October of this year and a verdict is pending.

That is the situation which led me, in October of 1976, to ask what were the terms and conditions under which the Export Development Corporation financed an industrial cane sugar complex for the Republic of the Ivory Coast. The reason I asked the question was the somewhat conflicting reports. For example, one report stated that the Export Development Corporation kicked in $88.3 million in the form of a ten-year loan, while Canadian banks supplied $21.6 million; Antony Gibbs and Sons Limited of the U.K. participated with $16.7 million, and the rest came from a $45 million Eurocurrency loan. The same report states that the Export Development Corporation gave a boost to Redpath Sugars Limited by helping finance a $172 million cane sugar complex in the Republic of the Ivory Coast. But another report in another newspaper states that a further $10 million is expected to come from the Canadian International Development Agency in the form of a concessionary financing loan.

Thus intrigued by the variety of figures that were in different reports, I asked for details. The details as supplied in the answers are as follows. On August 11, 1976, the Export Development Corporation and four Canadian banks made an agreement to lend $50 million to the Société pour le développement des plantations de canne à sucre, l'industrialisation et la commercialisation du sucre, to finance a sale by Redpath Industries Limited and Redpath Sugars Limited, Montreal, of goods and services for the development of a sugar cane estate and the construction of a raw sugar factory. Repayment is to be by 20 semi-annual instalments beginning six months after completion. EDC also provided a guarantee for loans by banks up to $5 million.

We are discussing taxpayers' assistance, federal assistance, to a subsidiary of a giant multinational corporation which, according to a chart which I have with me, has at least 66 subsidiaries in just about every country of interest. I see countries such as England, Zambia, Canada, Bermuda, U.S.A., Jamaica, Mexico, Norway, Nigeria, Northern Ireland, Belgium, Rhodesia, British Honduras, Guyana, Trinidad, India, Holland, France, the Congo, Mauritius, Switzerland, Indonesia, Mozambique, and South Africa. This is the kind of company that needs federal assistance. I do not really know how much it needs, but according to the answer it is $50 million. But there is no indication as to what forms of assistance are being given by other agencies, apart from the note I read in the newspaper about the $10 million from CIDA.

● (1722)

I also feel that the conditions I asked about in my question have not really been provided. Who will have priority, the banks or the Export Development Corporation? In a case such as this, what risks are we taking? That was not mentioned, and that is the reason I ask in my motion that the documents upon which this decision was made be provided. That is why I ask for all the correspondence, all notes and minutes of meetings which will indicate to the public why it has been considered necessary to invest something in the order of $65 million, according to the figures I have, to assist Redpath, part of one

of the largest multinational chains in the world. Surely the Canadian taxpayer is entitled to this information.

Mr. Gilbert Parent (Parliamentary Secretary to Minister of Veterans Affairs): Mr. Speaker, I am pleased to second the motion moved by my dear colleague, the hon. member for Vaudreuil (Mr. Herbert). There are a couple of things I would like to clarify for him as a result of my research. As I understand it, the motion before us requests an order for copies of all correspondence, all notes, the minutes of meetings and all documents and agreements relating to the financing by the Export Development Corporation of a cane sugar complex in the Republic of the Ivory Coast to be built by Redpath Sugars Limited.

As I understand it, the project in question is an integrated sugar complex. It is wholly-owned by the government of the Ivory Coast, a government which has committed itself to expanding and diversifying its agricultural base. In an effort to expand its agricultural base, it created Sodesucre, a government-owned corporation, to assume the responsibility for the production of Ivory Coast sugar. The country has traditionally imported sugar and hopes to develop its own natural resources to supply the domestic market and to provide the country with foreign exchange earnings from export sales. In all our dealings with underdeveloped countries, we try to ensure that they have the opportunity to become self-sufficient. In addition, we hope that they develop agro-industrial bases so that they can exchange their goods and products with other countries of the world.

How was this company established? Sodesucre called for tenders in the international market for the development of this sugar complex. In response to this call, Redpath Sugar submitted a successful bid. The bid was won in the face of very stiff international competition from firms which were supported by their national equivalents of the Export Development Corporation. The successful bid of the Canadian firm will result in the placing of substantial equipment orders in Canada and in the creation of jobs for Canadians employed by suppliers and subsuppliers.

The sugar complex is a commercial project being built because the government of the Ivory Coast has decided that its economy needs, and can benefit from, such a complex. The Export Development Corporation supports commercially viable transactions which involve exports beneficial to Canada, so it is *quid pro quo*.

Mr. Baker (Grenville-Carleton): Are you a free trader?

Mr. Parent: I believe that if free trade benefits Canada, I would be a free trader. I believe we have to consider the over-all benefits which would accrue to our own country as well as the countries with which we are dealing.

To get back to what I was saying, by definition such a transaction involves a willing buyer and a willing seller. In other words, it must be mutually advantageous and mutually beneficial, as I was saying to the hon. member for Grenville-Carleton (Mr. Baker)—or is it Ottawa-Carleton?

[Mr. Herbert.]

Mr. Baker (Grenville-Carleton): "Grenville-Carleton".

Mr. Parent: Renfrew county?

Mr. Paproski: That must have been quite a party you had.

Mr. Douglas (Bruce-Grey): "Granulated Renfrew".

Mr. Parent: If I can get on with this very serious topic without these remarks from my left and my right—

Mr. Symes: Get after those corporate welfare bums.

Mr. Parent: I do not have to go after them; I can go after you fellows.

Furthermore, it should be a financially sound proposition. I hear someone coming.

Mr. Knowles (Winnipeg North Centre): They have come for you.

THE ROYAL ASSENT

[*English*]

A message was delivered by the Gentleman Usher of the Black Rod, as follows:

Mr. Speaker, the Honourable the Deputy Governor General desires the immediate attendance of this honourable House in the chamber of the honourable the Senate.

Accordingly, Mr. Speaker with the House went up to the Senate chamber.

● (1742)

And being returned:

Mr. Speaker informed the House that the Deputy Governor General had been pleased to give, in Her Majesty's name, the Royal Assent to the following bills:

Bill C-11, An Act to amend the statute law relating to income tax and to provide other authority for the raising of funds.—Chapter No. 1.

Bill C-15, Appropriation Act No. 3, 1977-78.—Chapter No. 2.

Some hon. Members: Six o'clock.

Mr. Speaker: May I call it six o'clock?

Some hon. Members: Agreed.

Mr. Speaker: It being six o'clock, I do now leave the chair until eight o'clock this evening.

At 5:43 p.m. the House took recess.

● (2002)

AFTER RECESS

The House resumed at 8 p.m.

GOVERNMENT ORDERS

[*English*]

CANADA ELECTIONS ACT

AMENDMENT OF CERTAIN PROVISIONS

The House resumed consideration of Bill C-5 as reported (with amendments) from the Standing Committee on Privileges and Elections.

Mr. Paul Dick (Lanark-Renfrew-Carleton): Mr. Speaker, I think I have time left until just a fraction before 8.30 in which to conclude.

An hon. Member: No!

Mr. Dick: I have finished the preliminary half of my remarks and I should like, in the second half, to document what I have had to say. It may be my only opportunity. This matter, the subject of my remarks before five o'clock, first arose when in October, 1973, members of the Standing Committee on Privileges and Elections, engaged in consideration of the Election Expenses Act, were concerned as to whether or not provincial organizations other than registered federal parties would be able to benefit from the generosity of the Minister of National Revenue in allowing a tax deduction in respect of certain donations to political parties. I would refer in the first instance to page 14 of issue No. 15 of the reports of the Standing Committee on Privileges and Elections dated October 30, 1973. The witness on that occasion was Mr. David H. Wishart, chairman of the study group on election expenses set up by the Canadian Institute of Chartered Accountants. As recorded at page 14 the former member for Skeena, Mr. Howard, sais this:

● (2012)

Is it your view, with respect to the income tax deductibility feature of the bill, that a person could make a contribution to a subsidiary section of a registered party, such as a provincial section or the like, and would then be able to get a receipt for that for income tax purposes? That particular provision is on page 35, the proposed subsection is 126.1 (1).

Mr. Wishart replied:

We did not read it that way, Mr. Howard. What you have in mind is if, say, someone contributed to the New Democratic Party of British Columbia, would he be able to get a tax receipt for that? I can only read the words in the text about an election of members to serve in the House of Commons.

So obviously that witness believed that we were talking of expenses for electing federal members to the House of Commons. Then immediately following, the hon. member for Greenwood (Mr. Brewin) said:

Could I put a supplementary in there? Does it not also refer to a contribution to a registered party? Supposing you leave out the election altogether, and consider Mr. Howard's question from the point of view of a contribution to a registered party. Is there any limitation on how it would be interpreted if you gave a contribution to the registered party with the direction that it be transferred to the provincial branch?

MR. WISHART: I am sorry, Mr. Brewin, I just do not know the answer to that question.

That is an indication that the New Democratic Party was well versed in this matter, that it had done its homework and had its lawyers there to assure themselves that they would be able to use this scheme.

The next time that the matter was raised in committee was on Thursday, December 13, 1973. In issue No. 17 of the committee's proceedings, the hon. member for Regina-Lake Centre (Mr. Benjamin) put a question in a somewhat convoluted way but it is the answer that is important. The answer given by the person named in the report, who I presume is the President of the Privy Council (Mr. MacEachen), is as follows, as recorded at page 7:

If the person who received the funds is a registered agent of the party, so nominated and listed by the chief agent, he could issue tax credits as I understand it. The only question in my mind concerns your mention of a provincial secretary.

Then I would ask hon. members to note these words:

I would enter a caution because the bill is couched in terms of the election of members to the House of Commons and presumably we are dealing with funds for elections to the House of Commons and registered parties seeking to elect people to the House of Commons.

In other words, the President of Privy Council is saying: "Watch out, this is an Election Expenses Act dealing with the election of members of federal parties to the House of Commons". He is staying well away from any provincial affiliation. Then a little later on on the same page Mr. McKinnon, I presume the hon. member for Victoria, says this:

Mr. Minister, in a province such as British Columbia where we have a Social Credit party, it would be to their advantage then, would it not, to contribute the funds to the federal Social Credit party and have them transfer them back to the provincial Social Credit party and thereby come under this tax allowance which would not be the case if they contributed directly to the provincial party? Federally speaking, they are of no consequence in B.C. but it would be a big advantage to them if they follow the way you have explained. They will be able to collect money really for provincial purposes and be exempt from federal tax.

The President of Privy Council replied:

What you are really asking me is whether funds collected for which tax credits are issued can be used for provincial elections? Is that what you are asking?

MR. MCKINNON: In your explanation to Mr. Benjamin you indicated they could transfer these moneys between federal and provincial parties.

MR. MACEACHEN: That is not what I said.

Then after some *obiter dicta* he continues:

Now it is then up to the registered party to determine how it supports its political activities and we do not determine that in the law.

That is in conflict with what he had said on page 7, namely:

I would enter a caution because the bill is couched in terms of the election of members to the House of Commons and presumably we are dealing with funds for elections to the House of Commons—

And so on. There appears to be some contradiction there. The minister is trying to get the best of both worlds. Then on the next page of the report, again the hon. member for Victoria:

I do not wish to take too much time of the committee, but surely you are asking for laundering of money are you not, in that, the normal contribution of provincial parties will soon be challenged through federal parties so that they can take advantage of the tax concession and then back to the provincial party?

I suggest that the use of the word "laundering" by the hon. member, a word usually used in a derogatory sense, is an indication that he was not pleased about it; and the first words of the President of Privy Council show that he thought the bill was couched in terms which meant election of the House of Commons.

I go now to page 38 of issue No. 25 of the report of the privileges and elections committee for Tuesday, December 11, 1973. Mr. O'Connor, a former member of the House, had this to say:

I believe it is the next section that restricts the tax provisions and allowances for donations strictly to registered parties and candidates in a federal election. Has any thought been given to the discriminatory effect of such a provision on provincial parties, and candidates in provincial elections, particularly in the year 1974, when there will almost surely be three provincial elections in the maritimes, combined with the good possibility of a federal election, all within perhaps three, four or five months of each other? The effect of such a considerable tax credit or tax allowance will be to encourage people to make donations to the federal party or the federal candidate, as opposed to his provincial counterpart and party—much to their detriment. Had any thought been given to extending this principle to other than federal parties?

So the understanding of a Progressive Conservative member of that committee was that this bill was restricted to the financing of federal parties at the federal level. The President of Privy Council replied:

We have thought about the effect on provincial situations. I did not feel that it would be proper to get into the financing of political parties at the provincial level.

In those words he implies that the bill is restricted to the federal party level and was not connected with provincial parties. As recorded at page 39 of the same issue, Mr. O'Connor said this:

I think that there could be substantial discriminatory effects of this section against provincial parties and candidates. I think it may encourage a practice which I am sure we do not want, which might be undesirable, that of people making donations to a federal candidate or federal party in anticipation of he in turn providing the receipt for tax purposes and then handing the money over to his provincial party or a provincial candidate friend in his area. I am sure we do not want to encourage that type of thing.

Again there is an indication that this bill has to do with elections at the federal level. A little further on Mr. McKinnon, presumably the hon. member for Victoria, said this:

I would like to speak to the subject as I recall and refresh our Minister's mind about his answer to a similar query about a month ago . . . did he not think we were asking for laundering of money, that is that donors would give the money to the federal candidate or the federal party and they in turn would pass it on to the provincial candidate or provincial party, having given the tax receipt, the secret of it all, to the donor? And your answer at that time was that you would not wish to interfere in the interior workings of a party, and certainly you implied that you had no objection to such a practice. The reason I have intervened now is to ask a further question on this—how would you feel about it in municipal politics?

● (2022)

Again he referred to the time when I indicated that the President of the Privy Council had put his foot on the other side so that he was straddling the fence.

[Mr. Dick.]

At the bottom of the page comes the reply:

MR. MACEACHEN: I think I will repeat exactly what I said earlier, that if the registered party feels that contributing or helping a provincial organization is to serve its purposes, then we will not prohibit that in the law, and I do not think we should.

We have had no representations from the provinces in any way. They have made changes in their electoral law and brought benefits to themselves in various cases, and we just have not heard anything from them on this.

We have thought about the effect on provincial situations. I did not feel that it would be proper to get into the financing of political parties at the provincial level.

That is a contradiction, if ever I heard one.

As recorded on pages 40 and 41, Mr. Howard, the former member for Skeena, went into a long discussion about it being all right, or appearing to be all right, and that he did not think the Minister of National Revenue would look behind the receipt. The President of Privy Council replied at page 41:

If they feel that a provincial section is worthy of support, they can do that and under the law it will be disclosed.

That is not how it is working today, Mr. Speaker. Later at page 41 Mr. Howard said:

I can phone my federal sector and say: 'Here, I am going to give you $100. I want a receipt, but that is earmarked for the provincial section of the party in B.C.' He can transmit that to the provincial section: I get my tax deduction, but the money goes to the provincial section.

That brought the following response:

MR. MACEACHEN: If that arrangement is acceptable to the registered party and it agrees that it wants to spend its money that way, that is not prevented.

At the bottom of the page Mr. Howard asked:

Mr. Chairman, if, by implication, it is permissible, why do we not do it directly and talk in terms of contributions to provincial parties?

Even when Mr. Howard had the situation clarified the President of the Privy Council did a flip-flop. Mr. Howard was bothered and said so. In effect he asked why we would not be honest about it instead of hiding behind this kind of scuttle-butt.

In issue No. 42 for Thursday, April 1, 1976, at page 19 the hon. member for Windsor-Walkerville (Mr. MacGuigan) introduced his bill saying how much he disliked the way they were tolling through provincial funds. I do not have time to read it all. At page 21 appears the following:

MR. BEATTY: I would like to voice my support, Mr. Chairman, for the thrust of the legislation proposed by Mr. MacGuigan. One of the concerns that I have had for some time is the possibility that funds which were raised for one purpose were being channeled through to a totally different purpose.

At the bottom of page 22 I said that I agreed with the hon. member for Windsor-Walkerville. At page 23 a witness, Mr. Hamel, said:

I have had a number of questions asked of me, I will not name the party, but one party asked me whether they could finance one of their similar parties in Chile or Argentina or one of the foreign countries.

Then he added:

At the moment there is no restriction.

I put the question:

There is no restriction as well, I understand, for people using the Election Expenses Act presently to help fund leadership campaigns.

Mr. Hamel replied:

No.

A few moments later the hon. member for Windsor-Walkerville said:

I think that would be contrary to the spirit of the act, at least, but this legislation does not go that far. It might, however, be the model for further legislation . . .

Next we come to issue No. 44, for Tuesday, April 13, 1976. I have already indicated, this bill was reported unopposed by the Standing Committee on Privileges and Elections with agreement by the hon. member for Windsor-Walkerville. At page 7 of issue No. 45 for April 29, there appears the following:

Your committee recommends that the government consider the advisability of introducing amendments to restrict the expenditures obtained under the Canada Elections Act to the activity of the Party in its federal capacity as referred to in Bill C-362.

In conclusion, I should indicate that this matter is dealt with in issue No. 2 at pages 18 and 19 for Tuesday, November 22, and in issue No. 3 at pages 8 and 9 on Wednesday, November 23.

If we do not close this loophole the next step will be up to the public of Canada which can call us to account in the years ahead. The people might say, "Look what those crooked politicians did. We thought they were being honest and cleaning up the election financing but all they did was sweep it under the rug."

Hon. Norman A. Cafik (Minister of State (Multiculturalism)): Mr. Speaker, in connection with motion No. 3 we have heard a great deal about the evils of the Elections Expenses Act which allows funds raised at the federal level through a tax credit to be used for other than federal purposes. We have had political parties in this country for 100 years, Mr. Speaker, and I think they have behaved responsibly at the federal level. I do not think accusations or innuendoes about the activities of any political party in this country are warranted.

Political parties would have to answer to the public for taking funds raised at the federal level and using them at another level. There is no disposition in this bill to do that. I would point out, however, that discharge of this motion might lead to administrative nightmares in the application of the law. It is extremely difficult to accomplish what is proposed in this amendment. For that reason, and on the principle that laws that cannot be enforced are bad laws, many members may feel the motion should not pass.

Political parties in Canada, particularly the smaller ones, that operate on both the federal and provincial levels, often have joint offices in the provinces to look after both federal and provincial concerns. In some cases the division of manpower and resources is easily earmarked—the federal funding for federal purposes and provincial funding for provincial purposes. If this motion were adopted there would be the problem of determining how much of each person was working for whom and how that could be justified under the law.

In light of the fact that our political parties are responsible to their members and the people of this country, it is recognized that they must act in a responsible manner unless they want to answer at the polls.

For these reasons the government is not prepared to support the motion.

Mr. Les Benjamin (Regina-Lake Centre): Mr. Speaker, I want to respond briefly to the remarks of my colleague, the hon. member for Lanark-Renfrew-Carleton (Mr. Dick). At the outset I want to say to my friend that political parties are not just machines in some kind of corporate mechanism. Political parties consist of people.

● (2032)

Mr. Dick: That is right, in my party as well.

Mr. Benjamin: I am glad the hon. member said that, because it helps to rebut the arguments put forward by him as the sponsor of this motion.

Political parties are gatherings of people to bring about social and economic changes, as well as to promote ideas at the provincial, municipal and federal levels. The hon. member does not seem to be aware of the financing of his own party, let alone of the New Democratic or Liberal parties. I am slightly embarrassed to tell him of a banquet which was celebrated in honour of the eightieth birthday of the right hon. member for Prince Albert (Mr. Diefenbaker). That celebration was attended by approximately 2,500 people. As a matter of courtesy, the hon. member for Winnipeg North Centre (Mr. Knowles) and myself paid $50 each to the Progressive Conservative party in order to attend that banquet. In fact the former minister of finance, Mr. John Turner, attended as well. Several weeks later I received a receipt in the amount of $36 for tax purposes.

Mr. Dick: Did you use it?

Mr. Benjamin: Yes. I wanted to get back from the Conservative party some of the money I spent, even if it was at the expense of the Liberal government. I am sure the hon. member for Lanark-Renfrew-Carleton would claim somehow that it was for federal party purposes. It was a legitimate operation, as far as I was concerned. The Conservatives were honouring one of their members, the right hon. member for Prince Albert. I think the sponsor of this motion should look more closely at how his party is financed and who is entitled to receipts for tax purposes. He mentioned only what the New Democratic and Liberal parties did, and forgot to mention the Progressive Conservative party.

A friend of mind, who is a Progressive Conservative, raises money for that party in the city of Regina. The people who give him money receive receipts for tax credits, which is not wrong. My party has published its financial reports every year since 1933. It is financed in the following manner: the great, overwhelming majority of its funds are raised by the provincial constituencies of our party. For example, the last year that I was provincial secretary for our party in Saskatchewan, we sent $47,000 to the federal party in Ottawa as our share of the contribution toward national party operations, as did British

Columbia, Manitoba, Ontario and Nova Scotia. In fact, approximately three-quarters of the funds of the New Democratic Party are raised by the provincial sectors.

When the next federal election is called, every provincial sector is assigned a quota of funds which they may raise for the federal party. Under this legislation, those contributors are entitled to receipts for the purposes of tax credits. I suspect that is the case in the Progressive Conservative party as well.

The hon. member refers to this as a loophole or something which is sinister, but this is the first time it is out in the open for everyone to see. That can hardly be called sinister, and certainly it is not a loophole. It is an incentive and encouragement for more Canadians to take an active part in the political affairs of their country by supporting the party or the candidate they choose. Surely that is healthy in a democratic society.

Also the hon. member referred to deductions for the purpose of federal tax credits which are given to provincial constituencies, as well as municipal ones. Again he inferred that this was something sinister and unheard of. Tax credits or deductions for income tax purposes are allowed by the federal government for thousands of corporations and, more particularly, for charitable organizations that are licensed only to operate municipally or provincially. If a person makes a contribution to a provincial charity, he is allowed to deduct it from his income tax. If we follow what the hon. member is indicating in his motion to its logical conclusion, then only contributions to federal charities could be used for income tax purposes. I am sure the provincial Red Cross groups and other organizations would not be in agreement with that type of legislation.

The minister referred to this as being an administrative nightmare. If this motion were to pass, I suspect the commissioner of election expenses, who works out of the office of the Chief Electoral Officer, would require at least 100 people on his staff. Their duties would involve the inspection of books, bank accounts, receipts, and the operations of 281 federal constituencies, five or six federally registered parties, and over 700 provincial constituencies. The receipts, bank accounts, deposits and the issuing of funds would have to be examined. Also there are three to six parties in every province. Their books, accounts, receipts and payouts would have to be examined. I doubt very much if the Chief Electoral Officer or his election expenses commissioner would have the authority to look into the operations of all sectors of every political party. This would have to be done in every province of Canada, which is ridiculous. I was hoping the hon. member would give up after the first five minutes of his speech.

In closing, I suggest a more positive way of improving the present legislation, the tax credit provisions. It seems to me there would be nothing wrong with the Minister of Finance (Mr. Chrétien), when he brings down his budget in the spring, announcing a minor change in the provision for tax credits for political contributions. It would require a slight change in the income tax form.

My suggestion is: in the province of Saskatchewan, as an example, the provincial income tax rate is 38 per cent of the federal tax payable. A person could deduct a tax credit with respect to a political contribution from his total federal tax first. Then he would have 38 per cent of the remaining federal tax payable which would be his provincial tax payable. That would automatically reduce the actual amount of his provincial tax payable. In other words, both the provincial and federal jurisdictions would make allowances for tax credits in regard to political contributions.

I hope the Minister of Finance will consult with his counterparts in the ten provinces. In order to include this in the budget which will be forthcoming in the spring, all that is required is one paragraph. This would make the hon. member who has moved this motion feel better. It would divide the tax credit among the provinces and the federal government. I see nothing wrong with that. In any event, even without it, the federal tax credit for contributions to political parties is one of the most progressive and advanced steps made in Canadian politics in many years since we got universal suffrage.

● (2042)

All our political parties on the federal level also operate on the provincial level, and in some parts in Canada on the municipal level, and it is the same money. They work together as an instrument for social and economic change. The benefits that the nation allows by way of tax credit for political contributions is a positive incentive and an encouragement for more Canadians to take a more active part in politics, particularly in the financing of politics and, more essentially, the financing of political parties in which they choose to believe and the candidates whom they choose to support. I hope the House will give this motion very short shrift.

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

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Deputy Speaker: All those in favour of the motion will please say yea.

Some hon. Members: Yea.

Mr. Deputy Speaker: All those opposed will please say nay.

Some hon. Members: Nay.

Mr. Deputy Speaker: In my opinion the nays have it.

Some hon. Members: On division.

Mr. Deputy Speaker: I declare the motion defeated on division.

Motion No. 3 (Mr. Dick) negatived.

Mr. Deputy Speaker: The House will now proceed to motion No. 5 on the acceptability of which Mr. Speaker has some doubts. I am ready to receive arguments from the hon. member for Lanark-Renfrew-Carleton (Mr. Dick) or other

hon. members as to the acceptability or otherwise of motions Nos. 5 and 7. I have warned the hon. member that he might have difficulty in convincing the Chair that these two motions do not bring in a completely new proposal. Although I accept the fact that they relate to the point of order he raised on motion No. 2, when one reads these two motions and the clauses which they seek to amend, one has a distinct impression that they bring in a new proposal. If the hon. member has anything to add to what I have said, I welcome his remarks.

Mr. Dick: Mr. Speaker, I do not intend to take a great deal of time on this. I want to point out that if motion No. 6 purports to open up certain subsections, whereas the bill which was reported to the House purported to open up subsection 13.3(1), I felt that although subsection 13.3(1) states that we might be able to delve into that section, we might not have to deal with certain subsections. If I am wrong, the same arguments that you, Mr. Speaker, might be using to rule out my motion No. 5 you will use to rule out motion No. 6 because it purports to open up more than one subsection.

What I intended to do in this motion, which is connected with my motion No. 3, was to put the onus on the auditor appointed by a registered party to set out in his report to the chief agent of the party whether or not all the receipts and expenses of the party for a fiscal period were in connection with the political party in its federal capacity and, if not, what amounts were spent for provincial, municipal, or out of Canada political activities.

The party to my left has been saying that they have been disclosing this information since 1933. I thought that everybody would welcome this open disclosure which they all seem to want. Without such an amendment, this information will be buried under the carpet where the public cannot see it. I will say no more. If you allow this motion, Mr. Speaker, and we go on to the next one, I will say that what I said on the last motion will apply to the next one. If you see fit to do so, Mr. Speaker, perhaps it can be disposed of on division. Otherwise, you might have the same difficulty perhaps with motion No. 6.

Mr. Deputy Speaker: I do not want to prejudge the decision, but the hon. member would have to convince the House to give consent to the motion. I take it from the minister that there might be consent to motion No. 6. But so far as motions Nos. 5 and 7 are concerned, which would open up a subsection on the appointment of an auditor and give direction to him, I believe that this would bring in a new perspective which was not foreseen in the bill and for that reason I cannot accept it, unless there is unanimous consent to motions Nos. 5 and 7.

Mr. Dick: Mr. Speaker, I have not yet spoken on motion No. 7. All I can say is that if there is a willingness to give unanimous consent to it, I will undertake not to make a speech but to let the matter go on division. Perhaps that might encourage the minister and we will have the interparty compatibility that this committee has usually had.

Mr. Deputy Speaker: Is there consent to motions Nos. 5 and 7?

Some hon. Members: No.

Motions Nos. 5 and 7 ruled out of order.

Mr. Deputy Speaker: Is the House ready to proceed to motion No. 6? There is a request from the minister to seek unanimous consent to motions Nos. 6, 13, 15 and 16. Perhaps this is a good time for me to ask whether or not there is consent to these four motions. I know the hon. member has the right to request that the Chair put the question on each motion, but I put the question on all four, for all it is worth.

Mr. Dick: Mr. Speaker, I would ask that you put each motion individually as we approach them.

Mr. Deputy Speaker: Is it agreed that we proceed with motion No. 6 in the name of the Deputy Prime Minister and President of Privy Council (Mr. MacEachen) although the Chair has voiced a reservation on it?

Some hon. Members: Agreed.

● (2052)

Hon. Norman A. Cafik (for the Deputy Prime Minister and President of Privy Council) moved:

Motion No. 6.

That Bill C-5, to amend the Canada Elections Act, be amended in Clause 11 by

(*a*) striking out line 22 at page 15 and substituting the following therefor:

"11. Subsections 13.3(1) and (2) of the said Act are"

(*b*) striking out lines 25 to 29 at page 15 and substituting the following therefor:

"13.3(1) Every registered party shall, within thirty days after becoming a registered party, appoint an auditor, unless the party has previously appointed an auditor who continues to hold office as such.

(2) Where an auditor of a registered party ceases for any reason to hold office as such, ceases to be qualified as an auditor or becomes ineligible as provided in subsection (3), the party shall, within thirty days, appoint another auditor."

He said: Mr. Speaker, I shall be very brief. This particular amendment was part of a larger amendment introduced at the committee stage, and this element of it was felt to be out of order at that time. I indicated in the committee that I would bring forward an amendment and seek unanimous consent to restore that disposition in the House.

Effectively this amendment would amend clause 11 in order to clarify the requirement of Bill C-5 that registered parties have and keep auditors.

Motion No. 6 (Mr. MacEachen) agreed to.

Mr. Deputy Speaker: Motion No. 7 has been disposed of as not meeting the requirements of our procedures. The House will now consider motion No. 8, appearing in the name of the hon. member for Lanark-Renfrew-Carleton (Mr. Dick). The Chair has already indicated that this motion also goes beyond the scope of the bill and seeks to amend the act. However, I am prepared to hear arguments from the hon. member.

Mr. Dick: Mr. Speaker, I thought in dealing with motion No. 5 that I indicated that perhaps I might be able to persuade

Your Honour or the House, later in dealing with motion No. 7. At that time I said I was only speaking about motion No. 5. If I may have a brief moment, I would like to try to persuade the house that motion No. 7 should be allowed to stand. Motion No. 7 would add a couple of paragraphs to clause 12. At page 15 of the bill section 13.4 of the act is opened up.

Clause 12 begins with the following:

Section 13.4 of the said Act is amended by adding thereto the following subsections:

Then subsections (4) and (5) are added, and all I am attempting to do is add subsections (6), (7) and (8).

My proposed subsection (6) says the following:

A return referred to in this section—

That section is opened up on page 15, line 30 of the bill, for it refers to section 13.4. All I am asking is that a return referred to in that section be accompanied by an affidavit of the chief agent attesting that all of the expenditures referred to in paragraphs 2(c) and (d) were made in respect of the activities of the party in its federal capacity. Subsection (2) is referred to in subsection (5) which is on page 16 of the bill. That reference can be found at line 18 of page 16, and subsection (2) is also referred to at line 37 of page 15. The subsection to which I am referring is already referred to.

The proposed subsection (7) in my motion No. 7 reads as follows:

Where an offence against this Act that is an offence by virtue of subsection (6) is committed by the chief agent of a registered party, the registered party is guilty of an offence against this Act and is liable upon summary conviction to a fine not exceeding double the amount that was expended on behalf of provincial, municipal or out of Canada political activity.

With regard to my proposed subsection (8), I know that in the last two years all the federal parties have got themselves into what I think is a mess. I do not think it was intended, but my proposed subsection (8) says that:

Section 7 shall come into force January 1, 1981.

This would give the parties three years to rearrange their affairs and get out of the mess.

The subsections to which I have referred are added to section 13.4. In Motion No. 5 there was a more difficult point which I had to get around because in that case we were dealing with subsection 13.3(1). That was called a subsection. In this case section 13.4 is to be amended, so a whole section has been opened up and not a subsection. I believe if Your Honour reads the quote which Your Honour read earlier when dealing with the hon. member for Trinity (Miss Nicholson), Your Honour would find that this talks about section and not subsection. Therefore, I think there is a considerable difference. In that case the motion opened up and specified a subsection. This motion deals with a section.

If Your Honour sees fit I intend to apply the speech I made on motion No. 5 to Motion No. 7, and I will sit down and let the matter go on division.

[Mr. Dick.]

Mr. Deputy Speaker: The hon. member really has made his speech on this amendment. I do not know how he can apply his remarks to the work of returning officers.

Mr. Dick: We are on motion No. 7.

Mr. Deputy Speaker: We are on motion No. 8. Motion No. 7 was ruled out of order.

Mr. Dick: With respect, Mr. Speaker, I was not allowed to speak on motion No. 7. I spoke on motion No. 5.

Mr. Deputy Speaker: Motions Nos. 5 and 7 are ruled out of order.

Mr. Dick: But there is a distinction because one refers to subsections.

Some hon. Members: Order!

Mr. Deputy Speaker: In his most recent remarks the hon. member did refer to motion No. 7, but I thought his main argument referred to motion No. 8. However, I must tell him that as far as motion No. 7 is concerned we almost have a double decision. It has been ruled out of order.

Mr. Dick: Mr. Speaker, on motion No. 8 I can say that the Chair is absolutely right that it has to be ruled out of order. I thought there might have been some predisposition on the part of the minister that we would move into a new era of politics, as has been done in the major provinces of Quebec, Ontario and British Columbia where the officials at the polls represent two different political interests. This clause is copied directly from one of the provincial acts and I know it would cause the Chief Electoral Officer and all his representatives in the ridings more trouble than any other section, but all I am doing is seeking unanimous consent. I would need to have it in this case. There is no doubt that it is absolutely out of order unless there is unanimous consent. I wonder if the minister would consider giving his consent on this matter.

Mr. Benjamin: Mr. Speaker, the members of my party would be willing to give their unanimous consent if Your Honour were disposed to ask the House for it. We would agree to allowing the motion to be debated and passed.

Mr. Deputy Speaker: The hon. member for Lanark-Renfrew-Carleton (Mr. Dick) has made a request for unanimous consent with regard to Motion No.—

An hon. Member: Number 7.

Mr. Deputy Speaker: No, motion No. 7 is out of order. We are dealing with motion No. 8. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Dick: The minister says no and again does not want to co-operate.

Motion No. 8 (Mr. Dick) ruled out of order.

Mr. Deputy Speaker: There not being unanimous consent the House will proceed at this time to motion No. 9 (Mr. Dick), but by the remarks of the hon. member earlier this afternoon he has agreed that on motion No. 9 a Crown recommendation would be involved.

Mr. Dick: Withdraw.

Mr. Deputy Speaker: The hon. member is not questioning the decision of the Chair, so the motion cannot be considered. It is withdrawn by the hon. member.

Motion No. 9 (Mr. Dick) withdrawn.

Mr. Deputy Speaker: The House having dealt with motions Nos. 10 and 11 the House will now proceed to the consideration of motion No. 12 appearing in the name of the hon. member for Lanark-Renfrew-Carleton (Mr. Dick). Again I refer the hon. member to my initial reaction to his motion this afternoon.

The motion seems to me to be defective from a procedural standpoint. It introduces a new proposition to the bill, and taking into account many references, past precedents and, in particular, a reference to Beauchesne citation 203(3), it cannot be accepted. However, I am ready to listen to the hon. member's comments.

● (2102)

Mr. Dick: Mr. Speaker, this matter is referred to at page 41 of the bill inclause 39(61)(1) and then later 39(61)(4). Now, as in the case of my motion No. 3 where after reconsideration it was found acceptable because it was qualifying what was in existence and we are amending that section already. This situation is identical. We are explaining how the poll clerks and the district returning officers are to be paid. To my mind it would have been better to have included what would have been section 29 which was a proposal I had under motion No. 8. This was out of order because the minister would not co-operate or have a fair debate on it.

In this specific instance I am asking that the subsection as amended continue, but after it says "allowances attributable to polling stations that are payable to deputy returning officers" to continue with "... deputy returning officers who shall be appointed by the candidate at the election who represents the political interest of the government of the day"—which would be the Liberals in this case—and then the words "and poll clerks". All I do is qualify the clerk by saying "who are appointed by the party whose candidate had the highest or second highest number of votes in the preceding election and who are of a political interest other than the political interest represented by the government of the day". Then to continue on with the bill. This is not as tidy as amending section 29, but it is perfectly in order because it describes and section 29 has to be read in conjunction with section 29(4). For interpretation of statutes you have to read sections with sections and you have to read the whole act together for clarity. This is not a new idea, the poll clerks are there, the DROs are there and they are going to be paid. I am suggesting that they assist in the qualifications in the appointment. It is a modern concept which has been adopted in the provinces of Ontario, Quebec and British Columbia. It would be a beneficial amendment with the result that the Canadian public would feel there was a more just and fair system.

I stand by your ruling whatever it may be and I hope you understand the qualifications which I have here are of the same nature as motion No. 3, and they are really not introducing anything different in substance. If you do not rule in my favour, I might be able to seek unanimous consent.

Mr. Deputy Speaker: I do see the objective of fairness the hon. member is trying to reach and if I do use his own words, a concept. And I will just add a new concept that he is trying to bring. While we have a clause that is to set a tariff for those electoral officers, setting effective dates and obtaining the authority for the issuing of warrants to pay these people, the hon. member is taking advantage of a clause that only adds a new concept in which he believes. With that I do not agree. Procedurally this cannot be acceptable. It could be acceptable with unanimous consent of the House and I am seeking unanimous consent at the request of the hon. member.

Mr. Dick: I accept your ruling and ask for unanimous consent.

Mr. Deputy Speaker: Order. Is there unanimous consent to allow the hon. member to proceed with the motion?

Some hon. Members: No.

Motion No. 12 (Mr. Dick) ruled out of order.

Mr. Deputy Speaker: The House will now proceed to consideration of motion No. 13. The hon. minister knows motion No. 13 does not on its own meet the requirement of our rules or standing orders.

Mr. Cafik: Mr. Speaker, in order to fulfil our commitments as a government to members of the committee who studied this bill, I seek unanimous consent to put motion No. 13.

Mr. Deputy Speaker: Before I do make the request, I would bring to the attention of the House that motion No. 13 is accompanied by a recommendation of His Excellency the Governor General to meet that requirement. Is there unanimous consent to give consideration to this motion?

Some hon. Members: Agreed.

Mr. Dick: Mr. Speaker, I want to assure the House that I would not be as obstreperous as the minister and would consent to give some indication that there is co-operation from some sides of the House.

Mr. Cafik: In dealing with motion No. 13 I would like to indicate—

Mr. Deputy Speaker: Order, please. If the hon. minister is ready to comment on the motion, I have to put it to the House. There being unanimous consent, Mr. Cafik (for Mr. Mac-

Eachen), seconded by Miss Bégin, moves that Bill C-5 be amended as follows:

Motion No. 13.

That Bill C-5, to amend the Canada Elections Act, be amended in Clause 40 by adding immediately after line 21 at page 44 the following new subclause:

"(3) The Chief Electoral Officer shall, as soon as is reasonably practicable after receipt by him of all returns in respect of election expenses required by section 63 of the *Canada Elections Act* to be transmitted to him in relation to the first general election to which section 61.1 of that Act applies, make a report to the Speaker of the House of Commons relating to the election expenses of candidates, and that report shall stand referred to the Standing Committee of the House of Commons on Privileges and Elections for consideration of the appropriateness of the limitation of election expenses of candidates provided in section 61.1 of the *Canada Elections Act*."

Mr. Cafik: Mr. Speaker, before commenting specifically on the bill I note that every time unanimous consent is sought and I have withheld, it has been drawn to the attention of the House. That does not embarrass me in the very least. The fact of the matter is in terms of co-operation I think all hon. members who would be honest with themselves would agree that in passing this bill through the committee no one could have been more co-operative than I. I have taken many steps in order to deal with this bill in a way that suits the disposition of the committee. This particular amendment in motion No. 13 is a further reflection of that disposition.

The motion provides that the Chief Electoral Officer, when making a report on election expenses of candidates at the first general election to which the amended Canada Election Act applies, that the Election Expenses Act contain such a provision to do the same thing in respect of candidates as it does in respect to parties. It is an amendment to make the provisions symmetrical and obtain a report from the Chief Electoral Officer as to the adequacy of the provisions of electoral levels for both parties and candidates.

Mr. Deputy Speaker: Is the House ready for the question?

Motion No. 13 (Mr. MacEachen), agreed to.

Mr. Deputy Speaker: The House is now scheduled to consider motion No. 15, on which there is hesitation by the Chair because this motion also goes beyond the scope of the bill as it attempts to amend the parent act. The hon. minister admits that this is so, but also requests the consent of the House to proceed with the motion.

● (2112)

Mr. Dick: Mr. Speaker, this matter was not dealt with fully in committee. It was discussed on one occasion by one member who did not come back to the committee. I have gone through all the proceedings. It was not indicated in any of the minutes that the minister was requested to come back with this motion or anything of this nature. Since what this motion effectively tries to do is undo something which is before the courts at the present time, I think we should wait until we have the court decision. For that reason, I withhold unanimous consent.

Mr. Benjamin: Mr. Speaker, this amendment posed by the minister for which he seeks unanimous consent is part of a further commitment he made to political parties on the ad hoc committee. The representatives from the member's own party on that committee were party to the request to the minister for this amendment. The impression in committee was that we could take it for granted there would be unanimous consent for the motion to be presented for debate.

I wish the hon. member who is threatening to withhold unanimous consent would reconsider and consult with the representatives of his own party on this matter. An all-party committee discussed this matter with the officials of the minister and the Chief Electoral Officer. This amendment is the result of this discussion. Surely we should at least have an opportunity to discuss this in the House. I plead with the hon. member to provide unanimous consent for us to deal with it.

Mr. Cafik: Mr. Speaker, on the point of order, I would say that the government is not married to this amendment. It is being brought forward only because of our co-operative disposition in trying to achieve objectives that we felt were in the minds of the members opposite. If there is not a disposition to give unanimous consent, the government will not be particularly aggrieved. We are simply trying to accommodate the will of the opposition in light of the fact that this bill affects every member of parliament. We are not trying to deal with it in a partisan way.

I would make one further point. As to the impact of this amendment on any matters that are before the court, they are totally irrelevant. It has no impact on that question whatsoever. Quite evidently, the government is not married to this proposition. It is prepared to support it if members opposite would like it to be supported in order that we may accommodate the disposition of such matters.

Some hon. Members: Hear, hear!

Mr. John M. Reid (Kenora-Rainy River): Mr. Speaker, I believe I am the only member of the House who is actually a member of this ad hoc all-party committee which meets under the chairmanship of the Chief Electoral Officer. We have had a number of discussions on the Roche case, as it has been called. These are the amendments which we came up with and proposed to the government.

While the minister may be correct in saying that the government is not married to these amendments, I can assure hon. members that the political party organizations which exist in Canada are married to these amendments. We regard them as absolutely vital if we are to fight the next election campaign under the election expenses law.

The result of what happened in the Roche case makes it perfectly clear that the meaning of the concepts envisaged in the Election Expenses Act absolutely fall to the ground if anybody can come in and do the kind of thing that was done in that case. Therefore, it would put all organized political parties which have indicated a willingness to abide by the Election Expenses Act into an almost impossible position. That is why we came up with these two additional clauses. That is why I believe the government accepted the recommendation.

I might say that the government had a different kind of proposal, but when it saw what we came up with it backed off its own and went ahead with the one that the all-party ad hoc committee proposed. I would ask hon. members to give unanimous consent to allow this to go forward.

Mr. Dick: Mr. Speaker, I have sat on the Standing Committee on Privileges and Elections since 1973. In preparation for the debate on this bill, I read through each one of the minutes. I find in issue No. 1 for Tuesday, November 8, and Wednesday, November 16, 1977, that the hon. member for Sault Ste. Marie (Mr. Symes) queried Mr. J. O. Gorman on pages 18, 19, 20 and 21 about this topic. On pages 18 and 19 of issue No. 2 of the committee I asked something about this.

It is also referred to in issue No. 3 at pages 17 and 18 where the hon. member for Laurier (Mr. Leblanc) discussed this with Mr. Hamel, putting two different types of examples. The Chief Electoral Officer indicated one would be caught by the act as it existed and one would be legal as the act existed. I remember in 1973 we asked that there be a defence allowed in that act. Since the Crown has appealed the decision, I do not think we can say it is not working. It may very well be working. The Crown is sufficiently satisfied that there was a wrong decision at the lower court and that they had a strong enough case to make an appeal.

Mr. Reid: Not the Crown, the Commissioner for Election Expenses.

Mr. Dick: All right, the Commissioner for Election Expenses. I thought that was an agency of the Crown. On that ground, and because of the lack of co-operation I have had from the minister, I feel this is a minor thing and I will withhold my consent on this occasion.

Mr. Benjamin: Shame!

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I wonder if I may say a word on this same point of order. I hope I can suggest something that might bring peace. I appreciate the fact that the hon. member for Lanark-Renfrew-Carleton (Mr. Dick) is not prepared to give the necessary consent to proceed with this motion. However, it has come out of the debate that has taken place that there have been discussions among the representatives of all the parties, including his own, of which he was not aware. I wonder whether there is some way we can stand this matter so that there can be discussions overnight and we can deal with it tomorrow.

Let me right away say this, and I invite the attention to this of the deputy government House leader. I realize that one of the concerns about not getting this bill through the report stage tonight and having to finish the report stage tomorrow is that some members might not be willing to proceed with third reading tomorrow. I want to give the undertaking on behalf of this party that if this report stage is stood over until tomorrow so that we can conclude it then, we will agree to proceed with third reading tomorrow.

We may get no further tomorrow than we can get tonight, but I make my appeal to the hon. member for Lanark-Renfrew-Carleton, not that he change his mind tonight because he has made it pretty firm where he stands, but that he be a party to discussions overnight to see whether there might be consent.

I listened with interest to the point made by the hon. member for Kenora-Rainy River (Mr. Reid), not only about the agreement of all the parties, but that all parties have a stake in it. I would go further and say that the country has a stake in any effort to see to it that a bill that is supposed to put a ceiling on election expenditures actually does it. If we do not cover this, the sky becomes the limit.

I do not blame you, Sir, for getting to the point in your chair, that indicates you want me not to get into the substance. I shall get back to the procedure.

● (2122)

I make an appeal to the House to let this motion stand. We could then go on to motion No. 16 and continue the report stage of this bill tomorrow on the understanding, as far as we are concerned, that third reading will also be proceeded with tomorrow.

Mr. Baker (Grenville-Carleton): I want to make it clear that it is agreeable to us that third reading should be completed immediately following the report stage consideration. I say this so that the deputy government House leader, when considering the suggestion made to him by the hon. member for Winnipeg North Centre (Mr. Knowles), might understand the position we are prepared to take. I hope the hon. gentleman will consider standing the motion on the basis of that undertaking.

Mr. Cafik: If my understanding of what has been said is accurate we would be quite prepared to agree to standing this motion. However, I should like to make sure that my understanding is accurate: there would be an agreement of the House, now, which would allow us to proceed to third reading of this bill tomorrow and to complete third reading tomorrow. If that is the case I am quite prepared to allow motion No. 15 to stand in order to allow the party opposite to consider its position with regard to it.

Mr. Deputy Speaker: The way to evil being paved with half measures perhaps we should make it an order of the House that, notwithstanding deferral of consideration of motion 15 and the completion of the report stage, tomorrow the House would proceed to the adoption of the bill without further delay, completing all its stages.

Mr. Knowles (Winnipeg North Centre): Yes, Mr. Speaker, this is the proposition I was making and you are perfectly right in including in that House order that proceedings on the bill should be concluded tomorrow—that Bill C-5 be passed through all stages before the private members' hour.

Mr. Deputy Speaker: There seems to be agreement. Unless somebody expresses a contrary view, it is so ordered. Motion 15 is accordingly allowed to stand.

Motion No. 15 (Mr. MacEachen) stood.

Mr. Deputy Speaker: The House will now proceed to the consideration of motion No. 16 in the name of the Deputy Prime Minister, and President of Privy Council (Mr. MacEachen). This is a motion to which the Royal recommendation is attached. The Chair had reservations as to the procedural acceptability of this motion since it went beyond the scope of the bill and was not relative to the subject matter of the measure as debated on second reading. Nevertheless, since there have been indications that the House might be prepared to give consent I will allow the minister to proceed.

Mr. Cafik: Thank you, Mr. Speaker. This amendment was considered to be put out of order at committee stage. The government agreed at that time that it was out of order, but in the belief that we are complying with the wish of the committee by proceeding in this way I am seeking unanimous consent for the motion to be put.

Mr. Dick: The essence of this motion was originally conceived by a subcommittee consisting of the hon. member for Regina-Lake Centre (Mr. Benjamin), the hon. member for Renfrew North-Nipissing East (Mr. Hopkins), and myself. A recommendation along those lines was made in April, 1976. I thought it was a very worth-while proposition even though the government failed to put forward its legislation properly on the first occasion. I would certainly like to see this motion adopted and will give my consent.

Mr. Deputy Speaker: I will put the motion to the House but in doing so I might mention that since motion No. 18 is consequential upon motion No. 16 a negative decision on motion No. 16 would dispose of both motions.

Hon. Norman A. Cafik (Minister of State for (Multiculturalism)): Mr. Speaker, in the name of the Deputy Prime Minister and President of Privy Council (Mr. MacEachen) I move:

Motion No. 16.

That Bill C-5, to amend the Canada Elections Act, be amended by adding immediately after line 37 at page 81 the following new Clause:

"70.1 Section 21 of the said Rules is amended by adding thereto the following subsection:

"(3) Every civilian who is

(a) employed outside Canada by the Canadian Forces as a teacher in a Canadian Forces school or as administrative support staff for such school, and

(b) qualified under the Act as an elector,

is a Canadian Forces elector qualified and entitled to vote under these Rules."

A number of representations have been received in connection with this question. Teachers working for National Defence headquarters on bases abroad are not at present allowed to vote, whereas members of the Armed Forces are. Representations have been made on this point by the hon. member for Renfrew North-Nipissing East as well as by other hon. members. I myself met with representatives of the Teachers' Federation while this bill was going through committee and indicated that the government was completely in agreement with proposals to correct this anomaly. Hence we have brought forward this amendment not only on behalf of the government but at the request of members on both sides of the House in order that administrators and teachers attached to DND bases abroad may have the right to vote in Canadian elections.

Mr. Deputy Speaker: The hon. member for Renfrew North-Nipissing East (Mr. Hopkins).

Mr. Epp: On a point of order, Mr. Speaker, I intend to speak on motion No. 16 and I am uncertain as to the speaking order. In view of the fact that a government member has just spoken, should he not be followed by an opposition member?

Mr. Deputy Speaker: I have no objection. I did recognize the hon. member for Renfrew North-Nipissing East though, and it would be for him to decide whether to yield to the hon. member or not. It is the prerogative of the Chair to recognize a member when he stands. The hon. member did send a note to the Chair so I had no hesitation about recognizing him—I know he is affected by motion No. 17 which he is proposing.

Mr. Hopkins: In keeping with the good rapport in the committee and having spent 12½ years in the teaching profession, from which members will understand that this is a serious interest of mine, as it is of the hon. member for Provencher (Mr. Epp) and others on the opposition side, even though my motion No. 17 has been ruled out of order I will gladly yield to the hon. member for Provencher on condition I may follow him.

• (2132)

Mr. Jake Epp (Provencher): Mr. Speaker, I should like to thank the hon. member for Renfrew North-Nipissing East (Mr. Hopkins) for his co-operation this evening. I find it rather odd that I can speak at this hour to my private member's bill, this not being the hour designated for private members' business. I am pleased that the government has accepted the essence of my private member's bill, which was introduced in the last session and given the number C-426. I have resubmitted the bill but it has not been called in this session, and now obviously will not need to be called. It does not have a number as it has not received first reading. As I say, I am gratified that the government and members of the Standing Committee on Privileges and Elections have finally seen fit to end in Bill C-5 an injustice which has been going on for too long. I agree with the hon. member for Renfrew North-Nipissing East that this is an injustice which should have been taken care of a long time ago.

In view of the publicity given to Bill C-426 and the involvement of the Canadian Teachers' Federation, their provincial organizations as well as the Canadian School Trustees' Association, I think certain facts should be placed on the record.

Mr. Hopkins: Mr. Speaker, I rise on a point of order. Do I have an undertaking that I will be assured an opportunity to speak following the hon. member for Provencher?

Some hon. Members: Agreed.

Mr. Epp: Mr. Speaker, I do not know whether the hon. member is directing that question to me. I do not believe it is in my power to give such an assurance; I believe that is the Speaker's role.

The present situation is one in which members of the Armed Forces and their spouses can vote in their home ridings. This has not been the case with teachers, and the argument has been that they were not under contract with the Department of National Defence and thus did not qualify as public service electors. Consequently they did not have the right to vote.

I was made aware of that fact through past involvement as a teacher. Friends of mine teaching abroad, especially in Europe, found they could not vote, so they contacted me and asked me whether I would bring forward a private member's bill which would right this anomaly. This was done and, as I have already said, this proposal was encompassed within Bill C-426, introduced in the last session on June 21, 1977.

Although the teachers we are speaking of worked for the Department of National Defence, under contract with that department, the argument has always been that they were on leave from their school boards and, as a result, when their term of service was completed they would return to the service of their school boards. Therefore they were really in a state of limbo; they simply did not have the right to vote.

We are speaking about a fairly large group of people. I do not have statistics for the present school year, but we are looking at between 400 and 450 electors; I think that is a fairly accurate estimate. We received the support of the Canadian Teachers' Federation and their provincial organizations, as I have said, as well as the Canadian School Trustees' Association.

When one looks at what has transpired one sees the government has in fact been playing footsie with this amendment. It could have amended the Canada Elections Act well before the Election Expenses Act. In a bulletin issued by the Canadian Teachers' Federation dated January 11, 1977, it is stated that they had the understanding that this topic was to be debated in the Standing Committee on Privileges and Elections on April 13, 1976. I quote from this bulletin:

For some reason they—

That is, the discussions.

—were sidetracked from any earnest consideration of the problem. The CTF president and the Minister of National Defence have both made subsequent representations to the President of Privy Council.

I should like to quote an extract from a letter from General Quinn, then commander of Canadian forces in Europe, dated December 3, 1976, regarding a bulletin dealing with the topic of federal voting rights. He had this to say in part:

—MND has advised the CTF that he would recommend that the MND support a CTF request to the President of Privy Council to again seek an appropriate amendment to the Canada Elections Act to ensure the franchisement of Canadian teachers serving in our overseas schools.

That was followed up by a letter from the then president of the Canadian Teachers' Federation to the Minister of National Defence asking him to use his good offices to bring in an amendment which would permit teachers under contract with DND to vote. A similar letter was also directed to the President of Privy Council (Mr. MacEachen). We have had to wait until today to see what I regard as a legitimate, just, and fair request placed before the House of Commons.

The most interesting correspondence is that sent by the hon. member for Northumberland-Miramichi (Mr. Dionne), in his capacity as the then parliamentary secretary to the Minister of National Defence, to the President of Privy Council, dated November 26, 1976. In that letter he had this to say:

It is therefore the request of my minister that the matter be referred to the Standing Committee on Privileges and Elections for resolution during this session of parliament. Such action would remove a serious cause of discontent amongst overseas teachers. I am sure you can understand that these individuals find it extremely difficult to comprehend why they cannot vote, when the people with whom they work day by day have the franchise.

Mr. Dionne (Northumberland-Miramichi): Hear, hear!

Mr. Epp: The hon. member for Northumberland-Miramichi recognizes his own words, so that is an achievement in itself. What should be remembered is that these teachers are assessed income tax. They have had to pay their unemployment insurance premiums and make Canada Pension Plan contributions. To all intents and purposes they were Canadians serving on Canadian Armed Forces bases in the service of their country.

While some might think that this is a rather small victory tonight, I hope the amendment will carry with the unanimous consent of the House and will be an indication of our support for these teachers who are serving their country. I feel that this is an important step in the democratic process. The right to vote is their inalienable right, one that is being recognized at long last.

For myself, I am very pleased that while the government has not seen fit to pass Bill C-426, in essence this is what is happening this evening. I am therefore glad the government has approved that bill.

Mr. Leonard Hopkins (Renfrew North-Nipissing East): Mr. Speaker, as I said previously, as an ex-teacher I wish to thank members on both sides of the House for their continued lobbying and for the good rapport which exists in the adoption of this motion.

● (2142)

I was an elementary schoolteacher for seven years, a principal for four years, a high school teacher for five and one half years, and a vice-principal for one and a half years. In the five and one half years spent at Canadian Forces Base, Petawawa, I came to know many people in the Canadian Armed Forces. After my arrival in Ottawa I became involved in NATO and familiar with the conditions under which people work and live abroad.

What we are dealing with tonight is not an item of partisan politics but rather an item of the basic right of a Canadian to vote in a Canadian election. There are 309 teaching personnel overseas with the Department of National Defence at the

present time. Of these, 296 are teachers and people involved in directing staff, and 13 are business administrators, audio-visual technicians, library technicians or administrative assistants. Of the 309 teachers and administrative personnel, 145 are single and 164 are married. There are 26 teaching teams or couples, which leaves a total of 138 spouses. I should like the minister to confirm that the 138 spouses of teachers and their sons or daughters 18 years of age or over will be included as Department of National Defence electors.

People attached to the educational staff of the Department of National Defence who are working abroad should vote in the constituency in which they lived before they left Canada. If this were not the case they would have an advantage that public service electors living abroad do not enjoy at the present time. It must be realized that many of these teachers are still in the employ of their school boards in Canada. Regardless of where they lived in Canada, if they are now attached to DND schools outside Canada, they are deemed to be DND employees and along with their spouses and children should be considered as DND electors.

Sometimes I think we get so involved in partisan debates in this House that we fail to see the real value of the issue at stake. I think it is to the credit of the members on both sides of the House that they have taken up the case of the 447 teachers and spouses living abroad. This does not include sons or daughters 18 years of age or older. We should actually be considering between 475 to 500 electors abroad who are Canadian citizens but who do not have a vote in Canadian elections. This is a great injustice. We sometimes hear the argument that many of these things are difficult to enforce, but there should be no trouble in this case.

Less than a month ago I visited the Canadian Armed Forces in Europe. I was told by military personnel there that there is absolutely no problem in adding these people to the voters list under the term "deemed to be DND electors." In its usual efficient way the Department of National Defence has a record of these employees, their spouses and children, so it is just a matter of adding them to the list of DND electors when they return to Canada.

We discussed earlier the subcommittee which I chaired last year as a member of the Standing Committee on Privileges and Elections. I was not satisfied with the decision arrived at regarding the teachers at that time, and followed the matter up with members of the House. I had a motion ready to place before the Standing Committee on Privileges and Elections but was told there was a possibility it might be out of order because a certain amount of money would be involved in adding names to the DND electors' list and that it would therefore require the royal recommendation.

I put motion No. 17 on the order paper thinking it would be ruled out of order because of the need for the Royal recommendation, but was pleased that the Deputy Prime Minister and President of Privy Council (Mr. MacEachen) saw fit to set down a government motion using my terminology. As a result, we have before us tonight a government motion with the royal recommendation. It has been supported by all parties, which is a demonstration of the democracy of this chamber.

Many efforts have been made in this area in the past, but the result of the debate is what counts in the end. In concluding, I should like to thank all hon. members who took part in the debate.

Mr. Deputy Speaker: Order please. Am I to understand that, because of the similarity, the hon. member wishes to withdraw motion No. 17 from the order paper?

Mr. Hopkins: Mr. Speaker, I have no hesitation about withdrawing motion No. 17 if government motion No. 16 is adopted. As I have said, we become so involved in partisan politics that it is nice to see something achieved through unity. I am sure we all support the deputy House leader in this motion, and I hope we will have all-party agreement to adopt it this evening.

Some hon. Members: Hear, hear!

Mr. Benjamin: Mr. Speaker, we support this amendment and, with members of other parties, have been involved in discussion of it. We in the New Democratic Party are happy with this amendment as far as it goes, but it does not go far enough. I understand from time to time people other than teachers and school administrators are hired under contract by the Department of National Defence and other departments to work overseas. This amendment should have included those people.

• (2152)

In late 1973, the Canadian National Railways, a Crown corporation, had a contract with the government of Iraq. A fair number of CN engineers and technicians were in Iraq in order to advise its government concerning the construction of a railroad. Those employees resided in that country for a year and lost their ability to cast a ballot during the 1974 election. I see no reason why every Canadian embassy and consulate could not be classed as an advance poll in order that the thousands of Canadians employed by Crown corporations, government departments and private corporations who have assignments overseas can cast a ballot, as is the situation in regard to members of the armed forces.

I hope members of the House will realize that the act should be amended in order to include the people to whom I have referred. I hope this is recommended to the Standing Committee on Privileges and Elections and eventually results in an amendment.

Mr. Dick: Mr. Speaker, in the report of the Standing Committee on Privileges and Elections dated April 29, 1976, there is a word of thanks to the hon. member for Provencher (Mr. Epp) and a number of other hon. members whose worth-while bills were adopted.

There was a great deal of co-operation by all parties in that committee. A subcommittee was chaired by the hon. member for Renfrew North-Nipissing East (Mr. Hopkins). Even

though that hon. member and myself represent people who are resident on the Ontario side of the Ottawa Valley and our constituents are side by side, we do not always agree. All members were happy to serve on this committee and came to the unanimous conclusions which are contained in the report.

At committee stage the hon. member for Regina-Lake Centre (Mr. Benjamin) suggested the possibility of extending this provision to cover more people than just the teachers and administrators of the Department of National Defence. During those discussions we referred to MacMillan-Bloedel out in British Columbia which has salesmen in Australia and Malaysia, as well as other enterprises that have agents overseas for periods of one and two years. In fact at any one particular time there are approximately 250,000 to 300,000 Canadians overseas. It was decided that it would be just too expensive to include all those people.

The people who are overseas on government business and on diplomatic and trade missions can be included because the government is aware of their Canadian residences. We decided to deal with DND people as a block because they are required to put their home residences on a form before leaving the country.

People who travel on leave from university or on sabbatical, or people touring or working with another company overseas, would have to register with the various Canadian embassies abroad. This process was felt to be too expensive. In fact Canada does not have embassies in every country. I am aware some countries utilize this process, but it was regarded as being too expensive. For this reason the subcommittee accepted what the hon. member for Provencher had included in his private member's bill. The standing committee was very harmonious, and we reached an agreement in 1976.

As there is a military base in my riding and a number of my constituents are required to go overseas as administrative civilian support personnel, I am happy to see this adopted.

Mr. Cafik: Mr. Speaker, I have no personal desire to intervene in this debate, but a substantive question was posed by the hon. member for Renfrew North-Nipissing East (Mr. Hopkins). I seek the unanimous consent of the House to answer that question.

Mr. Deputy Speaker: This being a motion to amend, the hon. minister does not have the right to reply. Therefore he requires the unanimous consent of the House in order to do so. Is there unanimous consent?

Some hon. Members: Agreed.

Mr. Cafik: Mr. Speaker, the hon. member for Renfrew North-Nipissing East asked a question concerning this amendment. He wanted to know if the spouses and children of those covered under the act, namely, teachers and administrators, were convered as well. In light of the fact that this motion deems them to be employees of the Department of National Defence, they are covered in the same way as spouses and children of members of the Armed Forces in the same circumstances. Therefore the answer is that they are in fact covered.

Mr. Deputy Speaker: The question is now on motion No. 16, in the name of the Deputy Prime Minister and President of Privy Council (Mr. MacEachen). Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Motion No. 16 (Mr. MacEachen) agreed to.

Mr. Deputy Speaker: As was agreed previously, motion No. 16 affirmatively disposes of motion No. 18.

Motion No. 18 (Mr. MacEachen) agreed to.

Mr. Hopkins: Mr. Speaker, it is with great pleasure that I rise to withdraw motion No. 17 and to thank hon. members for their co-operation on motion No. 16.

Mr. Deputy Speaker: Order, please, Is there unanimous consent for the hon. member for Renfrew North-Nipissing East (Mr. Hopkins) to withdraw motion No. 17?

Some hon. Members: Agreed.

Motion No. 17 (Mr. Hopkins) withdrawn.

Mr. Deputy Speaker: The consideration of the report stage of Bill C-5 is now completed, except for motion No. 15 which has been stood by agreement. Under an order of the House, this bill will go through all stages and be adopted tomorrow before private members' hour. Is this agreed?

Some hon. Members: Agreed.

* * *

● (2202)

BUSINESS OF THE HOUSE

Mr. Baker (Grenville-Carleton): Mr. Speaker, I rise on a point of order with respect to the business of the House. There was some discussion early in the day with respect to motions. Could the deputy House leader inform us whether he put down a motion with respect to external affairs to be debated on Monday or whether he intends to do that on Monday, and also, can he tell us about the adjournment which he and I discussed earlier?

Mr. Cafik: Yes, Mr. Speaker. In light of the agreement of the House and the House order with respect to the final disposition of Bill C-5, I think that is a reasonable request and I assure the House that I will do everything possible to have both those motions brought in tomorrow, if they are prepared. I will do whatever I can this evening and early tomorrow morning to make such arrangements, if that can be done.

Adjournment Debate

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

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

EXTERNAL AFFAIRS—IMPRISONMENT IN SOVIET UNION OF ANATOLY SHCHARANSKY—EFFORTS TO OBTAIN RELEASE

Mr. Bob Kaplan (York Centre): Mr. Speaker, communism and capitalism are two different theories of production and distribution of goods. Capitalism has produced enormous advances in economic standards that have occurred throughout the industrial revolution. It is an efficient system which also encourages human enterprise, freedom, and mobility. But for many around the world the communist model has been the attractive one. Embodied perhaps in its noblest form in the constitution of the Soviet Union, it purports to protect the freedom of the individual, freedom of religion, of association of movement; it grants economic and social rights far beyond even the official guarantees of the citizen in Canada. It is a document of great vision which, since the 1920's, attracted many even in Canada who saw it as an enormous advance over tsarist feudalism and repression.

The story of how the Russian revolution was perverted is one of the great tragedies of human history, a tragedy whose end might even be the destruction of modern civilization. Yet so great is the hypocrisy of the modern tsars who rule from the Kremlin that they continue to hold forth their model constitution and to enter into accords like the Helsinki Agreement, binding themselves to respect the basic human rights of their citizens, with no intention of doing anything more than they happen to consider convenient.

Anatoly Shcharansky is a young Soviet Jew who wants to go to Israel. He is a Soviet citizen who stood up to ask for his constitutional rights to go to his historic homeland to join his Israeli wife who came to this parliament in Ottawa last month to ask for our help. Last Saturday some members met with 30 Shcharansky relatives, most of whom live in my constituency, who all asked our help for their relative. It was Anatoly Shcharansky who also undertook to monitor in the Soviet Union his country's compliance with the Helsinki Agreement. He did in the Soviet Union what I am doing in Canada as a member of the Helsinki Review Committee of this parliament. These are his only apparent crimes.

On March 16 of this year he was arrested, and that was the last anyone outside prison has seen of him. No contact has been permitted, no charges have been laid, no defence has been allowed. In Canada a person can be held prisoner in jail for seven days without being charged. In the Soviet Union nine months are permitted, and these nine months end today, December 15, for Anatoly Shcharansky.

Every week his mother, who is now 70 years old, visited the prison in Moscow for contact or news of her son. What part of the establishment of communism is it to deny an old woman any news of her son? Because he is Jewish, because he wants to go to Israel or wants his civil rights?

On Monday Canada officially offered landed immigrant status to Anatoly Shcharansky.

• (2207)

Today the answer came in the form of a Reuter's press release from Moscow announcing that the nine-month investigation will be continued for another six months. So much for human rights; so much for the constitution; so much for the Helsinki Agreement. The Canadian government cannot accept this treatment of Shcharansky. Human rights are international; we are one family. Mr. Shcharansky's relatives in Canada have asked their government to raise the Shcharansky case and to make a specific recommendtion on his behalf to tie his case to the Helsinki Agreement, and I am asking, for those relatives, that the government do so.

Mr. Maurice Dupras (Parliamentary Secretary to Secretary of State for External Affairs): Mr. Speaker, I commend my hon. colleague for his concern for the fate of Mr. Anatoly Shcharansky. He is in good company because no less than 60 hon. members have sent letters or made representations to the minister in this regard. As the hon. member indicated a few minutes ago, many of our colleagues met with Mrs. Shcharansky ten or 15 days ago.

The minister informed the House on December 12, in answer to a question put by the hon. member for Windsor West (Mr. Gray), that he had called the Soviet ambassador and made representations to him about the Shcharansky case. The Secretary of State for External Affairs (Mr. Jamieson) drew the ambassador's attention to the broad concern being expressed about the case in Canada, and said that in the interests of detente and of relations between our two countries Canada would be prepared to accept Mr. Shcharansky, should the Soviets decide to allow him to leave the Soviet Union.

The government has met with Mr. Shcharansky's relatives in Canada who are willing to sponsor his admission to this country, and we would, of course, expedite his entry into Canada.

EXPORT DEVELOPMENT CORPORATION—REASON FOR FINANCIAL SUPPORT FOR CANADIAN SUPERIOR OIL TO DRILL IN DOMINICAN REPUBLIC

Mr. Cyril Symes (Sault Ste. Marie): Mr. Speaker, this evening I want to pursue a question I asked the Minister of Industry, Trade and Commerce (Mr. Horner) on December 8 relating to an export development loan or insurance guarantee of some $25 million to Superior Oil of Canada Limited as insurance for its exploration activities in the Dominican Republic.

My concern is that we are using public money in a fashion which will not benefit Canadians, contrary to what the minister claims. The minister argues that this insurance of $25 million is necessary to encourage Superior Oil to drill for oil in a central American country and that, without this insurance

guarantee, Superior Oil and other companies would not undertake this exploration.

The government has a stated policy of self-reliance in energy, and if we are to take the government seriously it should be expanding efforts to explore for oil here in Canada rather than helping companies to do so outside our boundaries. The minister argues that because of this contract we might have a guaranteed supply of oil in the future, if Superior finds it in the Dominican Republic.

First, let us find out who Superior Oil is. Superior Oil Canada is owned by Superior Oil of the United States. It is a subsidiary of an American oil corporation. Superior Oil of the United States is owned by MacIntyre Mines, which owns Falconbridge in the Sudbury area. As we all know, Falconbridge recently announced that it is laying off employees because of the so-called slack in the nickel market throughout the world. It is interesting that, like Inco, Falconbridge is undertaking development of nickel mines in Third World countries, particularly Guatemala and other central American countries, and that the use of oil is a very important process in the development of the nickel industry. I wonder if there is not some consideration beyond merely supplying Canada with oil in this deal which has been worked out. However, what worries me most is the assumption by the minister that somehow we are going to have a guarantee of oil in the future.

If it is necessary to give a $25 million insurance policy to Superior Oil, I think there is some doubt as to a guaranteed supply of oil from the Dominican Republic. The insurance policy provides that if Superior Oil is interrupted because the Dominican Republic either nationalizes the oil wells or holds back on export permits, then Superior can claim the loss in terms of drawing on this insurance policy. The minister says on the one hand that we will have a guaranteed supply of oil. If it is so guaranteed, why is it necessary to give Superior this insurance policy against interruption of supply? It seems to me there is a contradiction here and that conceivably, in the future, because of the political instability in the Dominican Republic, we could end up with no oil coming from the Dominican Republic. Therefore the Canadian taxpayer has lost out on the supply of oil as well as the insurance in the amount of $25 million issued to Superior Oil through the Export Development Corporation.

● (2212)

This seems to me to be a very questionable venture at a time when we have a policy of self-sufficiency in oil. We should be directing our energy and dollars to stimulating exploration here in Canada. Also, because of the activity of multinational corporations, particularly in the nickel mining industry and the relationship that Falconbridge has to Superior Oil, I do not think that deals of this kind should be worked out, considering the callous disregard for the workers of the Sudbury area by companies such as Falconbridge and others.

I would like the parliamentary secretary to explain to me why the minister keeps on saying this is going to be a guaranteed supply of oil for Canadians. The very existence of this insurance policy and terms indicate to me there is some doubt that the oil is guaranteed.

[*Translation*]

Mr. Bernard Loiselle (Parliamentary Secretary to Minister of Industry, Trade and Commerce): Mr. Speaker, Canadian Superior Oil Limited, located in Calgary, Alberta, can rightly be considered as one of the major companies dealing with exploration and development of oil and natural gas in Canada. In 1976, the company achieved an ambitious exploration and development program, particularly in the province of Alberta. Their operations have set a record in 1976. They took part in the drilling and the opening of 210 wells, including 96 at the prospection stage, and 114 at the development stage. Those wells were distributed as follows: 202 in Alberta, four in British Columbia, three in the Northwest Territories and one in Saskatchewan. Canadian Superior Oil Ltd. has also taken part in the drilling of 52 wells in various foreign countries.

They intend to follow this dynamic exploration program in Canada as well as throughout the world whenever the economic and geographic situation is favourable. The company has shown a rapid growth during the past years. Therefore, its operating capital has increased from $44 million in 1972 to $147 million in 1976. It paid $32 million in taxes in 1976 as compared to $5 million in 1973. Projections for 1977 are much greater still.

Since its inception 30 years ago, Canadian Superior Oil Ltd. has accomplished tremendous technical progress in the exploration for and development of hydrocarbons. In order to take full advantage of the talents of its 440 Canadian employees, the company expanded its operations to the international scene some years ago. To remain competitive in an area that is so competitive, the company must seize every promising opportunity that comes along, both in Canada and abroad. The international nature of its operations exposes it to foreign techniques for hydrocarbons exploration, thereby enabling it to develop some technical expertise for its Canadian exploration programs. This is most significant in this day and age, in view of the increasing difficulty of oil detection and extraction in Canada. The use of the most sophisticated techniques available has become an essential feature, if we are to simply obtain oil and gas self-sufficiency in Canada at some point.

The production sharing agreement signed by Canadian Superior Oil Ltd. with the Dominican Republic is another opportunity for Canada to sell geophysical and drilling services, and if the well proves commercially productive, it will offer opportunity for selling Canadian equipment.

● (2217)

[*English*]

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

Adjournment Debate

MANPOWER—LAY-OFFS AT LABRADOR LINERBOARD MILL—GOVERNMENT ACTION TO ALLEVIATE EFFECTS

Mr. Jack Marshall (Humber-St. George's-St. Barbe): Mr. Speaker, I am sure the many members who are here tonight are aware of the number of times I have raised this serious problem which has arisen in my district as a result of the closure of the Labrador linerboard mill. I raise it again tonight because the situation is worsening. It is worsening because I cannot seem to get anyone on the government side to realize that there are other industries which were dependent to a great extent on the mill and that they should be protected. They should be monitored before they fall by the wayside.

Not only are the service industries suffering, but there is now a serious effect on the retail stores and other small businesses in that thriving community. It is vitally important that, rather than accept the shock that came about as a result of the closure of the mill—and the government accepts it laying down waiting for the problem to resolve itself—increased efforts should be directed toward these small businesses which are now feeling the effects of a depressed economy.

The Minister of Employment and Immigration (Mr. Cullen) indicated the type of assistance that has been given by way of mobility grants and retraining programs. While it is appreciated, it does not solve the problem which exists. In a way it tends to contradict the objectives we should be trying to reach.

Mobility funds are fine, but the workers in Stephenville and the surrounding area want to stay at home. Many have built expensive homes and have established roots. They now have to pull up stakes. In many cases families will be broken up. Homes built at inflated prices will now have to be sold at a loss. Many are mortgaged and have high monthly payments which these people cannot afford.

The retraining assistance is also appreciated, but for what are these people being retrained? They are being retrained for jobs that do not exist. My district has the highest rate of unemployment in all of Canada.

Another feature of the efforts of Manpower which the minister mentioned is the financial assistance available under the emergency response feature of the Canada Works Program. However, he indicated it is premature to apply for assistance because the employees are receiving severance pay. The minister is wrong on two counts.

First, the majority of the workers did not receive severance pay, or only received a small percentage of it. Second, the minister is wrong in expressing the attitude of leaving the matter until it becomes an emergency instead of having a contingency plan in place now. What is required is what I suggested almost a year ago, a year before the mill closed. There was every opportunity to make plans, but my warnings went unheeded. It has been obvious for the past two years that the mill was ready to close and was being kept in operation only by the continuing attempt of the provincial government to save, at great cost, the jobs involved.

[The Acting Speaker (Mr. Turner).]

● (2222)

The government had at its disposal every means to save the situation. The extensive area surrounding the mill, which is situated in the Harmon complex, was the location of a massive strategic air base left to the province by the United States together with many millions of dollars worth of facilities of every type suitable for the establishment of appropriate agencies of government. There was, as I suggested last year, plenty of opportunity to decentralize those agencies.

Let me mention some which I had in mind. They included the establishment of a marine training centre, the establishment of a segment of the air search and rescue operation, the establishment of a segment of the coast guard college and of a segment of the fisheries college. What a blow it was when, after a meeting on the spot in which government representatives had expressed their concern about the situation, the government failed to take any action to move a single agency to the area. I would point out, Mr. Speaker, that the meeting to which I have referred took place only one week before the announcement of the government's great decentralization program.

Time does not permit me to describe the advantages of such moves as I have suggested, moves which could have been made at little cost to the treasury. I can only appeal to the minister, through his parliamentary secretary and through his colleagues, to look at this whole question again with a determination to give sympathetic consideration to the needs of the small industries which still exist in the area and which are doing their best against every sort of handicap. Special consideration should be given to such industries when determining the help which can be extended through the various programs the government talks about in connection with small business.

I appeal to the parliamentary secretary to try to understand the consequences of the destruction of an industry in circumstances which I tried to bring to his attention in a reasonable way, not in the way some have approached him following the closing down of other industries. I trust the government will do everything it can to help a community in which the unemployment rate is so high and the state of the economy is so depressed.

[*Translation*]

Mr. Raymond Dupont (Parliamentary Secretary to Minister of Employment and Immigration): Mr. Speaker, as all hon. members know, department officials went to work as soon as the announcement of that lay-off reached them in April 1977. Indeed, in late April and early May the officers of our Manpower Consultative Service met on various occasions with management and union delegates as well as the representatives of the provincial Department of Manpower and Industrial Relations. Those meetings enabled the parties involved to reach on behalf of the affected workers a first agreement to promote manpower studies on May 9, 1977, to which a final agreement was added in September 1977. Under the guidelines of the Manpower Consultative Service, management and

the union continued to work as if through a manpower rehabilitation committee which the commission assists financially by paying half of the research, planning and consultation costs. The committee uses all the means available to it to help the workers affected. Indeed, it uses a whole series of public or private programs and calls on the expertise of technical advisors.

The commission allocated $25,000 under its Manpower Consultative Service to deal with the linerboard mill problem. Besides our Manpower Consultative Service the hon. member for Humber-St.-George's-St. Barbe (Mr. Marshall) undoubtedly knows that, since last April at which time the provincial government informed it that the linerboard mill was going to close down, the commission has been actively trying to help through its services and programs the affected workers and has not stopped doing so. First, a Canada Manpower Centre was opened in the linerboard mill to help workers register and make the benefit of our programs and services more readily available to them. On November 25, 1977, 402 of the 588 salaried workers involved are still registered for our programs and services; 208 were directed toward jobs; 38 were found jobs; 118 received financial assistance under the manpower mobility incentive program; 59 were recommended for courses under our training program; and finally, the employment applications of the 95 other workers are posted in all Canada Manpower Centres where job opportunities suitable to their qualifications might be found.

Mr. Speaker, I can assure the hon. member that we shall continue our concerted efforts in favour of the other workers who have been affected by these lay-offs. There is hope that someone else may purchase or operate the linerboard mill very shortly. If this hope does not become a reality or if the new owner cannot hire enough of the former employees, we shall help them more through the emergency response feature which has been provided for similar cases. I want to say once more to all hon. members that all the resources of my department have been put at the disposal of the workers of the Labrador linerboard mill who needed them and all other groups of wage earners who are affected by lay-offs or the closing down of plants in Canada, and that they will remain at their disposal.

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

Motion agreed to and the House adjourned at 10.30 p.m.

HOUSE OF COMMONS

Friday, December 16, 1977

The House met at 11 a.m.

• (1107)

ROUTINE PROCEEDINGS

[*English*]

FINANCE

PROPOSED INCREASED WRITE-OFF OF EXPENSES FOR PROMOTION OF EXPORT SALES—MOTION UNDER S.O. 43

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, I rise to move a motion under Standing Order 43 on a matter of urgent and pressing necessity. As it is essential that this country overcome its $11.5 billion a year trade deficit in manufactured goods and as this can only be done if we greatly increase our sales efforts abroad and let far more people in the world market know what this country has to offer, I move, seconded by the hon. member for Victoria-Haliburton (Mr. Scott):

That the government allow producers to write off 200 per cent of all expenses connected with making sales trips abroad, displaying their products at foreign trade fairs and any other expenses incurred in sales promotion in the export market and any other expenses incurred in sales promotion in the export market in excess of those made in the base year—the year before the plan goes into operation.

Such a program would greatly increase our sales effort in the export market—

Mr. Speaker: Order. The hon. member is permitted to put his motion forward but not to argue it. The motion can be presented to the House at this time only with unanimous consent. Is there unanimous consent?

An hon. Member: No!

* * *

LABOUR CONDITIONS

SUGGESTION SYNCRUDE NOT INTERFERE WITH UNION ORGANIZATIONAL ACTIVITY—MOTION UNDER S.O. 43

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, I, too, rise under the provisions of Standing Order 43. Workers being interviewed for jobs at Syncrude, which is partly owned by the federal government, are being told the plant will operate without unions. Since this appears to contravene the Alberta Labour Code and federal government labour policy, I would move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That this House advise the Minister of Energy, Mines and Resources to instruct Syncrude officials that they are not to interfere with normal union organisation within the plant.

Mr. Speaker: The motion having been raised under the provisions of Standing Order 43, can only be put to the House with unanimous consent. Is there such consent?

Some hon. Members: No!

* * *

INFORMATION

PROPOSED REFERENCE TO COMMITTEE OF GREEN PAPER ON FREEDOM OF ACCESS—MOTION UNDER S.O. 43

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I have a motion under Standing Order 43. It deals with matters of urgent and pressing necessity arising from the need to obtain recommendations concerning legislation affecting government secrecy and clarifying issues of security and ministerial responsibility. I would move, seconded by the hon. member for Grenville-Carleton (Mr. Baker):

That the Green Paper on legislation on public access to government documents be referred to the Standing Joint Committee on Regulations and other Statutory Instruments.

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

Some hon. Members: No!

Mr. Baker (Grenville-Carleton): Oh, you know where you stand, then!

* * *

[*Translation*]

SOCIAL SECURITY

SUGGESTION GUARANTEED ANNUAL INCOME BE ESTABLISHED AT POVERTY LINE—MOTION UNDER S.O. 43

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

In March 1977, the Senate indicated that a single person with a $3,981 income was on the poverty line. Since old age security pensioners of single status are receiving only $261.06 a month or $3,132.72 year, which is $848.28 a year below the poverty line, I move, seconded by the hon. member for Bellechasse (Mr. Lambert):

Social Security

That the House urge the Minister of National Health and Welfare to increase the old age security pension, the guaranteed income supplement and the spouse's allowance, so that they may reach at least the poverty line.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

STATUS OF WOMEN

DISCRIMINATION AGAINST FEMALE EMPLOYEES BY BRITISH AMERICAN BANK NOTE COMPANY—MOTION UNDER S.O. 43

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I wish to present a motion under Standing Order 43. I would direct it particularly to the attention of the Minister of Justice who is responsible for the administration of the Bill on Human Rights and to the Minister of State for Federal-Provincial Relations who is also responsible for the status of women. I ask leave to move, seconded by the hon. member for Winnipeg North (Mr. Orlikow):

That this House deplores the discrimination against women being practised by the British American Bank Note Company in its refusal to pay wages to its female employees equal to those it pays to its male employees, and this House calls on the Minister of Justice and the Minister Responsible for the Status of Women to make it known that if this practice is not corrected the federal government will have to cease doing business with the said company, it being the view of this House that our laws respecting discrimination against women must be upheld.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

SOCIAL SECURITY

SUGGESTION GUARANTEED ANNUAL INCOME BE INDEXED—MOTION UNDER S.O. 43

Mr. Léonel Beaudoin (Richmond): Mr. Speaker, I rise under Standing Order 43 to ask for the unanimous consent of the House to move a motion on a matter of urgent and pressing necessity.

Considering that the inflation rate is constantly going up, to the great prejudice of low wage earners and the needy; considering as well that low wage earners, the unemployed and welfare recipients have no protection against rising inflation, I move, seconded by the hon. member for Abitibi (Mr. Laprise):

[Mr. Laprise.]

That this House urge the government and the Minister of National Health and Welfare to bring forth the annual guaranteed income program and that this income be indexed to the cost of living.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

● (1112)

[*English*]

TRADE

SUGGESTED LEGISLATION PROVIDING FOR MANDATORY REPORTING OF CORPORATIONS AGREEING TO BOYCOTTS—MOTION UNDER S.O. 43

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, I rise under the provisions of the same order. The Secretary of State for External Affairs (Mr. Jamieson) on October 21, 1976 stated in this House that:

Canadian firms may decide nonetheless to agree to certain boycott clauses and forego Canadian government support for the projects concerned. All Canadian firms, however, whether they accept boycott clauses or not will be required to report all instances of their complying with boycott provisions. Information obtained from such reports will be made available to the public.

In view of the fact that the Minister of Industry, Trade and Commerce (Mr. Horner) has stated outside the House that he has no plans to make such a list public and would not indicate how many companies the department has found signing contracts with boycott clauses, I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That legislation be introduced prior to the Christmas adjournment which requires mandatory reporting of Canadian corporations which agree with Arab boycott clauses.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

INFORMATION

PROPOSED REFERENCE TO COMMITTEE OF GREEN PAPER ON FREEDOM OF ACCESS—MOTION UNDER S.O. 43

Mr. Basford: On a point of order, Mr. Speaker, the hon. member for Peace River moved a motion without discussion with the House leader. There has not been that discussion and if it were moved again it would be agreed to by this side.

Mr. Speaker: Order. I would, of course, require the unanimous consent of the House to ask for unanimous consent a second time.

Some hon. Members: Agreed.

Mr. Speaker: Then if it is agreed, the motion that the hon. member for Peace River put earlier was:

That the green paper on legislation on public access to government documents be referred to the Standing Joint Committee on Regulations and Other Statutory Instruments.

I understand that the motion was moved by the hon. member for Peace River (Mr. Baldwin), seconded by the hon. member for Grenville-Carleton (Mr. Baker). The House has heard the terms of the motion and it can be presented at this time pursuant to Standing Order 43 only with the unanimous consent of the House. Is there unanimous consent for the presentation of the motion?

Some hon. Members: Agreed.

Mr. Speaker: The House heard the terms of the motion. Is it the pleasure of the House to adopt the said motion?

Mr. Baldwin: Mr. Speaker, on the point of order, there has been some discussion which indicates that there might be agreement reached, at this time of Christmas and all that goes with Christmas, to arrange time for debate. I think the understanding is that it will be a short debate. The time, the method, the number of speakers and so on will be discussed. We have no willingness on this side to have a long debate, but I think there should be some discussion about the debate between all the House leaders. So would Your Honour simply let the motion stand? There will be the usual discussions, out of which will flow some tremendous arrangement.

Mr. Speaker: Then I think for neatness we had better deal with it on the basis that, pursuant to Standing Order 43, this motion has now been presented in the regular way. It is moved by the hon. member for Peace River, seconded by the hon. member for Grenville-Carleton. The motion is now in the possession of the House and I think debate on the motion ought to be adjourned at this time. Equally, it could carry now without debate.

Mr. Trudeau: Mr. Speaker, we are prepared to pass this motion right away. If the opposition wants to talk out the motion or to find some way of not putting this matter before the committee, that is for them, but we are anxious to have it referred to committee. Why does not the House agree to pass the motion right now without debate?

Mr. Speaker: Is that agreed?

● (1117)

Mr. Baker (Grenville-Carleton): Mr. Speaker, perhaps the Prime Minister is not aware of the discussions that have taken place between the deputy House leader (Mr. Cafik) and myself with respect to this debate. They have proceeded most cordially. I would like to inform the Prime Minister through you, sir, that there will be one speaker from each side in the debate at a time to be arranged. Because third reading of Bill C-5 may be reached today on consent, perhaps we might be able to do it later this day. I know that the Minister of Justice (Mr. Basford) and the deputy House leader agree that the whole purpose is to ensure that this matter reach the committee as quickly as possible. I deemed it wise to inform the Prime Minister of this arrangement in the event he has not had a chance to consult his colleagues.

An hon. Member: Perhaps he is too dumb to understand it.

Mr. Speaker: We are now well into the question period. In the circumstances we ought to consider that it has been moved by the hon. member for Peace River (Mr. Baldwin), seconded by Mr. Baker (Grenville-Carleton), that this debate be now adjourned. Is it the pleasure of the House to adopt that motion?

Some hon. Members: Agreed.

Motion agreed to and debate adjourned.

Mr. Speaker: The question period will terminate at approximately three minutes past twelve.

ORAL QUESTION PERIOD

[*English*]

TRADE

REPORTING OF COMPANIES COMPLYING WITH BOYCOTTS—REQUEST FOR CLARIFICATION OF CONFLICTING STATEMENTS

Mr. Joe Clark (Leader of the Opposition): Thank you very much, Mr. Speaker. My question is to the Prime Minister. On the 21st of October, 1976, the Secretary of State for External Affairs took the time of the House on motions to state the government's position on economic boycotts and I quote:

All Canadian firms, however, whether they accept boycott clauses or not, will be required to report all instances of their complying with boycott provisions. Information obtained from such reports will be made available to the public.

Yesterday, outside of the House, the Minister of Industry, Trade and Commerce said that it is not the plan of his department to make public information concerning Canadian firms complying with boycott provisions. Sir, we have a situation here where two ministers of the Crown have made directly contradictory statements. I would like to ask the Prime Minister which minister speaks for the government on this matter?

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, if the hon. Leader of the Opposition were to look at the full statement and the debate which followed, he would understand that there is no inconsistency. In fact, there is still a problem to be resolved with regard to publication. The difficulty, and it also has been expressed by some members opposite, was whether the names of companies which had been invited to participate in the boycott and had

declined to do so should be published, since they had done nothing that was either improper or regarded as being illegal or reprehensible. Therefore, there is discussion presently going on between myself and the Minister of Industry, Trade and Commerce and other colleagues to resolve the issue in the manner I have outlined.

Mr. Clark: Mr. Speaker, there is clearly a problem to be resolved. The problem is within the Government of Canada because they cannot agree on their policy.

Some hon. Members: Hear, hear!

REPORTING OF COMPANIES COMPLYING WITH BOYCOTTS—REASON FOR DELAY IN PUBLICATION OF REPORT

Mr. Joe Clark (Leader of the Opposition): The Secretary of State for External Affairs, who seems to be answering the question because the Prime Minister does not want to, will recall the Deputy Minister for Industry, Trade and Commerce in January of this year promised that there would be a report published twice yearly relating to the firms that are affected by this policy position. That undertaking was given in January. It is now December and there is still no report. Is it still the policy of the government to make that kind of a report on a semi-annual basis? And, if so, where is the report?

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, I cannot answer for the Minister of Industry, Trade and Commerce as to the preparation or the current status of that particular report. I know that a good deal of work has been done on it. Incidentally, I do not believe it necessarily needs to be a matter of argument. I return to the fundamental point. There is a question of how this can be dealt with in a manner fair to those who are dealing with countries which have boycott clauses, but which have not themselves done anything that is improper or in any way regarded by this House or by Canada as being an offensive type of action.

I suspect if the hon. members wish to have a reasonable discussion on how this matter can be dealt with, and at the same time indicate our abhorrence of the kinds of boycotts which all of us on this side and members opposite have always referred, then there is no good reason that we should not talk about it in a reasonable way. When the report is completed, I appreciate it should be dealt with, and we should carry through on our commitment. The matter is not a matter of saying how many have complied or otherwise with the boycott, or how many have been asked to comply. Strictly, it is a matter of finding out which companies have no reason to be reprimanded publicly and perhaps misunderstood publicly.

● (1122)

Hon. members opposite have claimed that we should not be doing anything which will make it difficult for companies to expand their export operations and the like or, in fact, to hurt their business within the country.

Some hon. Members: Shame, shame!

[Mr. Jamieson.]

Mr. Jamieson: Hon. members may laugh at this, but I tell you—

Some hon. Members: Oh, oh!

Mr. Speaker: Order, please.

REPORTING OF COMPANIES COMPLYING WITH BOYCOTTS—STATEMENT BY TRADE MINISTER—GOVERNMENT POSITION

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, obviously the minister has as much trouble speaking for the Minister of Industry, Trade and Commerce as he does staying on both sides of this question.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

Mr. Clark: I should like to ask the Prime Minister, since this is a policy question, whether the Minister of Industry, Trade and Commerce was speaking on behalf of the government and stating government policy, when he said yesterday that in relation to the publication of lists of companies found signing contracts with boycott clauses "that kind of thing, when we're trying to promote world trade, is something we don't want to get into". Was the minister speaking for the government when he made that statement?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, that was the first question the hon. Leader of the Opposition asked. He asked who was speaking for the government, and I told him it was the Secretary of State for External Affairs.

Mr. Clark: We have just had such a repudiation of the Minister of Industry, Trade and Commerce that he is ashamed to show his face in the House of Commons.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

Mr. Clark: Members opposite seem to feel if they shout enough they will draw the hon. minister back. We will see if he has the courage to return after being repudiated by the Prime Minister on the floor of the House of Commons.

Some hon. Members: Hear, hear!

REPORTING OF COMPANIES COMPLYING WITH BOYCOTTS—AVAILABILITY OF REPORT AND DATE OF PUBLICATION

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, I have a question for the Secretary of State for External Affairs. Since the position of the government on this question of principle remains very, very unclear, would he tell the House whether the policy announced by the minister has been carried out and whether firms have been required to report? Are those reports in the hands of the government? If they are, will the information be made public immediately as the minister undertook in his statement of October 21, 1976?

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, to the best of my knowledge, the

Minister of Industry, Trade and Commerce has compiled a list and there has been a reporting procedure. There was no attempt on anybody's part to disguise this, and it came out in the debate at the time that making the information public is not the difficulty. The difficulty is whether individual firms will be identified as complying with the boycott or merely asked to comply with the boycott.

The hon. member has referred to a difference of opinion on this side of the House. Many members on his side have told me also that they understand this quandary and, in fact, spoke for companies that were concerned that they might be identified when they had committed no offence.

To return to my basic point, if the House is satisfied with declaring without identification that X number of companies have complied, or those that have been asked to comply, I do not believe that creates a serious problem. The problem is whether companies are identified, when there is no particular reason for them to be identified publicly in that way, because they have committed no particular offence.

REPORTING OF COMPANIES COMPLYING WITH BOYCOTTS—ALLEGATION ONLY TWO NAMED

Mr. Bill Kempling (Halton-Wentworth): Mr. Speaker, my question is directed to the Secretary of State for External Affairs. If the minister has worked as closely as he claims with the Minister of Industry, Trade and Commerce, can he confirm that there are only two names of companies on the list. Can he confirm that?

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, I cannot confirm that in specific terms, because I have not seen any list in recent days or recent weeks. I know there are a minimum number of companies which have been involved in this particular exercise in any way.

● (1127)

REASON FOR DELAY IN REPORTING COMPANIES COMPLYING WITH BOYCOTTS—POSSIBILITY EXPORT DEVELOPMENT CORPORATION EXCLUDED

Mr. Bill Kempling (Halton-Wentworth): We understand this report has been on the desk of the Minister of Industry, Trade and Commerce since September, but we cannot understand why, if it has been in his possession for so long, it has not been released. Does it contain information supplied by the Export Development Corporation or is this Crown corporation excluded from the government guidelines?

Hon. Donald C. Jamieson (Secretary of State for External Affairs): No, Mr. Speaker. The Export Development Corporation, as the statement which was made in the House some 14 months ago clearly states, is obliged to follow the guidelines as they relate to the boycott and the anti-boycott provision.

Oral Questions

AIR TRANSPORT

ALLEGATION NAVIGATION ORDERS DISOBEYED—GOVERNMENT POSITION—REQUEST FOR PUBLIC INQUIRY

Mr. Cyril Symes (Sault Ste. Marie): Mr. Speaker, my question is for the Minister of Transport. Will the minister confirm that the existing air navigation orders issued by his department to ensure the safety of the public travelling by air have been disobeyed on numerous occasions in the past by regional and national airlines, thereby jeopardizing public safety?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, if the hon. member is asking whether a whole body of regulations has on occasion been breached, the answer clearly is yes. Indeed, charges have been laid and occasional action taken to suspend certificates. I am not quite sure from the general question what the hon. member has in mind. Perhaps he could be more specific.

Mr. Symes: Mr. Speaker, I asked in my question to the minister about air navigation orders. In my supplementary question to the minister I should like to ask him, in view of the revelations of the Carswell-Slaughter investigation of breaches of air safety regulations in northwestern Ontario, an example of irregularities by the national airline which was brought to the minister's attention by the National Dispatchers' Association, as well MOT investigation into the 1976 crash of an Air West airplane in British Columbia which concluded that the carrier did not meet safety standards and that Transport Canada's monitoring of the carrier's operations was inadequate, whether the minister will now admit that the situation is serious enough to warrant a full public inquiry into air safety regulations and their application across Canada?

Mr. Lang: No, Mr. Speaker. The fact of the matter is that the investigation had revealed certain deficiencies which should have been corrected and steps have been taken to correct them. Obviously, there will be breaches of regulations, including air navigation orders by some individual operators. I would not want to join the hon. member in making it sound as though air carriers flagrantly abused the regulations, and I would even want to emphasize that it is completely untrue and unfair to carriers to suggest that they are frequently engaged in activities which are unsafe. The fact of the matter is that our standards in our air navigation orders are very high. That is the standard we want observed, but a breach of the air navigation orders in those circumstances may not always involve a high risk but only a failure to attain our very high standards. We still attempt to observe them and we are amending our air navigation orders where required to do so. We are appointing additional inspectors and we are following other recommendations which were made by our investigators who did a very thorough job.

ALLEGED FAILURE TO ENFORCE SAFETY REGULATION—REASON FOR DELAY IN ADOPTING RECOMMENDED IMPROVEMENTS

Mr. Cyril Symes (Sault Ste. Marie): I have evidence of serious breaches in the regulations on a nationwide basis, not just related to northwestern Ontario.

I should like to ask the minister if he can explain why, after complaints were lodged with his department as early as in 1972 by the Canadian Airline Dispatchers' Association and the review of procedures was begun, the new regulations entitled "Acceptable Means of Compliance with Operational Control Requirements" completed in 1976 have not yet been implemented? Is the minister bowing to pressure from the airlines?

Hon. Otto E. Lang (Minister of Transport): Not at all, Mr. Speaker. Indeed, while dispatchers may have registered complaints about some regulations in 1972, it was only seven or eight days ago that I visited with them and had a long meeting to discuss the problem. I assured them I would take a personal interest in the question which had not been brought to my attention before. If the hon. member has additional evidence of difficulties I hope he will bring them to my attention rather than simply making broad allegations. Having heard from the dispatchers, I am looking into the matter and will take appropriate steps if there is any problem which needs to be solved.

● (1132)

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[*Translation*]

REGIONAL ECONOMIC EXPANSION

POSSIBILITY OF AIDING SOUTH SHORE REGION OF QUEBEC—POSSIBILITY OF REPRESENTATIONS BY LOCAL ORGANIZATIONS

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, my question is directed to the Minister of Regional Economic Expansion.

A few months ago Quebec and Ottawa signed an agreement. Commenting on it, the minister stated that the south shore region might benefit from it, for instance by way of access roads to forest areas and the like. Can the minister tell the House whether he has received any requests from organizations of this region concerning the program which had been outlined by him as regards forest areas?

Hon. Marcel Lessard (Minister of Regional Economic Expansion): Mr. Speaker, I do not remember personally such requests from the region mentioned by the hon. member. It is possible that representations were made in the last few weeks to our offices in Quebec city. However, possibly some groups in that region did communicate with the Quebec Office de planification du développement or with the Quebec department of lands and forests on this subject. Then, I shall inquire and communicate again with the hon. member.

Mr. Lambert (Bellechasse): Mr. Speaker, I would like to ask a supplementary question. Could the minister tell the House if there are other projects, besides those mentioned earlier, which have been proposed by south shore area organizations to launch new industries or expand the ones already existing?

Mr. Lessard: Mr. Speaker, in the course of our recent negotiations there have been discussions and proposals concerning assistance to some infrastructures to accommodate industries in this part of the lower St. Lawrence area. Decisions are to be made very soon at both government levels and some proposals which were made to us might be accepted.

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[*English*]

EXTERNAL AFFAIRS

ALLEGED REFLECTION ON UNITED STATES AMBASSADOR ENDERS—REQUEST FOR CLARIFICATION

Mr. Douglas Roche (Edmonton-Strathcona): Mr. Speaker, I wish to ask the Prime Minister a question concerning the ambassador of the United States, Mr. Enders, whose professional stature is reflected in the fact that having been appointed ambassador to Canada under a Republican administration he was retained by the Carter Democratic administration. On Wednesday the Prime Minister said that the Minister of Agriculture was speaking for the government when he complained about certain viewpoints expressed by the ambassador in speeches in Canada. This statement by the Prime Minister, if allowed to stand, will unfortunately diminish—

Mr. Speaker: Order, please.

Mr. Roche: Did the Prime Minister intend to diminish the usefulness of Mr. Enders? I would ask the Prime Minister to clarify this most important matter.

Right Hon. P. E. Trudeau (Prime Minister): Gladly, Mr. Speaker. I think I made it quite clear by my answer to the supplementary question that I consider Mr. Enders is free to state publicly in Canada the views that represent those of his government just as I would want our ambassadors abroad to express their views. I think Mr. Enders has been doing it consistently, and there has never been any complaint officially or any note sent to Washington from this government. I added that a minister is perfectly free to disagree, just as any other member of this House would be free to disagree with Mr. Enders. I had not and I still have not read the speech of the Minister of Agriculture. He may have used language which is colourful and which he frequently uses in this House. I am standing by the position that the Minister of Agriculture is free to criticize and disagree with Mr. Enders, but that Mr. Enders was perfectly entitled to speak for his government and to continue to do so.

Mr. Roche: A supplementary question, Mr. Speaker. I take it from that answer that the Prime Minister wishes to remove the cloud that has been cast over Mr. Enders. May I ask if it is the policy of the government that ministers of the Crown can

publicly complain about the expressed viewpoint of ambassadors without reducing their credibility and hence calling into question the effectiveness of their representation?

Mr. Trudeau: Mr. Speaker, I would be surprised if the opposition agreed with the right of anybody to disagree with an ambassador who is speaking for his country. The interests of Canada are not necessarily those of the United States.

Some hon. Members: Hear, hear!

Mr. Trudeau: There is certainly no intention to cast a cloud over Mr. Enders' capabilities or his ability to speak for his government. I made it clear in my answer that I considered he was a gentleman and was doing his duty just as I would want our ambassadors to do their duty. Too many ambassadors try to be popular in the country to which they are delegated. I do not think that is their job; they are there to represent the countries from which they come, not the countries to which they go. I respect Mr. Enders for taking the positions he does if they are those of his government. I just do not think we should be shy or embarrassed about disagreeing with him.

Mr. Roche: A further supplementary question, Mr. Speaker. With respect to the desired popularity on the part of ambassadors in Canada, would the Prime Minister outline for the House the guidelines that ambassadors should follow with respect to their conduct?

Mr. Speaker: Order, please. If the Prime Minister wishes to do that or if the House wishes to have the information it will have to be obtained in some other way.

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THE CANADIAN ECONOMY

FLIP PROGRAM—WEEKLY RATE OF PAY—COST OF ADMINISTERING PROGRAM

Mr. Robert Muir (Cape Breton-The Sydneys): Mr. Speaker, may I put a question to the President of the Treasury Board with reference to the announcement made yesterday about the creation of 157,000 man-months of work at a cost of $150 million. Is the minister in a position to advise—and I am sure much study has gone into this proposal—what the weekly rate of pay will be for the individuals who are to be employed? Will it be in the vicinity of what was paid under LIP or Canada Works?

Hon. Robert K. Andras (President of the Treasury Boa !): Mr. Speaker, the intention is to pay the going rate in the particular locality for the type of job being done. Generally speaking, this will be maintenance, labour or clerical work and the wages will reflect the going rate in the area. Some of the projects may require experienced or skilled personnel, so it will vary. I could not give an average rate except to say it will be the going rate in the area for the particular skill or trade required.

Mr. Muir: A supplementary question. In view of the fact that 157,000 man-months of work divided into $150 million is $955 per month or $11,500 per year, which comes to slightly under $6 an hour, can the minister give an idea of how much money will be used for administrative purposes? Will it be 40 per cent of $150 million or something in that vicinity?

Mr. Andras: Mr. Speaker, I am not trying to evade the question as I think it is pertinent, but the 15 departments and the several programs or projects within them are so varied and diverse that I cannot give the House or the hon. member a simple formula such as the percentage of the gross amount that will be devoted to administration and material. Those are the factors plus capital costs and the hon. member has arrived at an hourly rate by simple division. He has also indicated that he recognizes there will be other deductions—some administrative costs, capital costs, material costs, and some will be for straight labour, but some projects will require some material investment for the project to go forward.

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[*Translation*]

CANADIAN BROADCASTING CORPORATION

REASON PUBLICITY OF FEDERAL DEPARTMENT NOT BROADCAST

Mr. Jacques-L. Trudel (Montreal-Bourassa): Mr. Speaker, I should like to put a question to the Secretary of State responsible for the CBC. As he left his seat a few moments ago, I will direct my question to the Minister of Regional Economic Expansion. The Secretary of State for the CBC having resumed his seat, I will now put my question to him.

On November 29, I directed a question to the Minister of Regional Economic Expansion concerning the publicity of his department broadcast only on some private networks in Montreal. Could the Secretary of State tell us whether he has considered the matter. If so, has he spoken to the CBC and can he tell the House the results of the inquiry concerning that publicity only be given on private networks?

Hon. John Roberts (Secretary of State): Yes, Mr. Speaker, I have raised the matter with the CBC and they are reconsidering the criteria involved.

* * *

● (1142)

[*English*]

TRANSPORT

INCREASED TOLLS ON ST. LAWRENCE SEAWAY—SUGGESTION INCREASE BE MADE IN STAGES

Mr. Don Mazankowski (Vegreville): Mr. Speaker, I have a question for the Minister of Transport. It arises out of the proposed increases in the tolls on the St. Lawrence Seaway which I understand are to be implemented shortly after the first of the year. Having regard to the widespread opposition to

the increases, in some cases increases of over 100 per cent, and given the fact that the increases will have a disruptive effect upon Canadian industry and will in all likelihood divert some of the traffic from the seaway, I wonder if the government is giving any reconsideration to implementing these rather alarming increases and, if not, is the government at least considering the possibility of staging the increases rather than having the impact brought to bear in one fell swoop?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, as usual, we have been taking careful note of the views of those who are affected. While we recognize the smallness of the impact compared with the total cost of transportation, the increase in value of goods and the fact that there have been no increases for almost 20 years, we are aware of the concerns some people have voiced about the impact and perhaps even the psychological impact, and we have been taking that into account in our discussions with the United States. A decision is now very close, but I cannot say whether it will be announced in a matter of hours or days.

Mr. Mazankowski: Mr. Speaker, am I to take it then that talks have been going on with the United States counterparts, that initiatives have been taken by the U.S. counterparts and that the suggestion in fact came from the U.S. government as far as the staging process is concerned?

Mr. Lang: Mr. Speaker, I think it would only be fair to say that, yes, discussions have been taking place. I have had discussions with Secretary Adams of the United States. Similar representations have been made to both of us, and I think our reactions to those representations have been quite similar as well. However, beyond that I will not go.

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RESOURCES

NICKEL—POSSIBILITY FEDERAL REPRESENTATIVES WILL APPEAR BEFORE ONTARIO COMMITTEE

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, my question is for the Minister of Energy, Mines and Resources, the Charlie McCarthy of the cabinet. In view of the fact that the Ontario provincial government has set up a special legislature committee to look into the nickel industry in Ontario vis-à-vis the recent actions of INCO and Falconbridge in laying off some 4,000 workers in the Sudbury basin, in view of the fact that the federal government has a vital stake in the nickel industry in Canada because of its resource taxation policies and since the federal government has already taken some responsibility in this area with the special internal report by the Department of the Environment regarding highgrading of nickel in the Sudbury basin, can the minister tell the House if his department intends to appear before the special committee to discuss its views and approaches to the nickel industry and, if not, why not?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, I will be very pleased to find out whether we have received any request from the select committee.

Mr. Rodriguez: Mr. Speaker, I did not ask the minister if he received a request. I asked whether he has taken any initiatives to ensure that his department appears before that committee to present the views of this government regarding a very vital resource which affects not only Canadians from coast to coast but specifically the workers in the Sudbury basin. I wish the minister would not assume such an insensitive and callous attitude.

Mr. Gillespie: Mr. Speaker, I have already explained to the House and to the hon. member on previous occasions that I took a number of initiatives some weeks ago with respect to the minister responsible in the Ontario government; not the select committee, the minister responsible. I should be meeting with him very shortly, and I hope it will be possible for the two governments to come together with a plan of action which will help solve some of the problems about which the hon. member is so concerned and about which we on this side of the House are very concerned.

NICKEL—SUGGESTION INDUSTRY OFFICIALS APPEAR BEFORE COMMITTEE TO EXPLAIN OPERATIONS

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, in effect the minister says he has not made a request to the provincial legislature committee and will not be appearing before it. Since the vitality of the nickel industry is of absolute importance to Canada as a whole and since the management of that industry is now being called into question, will the minister tell this House if he is prepared to call before the Standing Committee on National Resources and Public Works the management of Canada's nickel industry so that they can be questioned about their management of our vital resources?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, I think the hon. member is confusing the jurisdictions of the federal government and the provincial government with respect to select committees. He is also trying to create the impression—and I think purposely—that a minister can require a committee to call witnesses before it. The hon. member must know that the committee will decide what persons it will call before it.

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THE ROYAL FAMILY

PRINCE CHARLES—REASON FOR FAILURE TO CONVEY INVITATION OF UNIVERSITY OF WESTERN ONTARIO

Mr. Perrin Beatty (Wellington-Grey-Dufferin-Waterloo): Mr. Speaker, my question is for the Prime Minister. As the Prime Minister is aware, the University of Western Ontario has been forced to withdraw an invitation to Prince Charles to come to London to receive the prestigious centennial degree from the University of Western Ontario because the university

has been unable, after a year of effort, to secure the co-operation of the federal government. Can the Prime Minister tell the House why it is that he has yet to reply to the letter of February 24 from Premier Davis in which Premier Davis stated that there was an invitation and offered to pay for the trip, or the letter of November 23 in which Premier Davis requested prompt consideration and reply from the Prime Minister?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I will have to check. I certainly authorized a reply to be sent in my name, and I think it has been received by now. I will verify that, but the letter points out to Premier Davis that the Royal Family was in Ontario this year and that Her Majesty the Queen and Prince Phillip will be going to Alberta, Saskatchewan and Newfoundland next year.

Mr. Stevens: That is better for you in an election year.

Mr. Trudeau: The latter two provinces have not had a visit from the Queen in many years. In addition to the visit of Her Majesty to Ontario this year, Prince Andrew stayed in Ontario for a school term, and we felt that this was the schedule for the time being.

Mr. Clark: Is there a quota?

Mr. Beatty: Mr. Speaker, I am trying to get some understanding from the Prime Minister as to what his policy is. Do I understand the Prime Minister correctly that he has some objection and that this is the reason the reply was not received? Does the Prime Minister have some objection to the offer by the government of Ontario to have Prince Charles visit Ontario cities, including Hamilton and London, for three to four days at the expense entirely of the provincial government?

Mr. Trudeau: Mr. Speaker, it is not a question of expense; it is a question of the Royal Family itself. They are invited constantly, not only by many provincial governments and many institutions—

An hon. Member: What is wrong with that?

Mr. Trudeau: An hon. member from somewhere in Vancouver asks what is wrong with that.

Mr. Fraser: This is one time when I did not say anything, Pierre.

An hon. Member: Even when you do speak you don't say anything.

Mr. Trudeau: I did not hear the hon. member say anything, Mr. Speaker.

Mr. Fraser: I never heard you answer anything either.

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

Mr. Trudeau: Did that loud voice come from Calgary, Mr. Speaker.

Mr. Fraser: Santa Claus.

Mr. Clark: Just because you can't find Ontario does not mean Prince Charles can't.

Mr. Hees: Be a big boy and answer the question, Pierre.

Mr. Trudeau: Whenever the House wants to hear the answer, I will give it.

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ENERGY

URANIUM CARTEL—REASON FOR REFUSAL TO PRODUCE DOCUMENTS

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, my question is directed to the Minister of Energy, Mines and Resources, and it relates to the production of documents relating to the uranium cartel which has been denied by the government at each request by the hon. member for York-Simcoe. In view of the fact that the minister has maintained all along that the cartel was legitimate, required and necessary, would he clarify for the House why he has refused many of these documents on the basis that the documents might be detrimental to the future conduct of Canada's foreign relations?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, that is the reason.

Mr. Hnatyshyn: Mr. Speaker, this government puts us into a preposterous position. We were going to debate freedom of information. How can the minister justify or rationalize the fact that the government—for the purpose of covering up any discussion and investigation of the cartel—refuses documentation which people can obtain in the United States under the American freedom of information act or indeed through the various houses in the United States? How can the minister rationalize refusing to give the people of Canada these documents through their elected representatives?

● (1152)

Mr. Gillespie: Mr. Speaker, the hon. member is asking for information about which it has been made very clear to him and the House that in the government's judgment it would not be in the public interest to release, information dealing with arrangements entered into with foreign governments. The hon. member must know that this is a basis that has been used by the government in the past and accepted by the opposition.

Mr. Hnatyshyn: Mr. Speaker, the minister ought to know that is not a basis upon which the House has been refused documentation before, the basis that it is detrimental to foreign relations. I would ask him to justify that position in the House. On what basis is a matter merely being confidential and therefore one on which he refuses to give this information to the House, which is another reason he gave in response to the hon. member?

Mr. Gillespie: Mr. Speaker, I have already answered that question.

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AIR TRANSPORT

INSPECTION OF AIRFRAMES—POSSIBILITY OF IMPLEMENTING JURY RECOMMENDATION

Mr. Maurice A. Dionne (Northumberland-Miramichi): Mr. Speaker, my question is to the Minister of Transport. It arises out of the death of a spray plane pilot last year. The jury recommended that the Ministry of Transport do more thorough inspections of airframes of airplanes over 15 years of age. Can the minister tell the House his reaction to that recommendation and what action he is prepared to take on it.

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, I thank the hon. member for bringing the recommendation to my attention. I will be asking my officials for a report upon it to determine the feasibility of implementing the suggested additional inspection.

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FINANCE

POSSIBILITY OF MEASURES TO AID HIGH TECHNOLOGY INDUSTRIES

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, in the absence of the Minister of Industry, Trade and Commerce, I will direct my question to the Minister of Finance. Since Canada's manufacturing industry today is in serious trouble with some 100,000 fewer people working in manufacturing today than there were three years ago, I ask the minister if he is aware of any new policies to help high technology industries which is machinery, electrical products and the chemical industry. Does the government have a target, for example, for cutting our deficit on trade in fully manufactured goods, a target that would square our balance of payments on current account and hopefully add a few more people on our employment rolls?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, in order to help the manufacturing sector of the Canadian economy, there are tax proposals included in Bill C-11 which should enable them to invest more and expand some of their operations where this can be done successfully. There are other policies in other departments to help those industries. We are doing our best to ensure a viable manufacturing base in Canada.

[Mr. Hnatyshyn.]

LABOUR CONDITIONS

ALLEGED DISCRIMINATION AGAINST FEMALE EMPLOYEES BY BRITISH AMERICAN BANK NOTE COMPANY—GOVERNMENT ACTION

Mr. David MacDonald (Egmont): Mr. Speaker, I will direct my question to the Prime Minister as it involves at least two or three departments or ministers. It concerns the very serious aspect of discrimination of employment affecting the 25 employees of the British American Bank Note Company in Ottawa who have been on strike for many weeks. In light of the very real imbalance in the pay structure, the very real discrimination between the employment of women and men in that company, since the Government of Canada is the prime customer of this company and in light of the human rights legislation passed by this House in June which is clearly directed against that kind of discrimination, will the Prime Minister indicate whether the government is contemplating any action such as discontinuing its present contract?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I am not aware of the details of this particular labour dispute. I can assure the hon. member as a matter of principle we do not encourage third parties to involve themselves in disputes by exercising any kind of economic boycott, if that is what the hon. member is suggesting.

Mr. MacDonald (Egmont): I am sorry the Prime Minister is not aware of the situation because the president of the company has justified this discrimination on the basis of it being historic. If there has ever been an obvious case of discrimination between men and women, it has to be this case. When he looks at it, I hope he will look at section 19 of the human rights bill which allows the governor in council to make recommendations respecting the terms and conditions to be included in or applicable to any contract, licence or grant made by Her Majesty in right of Canada. It very clearly gives the government the right and responsibility of making regulations affecting discrimination in employment. Has the Prime Minister been consulted by the Minister of Justice or is consideration being given to including in regulations to be brought down under the human rights bill some clear-cut responsibility in this matter with regard to a major company with whom the Government of Canada is almost the total contractor?

Mr. Trudeau: Mr. Speaker, the bill provided for a certain process after which the government would take action. The hon. member is suggesting that we intervene in a labour dispute as a third party and that we use economic leverage to settle this dispute in a particular way. I suggest that is a completely incorrect way of proceeding.

EXTERNAL AFFAIRS

ROSEAU RIVER DIVERSION—REQUEST FOR REPORT ON NEGOTIATIONS WITH UNITED STATES

Mr. Jake Epp (Provencher): Mr. Speaker, my question is to the Secretary of State for External Affairs. The United States has offered to pay approximately $4 million for mitigating works to offset the effects in Manitoba of the state of Minnesota's Roseau River diversion project. Has the Canadian government determined whether there will be advantage to Canada for this project. If no substantial advantage can in fact be determined for Canada, can I have the assurance of the government that they will forward a note during the negotiations with the Americans that we wish that the project not go forward?

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, I am afraid I cannot answer the hon. member in detail on that question at the moment without running the risk of saying something that will be inaccurate. I would like to take time to go into it. I recently discussed it briefly with some officials. If I understood the hon. member correctly, I think the answer is yes, we will continue to ensure there is no damage done as far as Canada is concerned. As to the rest of the question, if the hon. member will agree, I will get him a more detailed response.

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POST OFFICE

REDUCTION OF RURAL SERVICE IN MANITOBA—GOVERNMENT POSITION

Mr. Craig Stewart (Marquette): Mr. Speaker, I would like to direct my question to the Postmaster General. As Canadians are tired of the continual increases in postal rates and at the same time the cutbacks in postal service, can the Postmaster General tell the House if there is to be a cutback in rural route service in Manitoba and also Saturday morning wicket service in this province?

Hon. J.-J. Blais (Postmaster General): Mr. Speaker, as the hon. member knows, the post office has to be very sensitive to conditions in the market place and the demands that are made on its service. In areas where the demands have fallen in terms of the services that have been offered, we have taken decisions to cut back those services. Indeed, in the province of Manitoba, there has been a cutback on Saturday rural mail delivery in certain areas as a result of a decline in demand for that service. It was only done after surveys had been conducted and there was an indication that the service was no longer required. In terms of Saturday morning wicket service, the same criteria apply. Indeed, we have cut back the services where the demand was not made known in certain areas. Decisions are based on local demand and local criteria.

Mr. Stewart (Marquette): Last month in this House the Postmaster General assured the hon. member for Huron-Middlesex there would be no cutback on Saturday rural route service in Ontario. Due to the fact there have been demands to continue the same type of service in Manitoba, rural routes and Saturday morning wicket service, is the minister saying there is one type of service for Ontario and another type for Manitoba?

Mr. Blais: Mr. Speaker, I did indicate to the hon. member for Huron-Middlesex that in the area in which he resided there would be no cutback in service. I stand by that statement. As I indicated, there may be different conditions in different areas. It is done on criteria that are established after local investigation.

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FISHERIES

REASON FOR REFUSING TO SUPPLY MR. MENEELY WITH SALMON EGGS AND WILLINGNESS TO SUPPLY UNION CARBIDE

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, my question is directed to the Minister of Fisheries. It concerns the potential for aquaculture in British Columbia. Mr. Al Meneely, a Canadian owner and operator of a salmon aquaculture farm, was driven out of business because the Department of Fisheries refused to supply him with salmon eggs. First of all, would the minister advise the House why it was that Mr. Meneely was refused a sufficient supply of salmon eggs so that he could continue his business?

● (1202)

Hon. Roméo LeBlanc (Minister of Fisheries): Mr. Speaker, had the hon. member checked his facts he might not have needed to ask his question. This matter was raised in an article in the *Reader's Digest* and reproduced in one of the weekend inserts—either *Weekend* or *The Canadian.* We tried to put the facts on record. I wrote a lengthy letter to the editor but I have no knowledge as to whether the editor honoured my request to publish the facts. These allegations seem to have a very long life and re-establishing the truth is very difficult. I would be happy if I could find a way to put my answer on the record of the House. It is rather lengthy but I certainly believe the hon. member would not want to be a party to misinformation. I know him to be a much more honourable man than that.

Mr. Leggatt: Mr. Speaker, there is one fact which the minister can confirm—that a company called Union Carbide has received approval from the Foreign Investment Review Agency to carry on the business of aquaculture in the Province of British Columbia. This is a multinational company which is now taking up the role Mr. Meneely formerly played in the aquaculture business. Can the minister also confirm to the House that this same company has exported salmon eggs from British Columbia to some of its subsidiaries abroad?

Mr. LeBlanc (Westmorland-Kent): Mr. Speaker, I will have to check into recent developments. It is some months since I have seen the dossier, but I cannot think of one dossier in the

whole department on which I have spent more time checking and rechecking than the one to which the hon. member has made reference. I am satisfied that the articles which have been published were full of misinformation. However, some of the information the hon. member has referred to may be accurate and, of course, I will check into it.

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POST OFFICE

ALLEGATION DAMAGED MAIL ARRIVED IN CALGARY—REQUEST FOR INVESTIGATION

Mr. Stan Darling (Parry Sound-Muskoka): Mr. Speaker, may I direct my question to the Postmaster General? I know I speak for the minister and for all members of the House when I say we are all dreaming of a white Christmas, but it appears westerners will have a wet one. Is the Postmaster General aware that several tons of mail from Toronto arrived in Calgary soaking wet and badly damaged? Is the hon. gentleman prepared to investigate this situation and prepared to tell us what is to be done?

Hon. J.-J. Blais (Postmaster General): Mr. Speaker, that matter was brought to my attention yesterday. I have had an investigation conducted in this connection and I am pleased to advise the hon. member that the report is completely inaccurate. There were one or two bags of mail which had been somewhat affected by rain but none of the mail was damaged. It is being processed in the normal way and will be delivered, only slightly affected, to the addressees.

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TRANSPORT

OGDEN POINT PIER, VICTORIA—REASON FOR DELAY OF AGREEMENT WITH WESCAN TO PERMIT OPERATION

Mr. Allan B. McKinnon (Victoria): My question is for the Minister of Transport, Mr. Speaker. The hon. gentleman knows there was a disastrous fire at the Ogden Point Pier in Victoria on August 8. On August 18 there was a meeting at which his senior officials said we should be able to get a lease or agreement signed between the government and Wescan in order that it might continue operations. With 93 people out of work four months after that meeting, we still do not know when the agreement will be signed. There have been leaks from the minister's department to the effect that it will be signed any day. Could the hon. gentleman report to the House on this question?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, after the destruction of the wharf there was a change in the ownership of the land from the CNR, adding certain legal complications which had to be cleared up before progress could be made with respect to a lease. We have made an offer recently to the operator who is interested in constructing a new wharf. I have not personally seen the terms and conditions of the agreement and cannot therefore say whether we shall soon be in a position to sign. I do understand, however, that he has told the press we have an agreement, from which I assume the operator is accepting the terms. If that is the case, I expect it will now be only a question of completing the paperwork.

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CANADIAN NATIONAL RAILWAYS

LAY-OFF OF EXPRESS EMPLOYEES—ALLEGED FAILURE OF COMPANY TO PROMOTE BUSINESS

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, my question is also directed to the Minister of Transport. Has the hon. gentleman taken any initiatives to investigate the appropriateness of the CN laying off approximately 360 employees on a nationwide basis from its express division and whether the reason given by CN—lack of business—has been due to its own lack of initiative in promoting business?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, I have been fully informed of this situation by CN. The layoffs reflect a decline in business of a seasonal nature. They are for a specific period of time and those laid off know when they will be back at work. This can be said of almost every case. Canadian National has acted in a very fine fashion in the way it has handled this situation both in discussion with the union and the workers involved. It might indeed be said to be an example to other companies which do not always follow such a course.

Mr. MacKay: Without disputing the minister's premise, I would like to point out to him that there has been a steady erosion of jobs with the CN right across the country. At the same time there has been a diminution of the level of service, which discourages Canadians who might wish to use that service. There is thus an unproductive cycle established. Is the minister looking into the situation to ascertain why business appears to be seasonal and why there is not a greater utilization by Canadians of CN services in the hope that we might be able to stop this constant erosion of jobs without any corresponding increase in business?

Mr. Lang: Mr. Speaker, Christmas is seasonal and a drop-off in business seems to accompany that particular season. It happens every year. The hon. member should know that Canadian National is in fact handling more goods and covering more ton miles with a smaller number of employees. This, surely, reflects efficient management and success in finding ways of avoiding an unnecessary salary load—an unnecessary burden of cost upon the economy. The efficiency of management in handling more ton miles with a smaller supply of labour and capital is the kind of improvement in productivity which we want to see generally in the economy.

PRIVILEGE

MR. STEVENS—STATEMENT OF MINISTER OF FINANCE RESPECTING BILL C-11

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, I rise on a question of privilege of which I have given you notice. It arises from what was said in the House yesterday by the Minister of Finance in response to a question put to him by myself with respect to the introduction of an important tax credit bill which has been proposed.

The minister stated, as reported at page 1893 of *Hansard:*

When we started Bill C-11 the hon. member said that second reading was to be three or four days and it lasted three weeks. Thus, I cannot rely on him very much.

I interjected that this statement was not true.

Mr. Abbott: It is true. You are unreliable.

Mr. Stevens: I maintain that the minister, in making that statement, imputed bad faith on my part. He was suggesting I had entered into some kind of understanding or agreement with him with respect to the early passage of Bill C-11 through second reading. I deny that, without qualification. There is no truth in the minister's statement. There was no conversation between him and myself with respect to the time we might take on second reading debate of Bill C-11.

Not only do I deny the truth of what the minister said, but I would draw to your attention a second untruth which I believe Your Honour can check for yourself by reading *Hansard.* The minister stated that Bill C-11 took three weeks at second reading stage. That is not true. Second reading began on November 7 and ended on November 24. If it had taken three weeks, the terminal date would have been November 28. So on the face of it the minister's statement is untrue. Further, I recall that not only did we spend a relatively short period debating Bill C-11 on second reading, but between the dates mentioned we had at least two supply days, and there were several questions of privilege raised—

Mr. Speaker: Order. The hon. member is now expressing disagreement with the minister with regard to the duration of a debate on second reading. His question of privilege basically relates to a statement by the minister that there had been some consultation between him and the hon. gentleman about the second reading debate lasting three or four days.

I have to tell the hon. member that, aside from the fact that essentially we are dealing here with a disagreement, the remark complained of was made during the course of the question period yesterday. Our practice normally requires that any member wishing to raise such a matter by way of a question of privilege must do so at the earliest opportunity. The hon. member was here yesterday and the occasion for raising the matter as a question of privilege, had he wished to do so, was yesterday at the conclusion of the question period—not 24 hours later.

• (1212)

Therefore, I am in double difficulty about going any further with the disagreement which the hon. member has, which again I say is essentially a disagreement, in any case, and not a question of privilege.

Mr. Stevens: Mr. Speaker, if I may speak to the points you have made, I did not raise the question yesterday because—

Mr. Speaker: Order, please. I am afraid the hon. member is procedurally out of order in going on with the matter today when he had an opportunity to do so yesterday.

Mr. Stevens: On a point of order, Mr. Speaker, I was trying to explain to Your Honour why I did not raise it yesterday. The fact of the matter was that I heard what the minister said, but I was not sure whether I had heard him correctly. I watched the 11.30 TV performance last night, and it confirmed what he had said. I did not get *Hansard* this morning until 10.25. I telephoned Your Honour's office before ten o'clock and stated that I felt the minister had made a statement that was completely untrue; that if, in truth, it was recorded that way in *Hansard,* I hoped to be able to raise a question of privilege at the appropriate time. That I am attempting to do. If Your Honour would give me the opportunity, I want to refer to certain statements of Your Honour and precedents cited with respect to this type of matter on previous occasions.

Mr. Speaker: Order, please. First of all, I allowed the hon. member to develop his question of privilege and to indicate his abject disagreement with and denial of what the minister had said yesterday. That seems to me to give the hon. member for York-Simcoe some latitude in raising what was essentially, and remains, a disagreement with a remark made by the minister.

Mr. Stevens: Which is untrue.

Mr. Speaker: Order, please. The hon. member has put his interpretation forward. He has put a denial on the record. Essentially it is a disagreement; but in any case there is another difficulty, which I have outlined, and I do not think the hon. member should go any further.

Mr. Stevens: He should retract.

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BUSINESS OF THE HOUSE

Mr. Cafik: Mr. Speaker, I rise on a point of order. During today's question period the hon. member for Grenville-Carleton I think may have inadvertently misled the House when he indicated that an agreement had been reached in relation to the motion put forward by the member for Peace River, and that the Prime Minister had not been aware of that agreement. The fact of the matter is that no agreement had been finalized. I had approached House leaders on the other side to determine

whether there was a disposition to limit debate or to have no debate at all on a motion to refer the matter, but no conclusion was reached. I felt it would be a bit misleading if the impression were created that the Prime Minister ought to have been informed of an agreement which had not been reached. I would have felt obliged to inform him of one that had, but certainly under no obligation to inform him of one that had not.

Mr. Speaker: These are the difficulties we face continually if we attempt to negotiate something on the floor of the House. These ongoing discussions leave some loose ends, and these leave different impressions on both sides of the House. Again it is an indication that we ought to firm up such arrangements before attempting to report them to the House or to deal with them on the basis of consent. I understand, however, that on orders of the day there may be some accord resulting from developments in the meantime, and we can deal with that at that time.

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Mr. Stevens: Mr. Speaker, I rise on a question of privilege. My question of privilege arises from the statement that you have just made. I feel that you have put me in an unbelievably untenable position. I was attempting—

Mr. Speaker: Order, please. I want to remind the hon. member, I hope for the last time, that whether or not the hon. member seeks to agree or disagree with rulings by the Chair, rulings by the Chair on procedural matters are final. I have made a disposition in respect to the procedural correctness of the hon. member's position. As the hon. member said in his remarks today, he complained yesterday from his seat, at the time the remark was made, that the remark was not true. The hon. member was in his seat, he was aware of the remark, and he said that it was not true.

I do not often lean on the requirement that a matter of this sort be raised on the first occasion. I have often extended leniency in that regard. However, if the rule is to be respected at all, certainly in a situation where the hon. member recognizes a remark to the extent of denying it from his seat in the House, as he did yesterday, he must surely recognize that, if there is any validity at all to the regulation, I have to enforce it in these circumstances. I do not take particular pleasure in that. That is the primary concern.

In any case, on balance there is a direct disagreement in this matter. The hon. member has put his accusation and his denial of what the minister said yesterday on the record and has said it is untrue. He has done so under the guise of a question of privilege. It is not a question of privilege, but in any case, even if it were, the only time it could have been properly raised in the procedural sense was yesterday.

[Mr. Cafik.]

ROUTINE PROCEEDINGS

[*English*]

FINANCE

TABLING OF REPORT OF LAMBERT COMMISSION ON FINANCIAL MANAGEMENT AND ACCOUNTABILITY

Hon. Robert K. Andras (President of the Treasury Board): Mr. Speaker on behalf of the Prime Minister I should like to table, under Standing Order 41(2), copies, in both official languages, of a progress report from the Lambert Commission on Financial Management and Accountability.

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PUBLIC SERVICE

TABLING OF REPORT ON PERFORMANCE MEASUREMENT

Hon. Robert K. Andras (President of the Treasury Board): Mr. Speaker, in accordance with the provisions of Standing Order 41(2), I wish to table, in both official languages, copies of the report on performance measurement.

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GRAIN HANDLING AND TRANSPORTATION COMMISSION

TABLING OF THIRD VOLUME OF REPORT

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, under Standing Order 41(2), I should like to table copies, in both official languages, of the third volume of the report of the Grain Handling and Transportation Commission.

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[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today: 36, 51, 67 to 98 inclusive, 329, 337 and 733.

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

[*Text*]

USE OF PRIVATE RAILWAY CARS

Question No. 36—**Mr. Cossitt:**

1. During the summer of 1977, did the Minister of Transport hold a private party on government railway cars at the Ottawa Railway Station and, if so (a) on what date (b) what are the names of all persons in attendance (c) were any railway employees on duty to serve those involved and, if so, what are their names (d) did the Minister pay for all the expenses and, if not, what was the cost to the taxpayer (e) was any rental paid to the government for use of the cars (f) what is a full description and names or designations, if any, of the cars involved?

2. Did the Minister leave in the cars on a trip and, if so (a) to what locations (b) who accompanied him (c) what was the total cost to the taxpayer (d) how many days did the Minister make use of the cars and on what dates?

3. Is it government policy to permit Ministers to use government owned railway cars for private purposes and, if so, on what date and by whom was such policy created?

Hon. Otto E. Lang (Minister of Transport): 1. No.

2 and 3. See response to Question No. 11 page 459 of *Hansard* for October 26, 1976.

POSSIBLE USE OF UIC COMPUTER IN MONTREAL BY PRIVATE INTERESTS

Question No. 51—**Mr. Cossitt:**

1. Is an investigation being carried out into possible use of the UIC computer in Montreal, by private interests, during the time that Mr. Robert Kingsley was Director of the Regional Payment Centre in Montreal and, if so (a) on what date did the investigation begin (b) who was or is conducting it (c) has it been completed and, if not, on what date will it be completed?

2. Has the RCMP become involved in any such investigation and, if so, what are the details of their involvement and on what date did it begin?

3. Does any investigation include examination of whether or not the UIC computer was used without government authority by private interests and were any charges made for such use and, if so, who received the payments?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): 1. Yes. (a) See reply to part 2. (b) RCMP. (c) No. It is not known at this time when the investigation will be completed.

2. Yes. The RCMP is currently carrying out an investigation as a result of a letter of request received from the Unemployment Insurance Commission on July 29, 1977. The investigation commenced shortly thereafter.

3. The investigation is still pending.

USE OF PRIVATE RAILWAY CARS

Question No. 67—**Mr. Dick:**

In (a) 1974 (b) 1975 (c) 1976 (d) 1977 to date, did the Minister of State for Federal-Provincial Relations, since he has been a Member of the Cabinet, use a private railway car and, if so, on what dates or during what period of time?

Hon. Otto E. Lang (Minister of Transport): This reply is also in response to questions Nos: 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97 and 98. See response to Question No. 11, page 459 of *Hansard* for October 26, 1976.

Question No. 68—**Mr. Dick:**

In (a) 1974 (b) 1975 (c) 1976 (d) 1977 to date, did the Minister of Fisheries and of the Environment, since he has been a Member of the Cabinet, use a private railway car and, if so, on what dates or during what period of time?

Question No. 69—**Mr. Dick:**

In (a) 1974 (b) 1975 (c) 1976 (d) 1977 to date, did the Minister of Multiculturalism, since he has been a Member of the Cabinet, use a private railway car and, if so, on what dates or during what period of time?

Question No. 70—**Mr. Dick:**

In (a) 1974 (b) 1975 (c) 1976 (d) 1977 to date, did the Minister of State (Environment), since he has been a Member of the Cabinet, use a private railway car and, if so, on what dates or during what period of time?

Question No. 71—**Mr. Dick:**

In (a) 1974 (b) 1975 (c) 1976 (d) 1977 to date, did the Minister of State for Urban Affairs, since he has been a Member of the Cabinet, use a private railway car and, if so, on what dates or during what period of time?

Question No. 72—**Mr. Dick:**

In (a) 1974 (b) 1975 (c) 1976 (d) 1977 to date, did the Minister of State (Small Businesses), since he has been a Member of the Cabinet, use a private railway car and, if so, on what dates or during what period of time?

Question No. 73—**Mr. Dick:**

In (a) 1974 (b) 1975 (c) 1976 (d) 1977 to date, did the Secretary of State, since he has been a Member of the Cabinet, use a private railway car and, if so, on what dates or during what period of time?

Question No. 74—**Mr. Dick:**

In (a) 1974 (b) 1975 (c) 1976 (d) 1977 to date, did the Solicitor General, since he has been a Member of the Cabinet, use a private railway car and, if so, on what dates or during what period of time?

Question No. 75—**Mr. Dick:**

In (a) 1974 (b) 1975 (c) 1976 (d) 1977 to date, did the Postmaster General, since he has been a Member of the Cabinet, use a private railway car and, if so, on what dates or during what period of time?

Question No. 76—**Mr. Dick:**

In (a) 1974 (b) 1975 (c) 1976 (d) 1977 to date, did the Minister of National Revenue, since he has been a Member of the Cabinet, use a private railway car and, if so, on what dates or during what period of time?

Question No. 77—**Mr. Dick:**

In (a) 1974 (b) 1975 (c) 1976 (d) 1977 to date, did the Minister of Consumer and Corporate Affairs, since he has been a Member of the Cabinet, use a private railway car and, if so, on what dates or during what period of time?

Question No. 78—**Mr. Dick:**

In (a) 1974 (b) 1975 (c) 1976 (d) 1977 to date, did the Minister of Employment and Immigration, since he has been a Member of the Cabinet, use a private railway car and, if so, on what dates or during what period of time?

Question No. 79—**Mr. Dick:**

In (a) 1974 (b) 1975 (c) 1976 (d) 1977 to date, did the Minister of Regional Economic Expansion, since he has been a Member of the Cabinet, use a private railway car and, if so, on what dates or during what period of time?

Question No. 80—**Mr. Dick:**

In (a) 1974 (b) 1975 (c) 1976 (d) 1977 to date, did the Minister of Public Works, since he has been a Member of the Cabinet, use a private railway car and, if so, on what dates or during what period of time?

Question No. 81—**Mr. Dick:**

In (a) 1974 (b) 1975 (c) 1976 (d) 1977 to date, did the Minister of State (Fitness and Amateur Sport), since she has been a Member of the Cabinet, use a private railway car and, if so, on what dates or during what period of time?

Question No. 82—**Mr. Dick:**

In (a) 1974 (b) 1975 (c) 1976 (d) 1977 to date, did the Minister of National Health and Welfare, since she has been a Member of the Cabinet, use a private railway car and, if so, on what dates or during what period of time?

Order Paper Questions

Question No. 83—**Mr. Dick:**

In (a) 1974 (b) 1975 (c) 1976 (d) 1977 to date, did the Minister of Communications, since she has been a Member of the Cabinet, use a private railway car and, if so, on what dates or during what period of time?

Question No. 84—**Mr. Dick:**

In (a) 1974 (b) 1975 (c) 1976 (d) 1977 to date, did the Minister of Veterans Affairs, since he has been a Member of the Cabinet, use a private railway car and, if so, on what dates or during what period of time?

Question No. 85—**Mr. Dick:**

In (a) 1974 (b) 1975 (c) 1976 (d) 1977 to date, did the Minister of Indian Affairs and Northern Development, since he has been a Member of the Cabinet, use a private railway car and, if so, on what dates or during what period of time?

Question No. 86—**Mr. Dick:**

In (a) 1974 (b) 1975 (c) 1976 (d) 1977 to date, did the Minister of Agriculture, since he has been a Member of the Cabinet, use a private railway car and, if so, on what dates or during what period of time?

Question No. 87—**Mr. Dick:**

In (a) 1974 (b) 1975 (c) 1976 (d) 1977 to date, did the Minister of Energy, Mines and Resources, since he has been a Member of the Cabinet, use a private railway car and, if so, on what dates or during what period of time?

Question No. 88—**Mr. Dick:**

In (a) 1974 (b) 1975 (c) 1976 (d) 1977 to date, did the Minister of Supply and Services, since he has been a Member of the Cabinet, use a private railway car and, if so, on what dates or during what period of time?

Question No. 89—**Mr. Dick:**

In (a) 1974 (b) 1975 (c) 1976 (d) 1977 to date, did the Minister of Transport, since he has been a Member of the Cabinet, use a private railway car and, if so, on what dates or during what period of time?

Question No. 90—**Mr. Dick:**

In (a) 1974 (b) 1975 (c) 1976 (d) 1977 to date, did the Minister of National Defence, since he has been a Member of the Cabinet, use a private railway car and, if so, on what dates or during what period of time?

Question No. 91—**Mr. Dick:**

In (a) 1974 (b) 1975 (c) 1976 (d) 1977 to date, did the President of the Treasury Board, since he has been a Member of the Cabinet, use a private railway car and, if so, on what dates or during what period of time?

Question No. 92—**Mr. Dick:**

In (a) 1974 (b) 1975 (c) 1976 (d) 1977 to date, did the Secretary of State for External Affairs, since he has been a Member of the Cabinet, use a private railway car and, if so, on what dates or during what period of time?

Question No. 93-**Mr. Dick:**

In (a) 1974 (b) 1975 (c) 1976 (d) 1977 to date, did the Minister of Justice, since he has been a Member of the Cabinet, use a private railway car and, if so, on what dates or during what period of time?

Question No. 94-**Mr. Dick:**

In (a) 1974 (b) 1975 (c) 1976 (d) 1977 to date, did the Minister of Labour, since he has been a Member of the Cabinet, use a private railway car and, if so, on what dates or during what period of time?

[Mr. Dick.]

Question No. 95—**Mr. Dick:**

In (a) 1974 (b) 1975 (c) 1976 (d) 1977 to date, did the Minister of Finance, since he has been a Member of the Cabinet, use a private railway car and, if so, on what dates or during what period of time?

Question No. 96—**Mr. Dick:**

In (a) 1974 (b) 1975 (c) 1976 (d) 1977 to date, did the Minister of Industry, Trade and Commerce, since he has been a Member of the Cabinet, use a private railway car and, if so, on what dates or during what period of time?

Question No. 97—**Mr. Dick:**

In (a) 1974 (b) 1975 (c) 1976 (d) 1977 to date, did the President of Privy Council, since he has been a Member of the Cabinet, use a private railway car and, if so, on what dates or during what period of time?

Question No. 98—**Mr. Dick:**

In (a) 1974 (b) 1975 (c) 1976 (d) 1977 to date, did the Minister of State for Science and Technology, since he has been a Member of the Cabinet, use a private railway car and, if so, on what dates or during what period of time?

NORTHERN TRANSPORTATION CO. LTD.—EMPLOYEES FROM PRIVATE AGENCIES

Question No. 329—**Mr. McKenzie:**

1. Has the Northern Transportation Co. Ltd. obtained (a) part-time (b) full-time employees from private employment agencies in (i) British Columbia (ii) Alberta (iii) Saskatchewan (iv) Manitoba (v) Ontario (vi) Quebec (vii) New Brunswick (viii) Nova Scotia (ix) Prince Edward Island (x) Newfoundland and, if so, in each case, how many?

2. Are such employees paid from supplementary estimates and, if not, from what estimates are they paid?

3. By province, what was the (a) average hourly rate paid to employment agencies (b) average hourly rate paid to employees (c) total amount paid by the Northern Transportation Co. Ltd. in (i) 1975 (ii) 1976?

Hon. Otto E. Lang (Minister of Transport): 1. (a)(ii) 1975, 3; 1976, 5; (b)(ii) 1975, 2; 1976, 7.

2. No. Self generated cash flow.

3. (a) Alberta 1975, $5.32; 1976, $5.62. (b) Not known. (c) Total paid to agencies in 1975, $9,038; in 1976, $19,366.

TEXTILE AND CLOTHING BOARD—PERSONNEL OBTAINED FROM PRIVATE AGENCIES

Question No. 337—**Mr. McKenzie:**

1. Has the Textile and Clothing Board obtained (a) part-time (b) full-time employees from private employment agencies in (i) British Columbia (ii) Alberta (iii) Saskatchewan (iv) Manitoba (v) Ontario (vi) Quebec (vii) New Brunswick (viii) Nova Scotia (ix) Prince Edward Island (x) Newfoundland and, if so, in each case, how many?

2. Are such employees paid from supplementary estimates and, if not, from what estimates are they paid?

3. By province, what was the (a) average hourly rate paid to employment agencies (b) average hourly rate paid to employees (c) total amount paid by the Textile and Clothing Board in (i) 1975 (ii) 1976?

Mr. Bernard Loiselle (Parliamentary Secretary to Minister of Industry, Trade and Commerce): 1. (a) The Textile and Clothing Board has obtained part-time employees from private employment agencies only in Ontario: 1975/76 fiscal year, 4

employees; 1976/77 fiscal year, 12 employees. (b) The Textile and Clothing Board has not obtained full-time employees from private employment agencies.

2. Such part-time employees were paid from Textile and Clothing Board Vote 5 Operating Expenditures in fiscal year 1975/76; in 1976/77 such employees were paid from Textile and Clothing Board Vote 5 operating expenditures plus supplementary estimates.

3. Ontario Employment Agencies: (a) Average hourly rate paid to employment agencies, 1975/76, $6.55; 1976/77, $7.05. (b) Not known. (c) Total amount paid by Textile and Clothing Board, 1975/76, $1,624; 1976/77, $27,000.

DEPARTMENT OF NATIONAL DEFENCE—ANTI-TERRORIST GROUP

Question No. 733—**Mr. Jones:**

1. What are the duties, responsibilities and authorities of the proposed Anti-Terrorist Group to be formed by the Department of National Defence?

2. Will the group be similar to that of West Germany?

3. To the knowledge of the government, does the West German Anti-Terrorist Squad take part in incidents other than hijacking and kidnapping and, if so, what are the details?

Hon. Barney Danson (Minister of National Defence): 1. The duties, responsibilities and authorities of a proposed Anti-Terrorist group have not yet been determined.

2. See part 1 above.

3. Not known.

[*English*]

Mr. Speaker: Orders of the day.

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INFORMATION

PROPOSED REFERENCE TO COMMITTEE OF GREEN PAPER ON FREEDOM OF ACCESS—MOTION UNDER S.O. 43

Hon. Norman A. Cafik (Minister of State (Multiculturalism)): Mr. Speaker, earlier in our proceedings today the House gave unanimous consent to put a motion proposed by the hon. member for Peace River (Mr. Baldwin). As a result of that, I have had discussions with members opposite and believe there would be agreement to proceed with the motion at this time, under a couple of conditions, namely, that no more than one speaker be allowed per party and, secondly, that no member shall speak for longer than 15 minutes.

The next point I should like to put forward—and perhaps I can attend to this in a moment—is that the motion requires some amendment, to which I hope there will be unanimous consent. In light of the fact that it is a joint committee which is referred to, there is a technical flaw in the motion. Therefore, I would like to propose an adjustment to it after we have decided whether we can proceed in that manner.

Mr. Baldwin: That is perfectly all right with me, Mr. Speaker. Any time the government can improve on a motion I make, I am always glad to accommodate them.

Mr. Speaker: The House has heard the terms and conditions of the motion. It is proposed that the matter be proceeded with at this time on the basis that there be no more than one speaker from each party and that each speech will last no longer than 15 minutes. In addition, an amendment will be permitted to give recognition to the fact that it is not a standing, but a joint committee and some adjustment may have to be made with reference to the other place. Is that agreed?

Some hon. Members: Agreed.

Mr. Speaker: It is agreed and so ordered. The question, therefore, is the following. Moved by the hon. member for Peace River (Mr. Baldwin), seconded by the hon. member for Grenville-Carleton (Mr. Baker):

That the green paper on legislation on public access to government documents be referred to the Standing Joint Committee on Regulations and Other Statutory Instruments.

Is it the pleasure of the House to adopt the said motion?

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I thank hon. members on both sides of the House for their accommodation, and I also offer thanks for the alacrity with which the Prime Minister (Mr. Trudeau) has accepted the invitation to have a debate. I am only sorry that the Prime Minister is not here to debate the matter, because he has learned a lot about security and ministerial responsibility over the last few weeks. He has had a very "Liberal" education with respect to this matter, and I had hoped that he would be here for this debate. However, I see my hon. friend, the Secretary of State (Mr. Roberts) is here, and I have reason to believe that in general he believes in good legislation, at least to the extent that cabinet solidarity permits him.

The period of gestation for any reform is always fairly lengthy, though with this government it is extremely lengthy. Hopefully, because of the number of conditions which have been placed on this reform, we are getting close to the stage of reaching committee and we may be able to do something constructive on this very important issue concerning circumstances in this country and other countries in the civilized and democratic world.

● (1222)

I believe it was John Stuart Mill who mentioned the necessity of there being a free marketplace of ideas in order for there to be good government. A free marketplace of ideas does not exist where you have government secrecy. Government secrecy has been the way of life of many governments in democratic countries. I hope we are now coming to a stage where that will be concluded. Government secrecy is a palpable defect. It is widespread. It has run so deep that it has become a malignant disease and what I would call a political distemper which constitutes a major impediment to the free marketplace of

ideas. It spawns corruption, incompetence and indecision. We have seen a lot of that, Mr. Speaker, over the last two or three years.

It is a major factor in the cynicism and loss of confidence which has spread over this land. Any member of this parliament who is honest will agree with me when I say, travel any place in Canada and you discover a feeling of outrage, frustration, anger and disbelief among the people which has constituted an impediment in the capacity of governments today to deal with the problems which afflict us. Most of those problems are man-made and can be cured by man. It takes a relationship between the government and the governors which is non-existent not only in the federal system of which I have some knowledge but in other systems of government in this country.

Mr. Speaker, people may forgive politicians and governments for erring, but they will no longer forgive them for lying, for deception, for procrastination linked to deception which have become the trademarks of Ottawa. Open government by a workable freedom of information law will have very definite advantages for this parliament and for the public of Canada. Canadians are entitled to know what the government is doing to or for them, what it is costing them, and who will receive the benefits of the proposals which are made. This parliament will then be a better place. We will have a more efficient question period, with crisper, shorter questions, if members of parliament on both sides of the House are armed with the knowledge permitting them to contribute to any debate in a meaningful, effective way.

The right of freedom of speech is often talked about. Mr. Speaker, what good, what use and what value is freedom of speech without the knowledge upon which we can base that speech? I am convinced the quality of debate in this House will be vastly improved when and if that time comes. The word is "when" because this has become a major issue. I do not believe the public will tolerate refusal by this or any other government, be it federal or provincial, to delay the enactment of a workable freedom of information law. When it comes, Mr. Speaker, it will be a better parliament because of the quality of the speeches we will be making and the questions we will be asking.

There have been challenges to the kind of law which most of us want and when I say "most of us", I give credit to a great many people on the government side. If I were free, under our rules, to introduce a freedom of information law myself, and should it be put to the question without any whips being present, 75 per cent of the members of this House would support it, and at least that percentage in the other place. We would then have a bill in short order.

The government is indicating that they have approached this problem with undue caution, with Scots caution, delaying caution. They talk about ministerial responsibility. Mr. Speaker, ministerial responsibility in Canada has become a farce, a myth. It no longer exists. The average minister does not know one per cent of the work being done in his department. He is, in effect, the spokesman, the advocate for his department and its officials. He reads the departmental brief in cabinet, in cabinet committees, to this House and to the public.

[Mr. Baldwin.]

By the very nature of the kind and quality of our government, the massive intervention the government has made in the lives of people, it is impossible for any minister to know what is going on. Even when he is given information by senior civil servants on how his particular department is run, he comes into this House and what is the situation? We had a typical example during the last few months, specifically in the past few weeks, regarding security. By interpretations which have been placed by the Chair based on precedents of this House—and I do not challenge them—we have been prohibited from questioning ministers who have considerable knowledge, or should have, of the workings of the Department of the Solicitor General. These people are eminent parliamentarians—I will use that expression as it is Christmas time. However, under the Government Reorganization Act, the Prime Minister is able to move a minister to another department when things become awkward, and he falls outside the scope and scrutiny of this House. That is the situation which exists. How can you have ministerial responsibility in a situation of that kind?

The situation is of ministers sent to a royal commission under terms of reference established by the Prime Minister, by personnel appointed by the Prime Minister who will report to the Prime Minister. This royal commission may hold many of its deliberations in secret. How can that be held to be, in any sense of the imagination, ministerial responsibility? Anyone who suggests ministerial responsibility constitutes a barrier to a freedom of information act should have been in this House for the last two months. They would then know it does not constitute any meaningful alibi.

We talk about ministers having the right, the final word, and not the judges. Every day of the year, magistrates in the federal and provincial courts examine issues dealing with federal and provincial legislation which involve making a judicial interpretation of certain aspects of government behaviour initiated by ministers. We have many examples. The Solicitor General (Mr. Fox) has shown no unwillingness to seek judicial guidance on certain decisions he has arrived at in the course of the debate on security. Four times he has seen fit to go to a judge, and each time he has been rejected. For a government which states that it is not prepared to entrust to judges the right to scrutinize the decisions of ministers, the Solicitor General shows a remarkable alacrity to accept another attitude.

We have the case of the Minister of State for Urban Affairs (Mr. Ouellet) who went to a judge with respect to an issue. We have the case where the AIB program was referred by this government to the Supreme Court of Canada. During the days of the year when courts are sitting, they have occasion to decide and deal with issues in which the government is involved. I say to you, Mr. Speaker, that is not a reason. The real reason is—and we all know it; members on the other side know it; cabinet knows it—fear of exposure, fear of embarrass-

ment. Those are very understandable fears for a government which has been in power for any length of time.

● (1232)

The reasons advanced by this government are precisely the same as those advanced by President Nixon, through his counsel, to the Supreme Court of the United States. Also, these reasons were advanced on behalf of the Harold Wilson cabinet in the United Kingdom when the court was considering the Crossman diary litigation which exposed the workings of the United Kingdom cabinet for what they were. It is the fear of embarrassment and the fear of being caught—not viciously or in terms of corruption, but it is human nature not to want to be proved wrong. I am sure ministers of the government make as many mistakes as myself, and perhaps more. There is no reason why their mistakes should not be exposed and subjected to scrutiny by this parliament, on behalf of Canadians. This does not constitute any barrier to the passage of legislation.

Today, the hon. Minister of Energy, Mines and Resources (Mr. Gillespie), acting through a whim of secrecy, evaded a reasonable question posed by the hon. member for Saskatoon-Biggar (Mr. Hnatyshyn). My colleague was asking for information about the uranium cartel. Members of this House, and Canadians generally, are entitled to that information. The period is long past when that information would be of any consequence. It is a terrible thing for members of the public to witness the manner in which the minister evaded a proper question put by a member of my party.

In conclusion, we are not seeking something which will put this country or the government down the drain. Any government can live with it. We want a declaration indicating that all documents in the possession of the government are available for examination by the public and by parliament, subject to certain precise exceptions. There is little disagreement between the government and members of my party as to what the exceptions will be: they can be thrashed out.

As soon as possible, we would like to see indexing of documents to enable members to identify them. It is a humiliating and demeaning experience for members of the opposition to be required to rely on leaks from public servants in order to perform their duties. We are entitled to something better than that. We must have a proper appeal process to an independent tribunal. The decisions of that tribunal must be binding on the government and the other party concerned. I would like to see rules making that procedure simple and inexpensive, so there is no delay. People should be allowed to obtain a document on the payment of a reasonable fee. I do not think it should be free: the fee would pay for the cost of the service.

If the government believes there is no public support for this suggestion, it is wrong. We have gathered support from 45 or 46 organizations which have a total membership of approximately three million people. These organizations are of some substance and are influential. I will not get freedom of information by leading an attack on the barricade; but if the government delays implementing a proper, workable, freedom of information law prior to the next election, it will have a penalty to pay and its name in the history books of this country will be lower than it is at the present time.

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, first I should like to congratulate the members of parliament who participated in this most excellent study. I did not have an opportunity to participate, but the hon. member for Greenwood (Mr. Brewin) did on behalf of the New Democratic Party. This is a substantial move toward finally having a meaningful bill presented in this House.

I endorse what was said by the hon. member for Peace River (Mr. Baldwin). He indicated that it was incumbent upon this government to do something once the study comes out of committee. The reason for that, and the reason we are now hearing a few cooing noises from the government side concerning this subject, is that the government now realizes the political impact of this particular subject. Canadians are tired of seeing a government which represents a bureaucracy rather than its constituents. That is the key question in terms of freedom of information. The lockup between the government and the bureaucracy should never be so close that the difference cannot be recognized.

The House has witnessed a substantial amount of evidence concerning the Royal Canadian Mounted Policy inquiry, as well as many other matters, where ministers have failed to distinguish between the interests of their own bureaucracy and the interests of the public. Often there is a distinct conflict between those two areas.

I congratulate the hon. member for Peace River for doing an excellent job by bringing this matter forward once again. In an untiring way he has led the fight to bring forward a decent piece of freedom of information legislation.

Some hon. Members: Hear, hear!

Mr. Leggatt: We should not forget the contributions of other members in the House. I am thinking particularly of Barry Mather who sat in this chamber as a member of the New Democratic Party for many years. From 1965 to 1970, yearly he introduced a private members' freedom of information bill. Also, I would not want to discount the efforts of the hon. member for Greenwood or those of the venerable and honourable member for Winnipeg North Centre (Mr. Knowles) who has been an untiring advocate of freedom of information in this House.

From time to time we receive interesting answers on the subject of freedom of information. When one requests the opening up of bureaucracy to provide more information to the public, quite often a minister of the government will say, "All you are doing is increasing the cost of government, the volume of work, the number of employees, the number of computers, as well as duplicating work".

Approximately a year ago I went to Washington to look at their freedom of information law to see whether there was any validity in the answers which I was receiving from the

bureaucracy and the ministers. Possibly the environmental protection agency was hit hardest by the United States freedom of information legislation, and their people totally support that legislation. The result in the United States is that a person simply writes a letter requesting information. There is a time limit for the agency to reply to that letter. The request does not have to be fulfilled if the information provided is not specific enough. The person is required to pay a nominal charge for duplication, and the information is forwarded.

Our government has forgotten that these documents are not the property of the government, nor members of parliament; they are the property of the public who pay the taxes, and they are entitled to that information. The sooner that fundamental principle is realized, the sooner Canada will have a freedom of information law.

I was delighted with the recommendation suggesting the establishment of a panel of judges to review the question. It will wash the dirty linen of the RCMP. If one looks at the wiretap legislation, he will see the same principle is involved. When the government decided on the wiretap legislation, they decided we would allow judges to issue warrants on wiretaps except in matters of national security. We do not have confidence in the bench for that; we will let the Solicitor General do it. Again, that is a fundamental weakness.

● (1242)

I say, trust the courts, trust the judges. With the capacity they have and the tenure they have, they are the best we can have in the country to protect the civil rights and freedoms of Canadians. On many occasions this government has felt it could not invest the courts with that kind of trust. I hope that the all-party report will also spur the government forward in those areas—sometimes, of necessity, in camera—in providing the courts with the decision-making process in those areas.

We will probably see a bill. I am afraid I am cynical enough to believe it has something to do with the timing of the next election, but I urge the minister seriously to consider these recommendations, particularly in terms of narrowing the definition of information which may not be released, and particularly with regard to allowing a panel of judges to make the final decision. There is no way that a minister can act objectively on a request for information which may be embarrassing to his personal performance. The old cliche that justice must not only be done but must be seen to be done never applied more than it does on the question of freedom of information.

I do not want to be long-winded. I just want to say how delighted our party is that this report has come forward, and how delighted we are that members of parliament such as the hon. member for Ottawa West (Mr. Francis) are associated with it and have placed their names on it. We also have our Social Credit friends associated with the report. I hope that the efforts which have been made by many members of the House will now come to fruition.

[Mr. Leggatt.]

[*Translation*]

Mr. Gérard Laprise (Abitibi): Mr. Speaker, I would also like to give my support to the motion, which has been expected for some time and should lead to a statute ensuring greater freedom of information. Such freedom of information has been requested by everyone, not only by members in this House. Because when members ask for information or the production of certain documents, when they insert questions on the order paper, very often it is because of queries from their constituents.

And when, as very often happens, we are told we cannot have the information because it is confidential, we wonder whether we are not dealing with some kind of in camera government. A democratic country such as we have in Canada is entitled to something better. Sometimes we are told that questions on the Order paper cannot be answered because this would be too costly, too expensive in terms of both time and money.

Mr. Speaker, if a question is too expensive in terms of time, in terms of research to find answers, it may be that there are deficiencies on the part of the bureaucracy, that bureaucrats do not take the trouble to keep note or maintain files of their actions and expenditures. If such files were kept up to date, it would be easy to give us the required information without too much time or money.

Mr. Speaker, I therefore feel that members of parliament and the general public need to be better informed if this Parliament is going to perform its function in a democratic country.

In my view, the bill that has been called for by the opposition and a variety of organizations working in that area should bring more freedom of information without putting the government in hot water, which too often is what they fear.

Mr. Speaker, in very limited areas only should the government withhold information, but as I said, in a democratic government information must be readily available, to meet the Canadian people's information needs.

[*English*]

Hon. John Roberts (Secretary of State): Mr. Speaker, I want to say, first of all, that I welcome this initiative on the part of the honourable and learned gentleman. It helps me meet the commitment which I made to the House and to him, that as quickly as possible we would have the government's green paper on access to public documents forwarded to the joint committee. As hon. members know, we have had on the order paper a government motion to that effect. I welcome his motion, just as I welcome the activity of the joint committee in studying this extremely important issue. I welcome, as well, the initiative of my friend, the hon. member for Ottawa West (Mr. Francis), and the members of the committee of which he is chairman.

Some hon. Members: Hear, hear!

Mr. Roberts: I think that their contribution is extremely useful to the discussion of this important question, and I know

that the joint committee will be looking at their recommendations. I want to add that it is my hope that other organizations, such as the Canadian Bar Association and others, will come forward to the committee with constructive suggestions on how we can improve the position which has been outlined in the green paper on access to public documents.

I want to say, also, that it is not a question of whether there is great public support for these changes which I think all members of the House wish to make. The hon. member for Peace River (Mr. Baldwin) assures me that there is great public support for these measures. I would say to him that even if there were not, these changes should take place because they are essential to the functioning of a healthy democratic society.

At the outset of his remarks, the hon. member for Peace River asked me to specify, within the balance of the possibilities of collective responsibility, my commitment to the principle of open government. I am pleased to do that and to draw his attention and that of members of the House to the first two paragraphs of the introduction to the green paper on legislation on public access to government documents. Having written them myself, they represent my sincere view and also the commitment of the government to follow the precept of open government.

It has always seemed to me a paradox that in the parliamentary system—with its emphasis, at least in the past, upon confidentiality within the public service, and secrecy of decision-making in the cabinet and secrecy of party decision-making in various caucuses of the various parties—that in a country which espouses open government, so much of the decision-making process should take place behind closed doors and away from public view.

The commitment, which has been eloquently expressed by the hon. member for Peace River, is one which members on the government side share and, indeed, one which is shared by members of all parties.

I can say parenthetically—I do not think the hon. member will mind—that his view that one of the results of the legislation would be to improve the quality of the question period is something that I would devoutly support. Anything that would improve the quality of the question period or that would assist in the improvement of the kind of questions put by members of the opposition is a step devoutly to be wished for.

Mr. Baldwin: Would the minister not agree that the quality and shortness of the answer period could also be vastly improved?

Mr. Roberts: I have often been much more impressed with the quality of my answers than I have with the quality of the questions.

An hon. Member: You are the only one.

Mr. Roberts: I thank the hon. member for admitting that in my case, at least, it is true.

● (1252)

The hon. member cited John Stuart Mill, a Liberal for whom I have a particular affection. I think the hon. member and I would both agree—if I can return a quotation of Mill's to supplement his own—that, "Whoever knew truth to be put to flight in a fair encounter?" It is my commitment—and I think it is evident in the paper that it is also the commitment of the government—to ensure that as much information as possible is available to the public and to hon. members, so that a full understanding of the context of decision-making is available and so that the public can properly judge the efficiency and the correctness of decisions which are taken.

In the few moments that are left to me, I want to emphasize the purpose of the government's presentation of the green paper on legislation on public access to government documents. I am sure hon. members of the House appreciate, but members of the public may sometimes not, that the green paper is not a description or a setting forth of policy positions to which the government is committed in a hard and fast way. It is, rather, a study document. It is a document prepared for the purposes of examination and discussion, and that is the process we have followed in presenting the green paper.

Some have interpreted the green paper to be—and they are mistaken in their interpretation—a disguised hard and fast policy position, and they feel that the various options which are described in the green paper are not really options but are a kind of stalking horse for some policy which has already been decided and which will be unveiled in a hard and fast way at a certain time. I want to emphasize that that is not the case.

The government is presenting this study paper because it genuinely thinks it is important to move in this area. We think there are problems involved, and we very much wish to have the counsel of the joint committee on the recommendations made in the paper. We are not committed to either the specific exemptions which we have described nor to any specific review process. We are committed to the idea of implementing open government in this country and expanding access to public documents. We accept that material prepared at taxpayers' expense should be available for the public to see unless there are extremely good reasons why it should not be so available.

I want to draw the attention of the House to pages 10 and 11 of the green paper which outline in a tentative way a possible description of what exemptions there should be to the basic principle of providing access, which we accept. I do not argue that the description of these exemptions is perfect in the document we have presented. There are many difficult problems to wrestle with. Some have suggested that we should, for instance, simply apply the standards or the language used in the American freedom of information act, but because we have a different system of government, the effect of applying the words used in that act might be unforeseen. There might be undesirable effects which hon. members of the opposition—not me—would be the first to resist. We have presented the American wording and we have also presented the wording which was used in Australia in relation to some of the exemptions, to try to get the committee to focus on this question and

to assist us in coming up with better wording if better wording can be found.

I want also to refer to pages 16 and 17 of the green paper which outline the review process and present five options or five different approaches. There may be others. If there are others, I hope the committee will present to us other ways of reviewing how the exemptions might be applied in practice. Here, too, we see that there are problems. The fact that the green paper discusses those problems should not be taken as an indication that the government has settled upon one final approach as to how a review process should be undertaken. That is not the case. We are open and willing to consider the recommendations which will be made to us by the committee.

There are problems with judicial review. There are problems with many of the options described. Judicial review can often be a costly process. Perhaps it need not be so. Perhaps there are ways of achieving the objective which I believe hon. members on both sides wish to achieve without the process of judicial review. That is one of the matters I hope the committee will look into very seriously.

Questions of ministerial responsibility are important. As the hon. member for Peace River has indicated, over the past few weeks the House has been considerably exercised as to what the responsibilities of ministers are and how they should be enforced. I doubt that members of this House would wish to see us implement a policy which would tend to undermine the accountability of ministers to the House. However, again we throw those questions, which can be complicated questions, to the committee for discussion and we are eager to have the counsel of the committee and its advice on those questions.

The hon. member for New Westminster (Mr. Leggatt)—who, unfortunately, is not now in the House—referred to the question of cost and the experience in the United States. I would like to point out to hon. members that on pages 26 and 27 of the green paper the whole question of cost is discussed. Apart from the whole process of judicial review, the estimated present cost in the United States of administering their freedom of information act is, in round figures, approximately $150 million a year. I would not for a moment suggest that because the process is costly, it should not be embarked upon; but I think hon. members will want to know what the cost will be for whichever of the various approaches to the question may be taken.

As hon. members will have noticed, I am not in very fine voice today. I do not wish to go on at great length. I hope the committee will wish to have me come and speak to it: I am anxious to do that. I believe that for technical reasons it is important for me to move an amendment. I, therefore, move:

That the motion be amended by changing the period at the end thereof to a semicolon and by adding the following words:

"and that a message be sent to the Senate to acquaint Their Honours thereof".

The hon. member for Peace River (Mr. Baldwin) says he is always anxious to consider improvements to his motions. I hope he agrees that this change is an improvement.

[Mr. Roberts.]

I believe it is incumbent upon me also to ask for unanimous consent to withdraw my motion No. 8 which had as its purpose to do what the hon. member's motion does. The hon. member's motion seeks to refer the green paper to the joint committee. That is a commitment we have made. We wish to follow upon that, and that is the purpose of our original motion which has now been obviated by the hon. member's motion.

Mr. Baldwin: Mr. Speaker, I am always glad to act as a catalyst to precipitate government action, but I knew this action would have come anyway. I am glad to agree to the changes which have been proposed. Before sitting down, I would like to say to the minister that I am not asking that this be incorporated in the motion, but would he and the government be good enough to consider the need to equip this committee with special counsel? I am not suggesting that it be in any large degree. We have counsel now, but they are fully occupied with statutory instruments, which come forward in very large quantities. I think it would be useful to have special counsel who would be related to this aspect of our duties.

Mr. Roberts: Mr. Speaker, I am certainly sympathetic to this request. I would have to take it into consideration and, of course, there might be implications here, as far as the House leaders are concerned, about which I would have to inform them. I cannot make the commitment the hon. member is asking for, but I shall certainly be an energetic vehicle of transmission of his request to the appropriate minister.

Mr. Baker (Grenville-Carleton): Mr. Speaker, with respect to the minister's request for unanimous consent to withdraw motion No. 8 standing in the name of the government, we concur.

Mr. Knowles (Winnipeg North Centre): So do we.

Mr. Deputy Speaker: Is there unanimous consent to allow the government to withdraw motion No. 8 from the order paper?

Some hon. Members: Agreed.

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

Some hon. Members: Agreed.

Amendment (Mr. Roberts) agreed to.

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

Some hon. Members: Agreed.

Motion agreed to.

Mr. Deputy Speaker: It being one o'clock, I do now leave the chair until two o'clock later this day.

At 1.02 p.m. the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

GOVERNMENT ORDERS

[*English*]

CANADA ELECTIONS ACT

AMENDMENT OF CERTAIN PROVISIONS

The House resumed, from Thursday, December 15, consideration of Bill C-5, to amend the Canada Elections Act, as reported (with amendments) from the Standing Committee on Privileges and Elections.

Mr. Deputy Speaker: Order, please hon. members are aware that motion No. 15 standing in the name of the President of Privy Council (Mr. MacEachen) was stood yesterday by unanimous consent. It is the last motion to be considered. The House has been informed that the motion did not meet the requirements of our Standing Orders, as it went beyond the scope of the clause and beyond the scope of the bill in amending the act and was not acceptable under our rules. It has been suggested by the minister, and requested by many members, that the motion be considered by unanimous consent. Unless hon. members are prepared to give unanimous consent for consideration of the motion at this time, report stage of the bill will have been completed. Is there unanimous consent to allow motion No. 15 to be considered?

Some hon. Members: Agreed.

An hon. Member: No.

Mr. Deputy Speaker: There not being unanimous consent, this completes report stage of Bill C-5.

Mr. Benjamin: On a point of order, Mr. Speaker, I did not hear a "No" to unanimous consent.

Mr. Deputy Speaker: There was a "No", and I know where it came from.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, did he say it, or merely shake his head?

Mr. Deputy Speaker: The hon. member who said "No" said it loud and clear.

• (1412)

Mr. Baker (Grenville-Carleton): Mr. Speaker, I rise on a point of order. I believe there is agreement to proceed immediately with third reading.

Hon. Norman A. Cafik (for the President of Privy Council) moved that Bill C-5, to amend the Canada Elections Act, as reported (with amendments) from the Standing Committee on Privileges and Elections, be concurred in.

Motion agreed to.

Mr. Cafik (for the President of Privy Council) moved that the bill be read the third time and do pass.

Mr. Benjamin: Mr. Speaker, I must say a few words on third reading of this bill which otherwise I would not have done—

Mr. Deputy Speaker: Order, please. I did not see the minister stand. I do not know if he wants to speak. The fact that he moved the motion will make him lose his right to speak unless he receives consent at the end of the debate or at any other time. That is the only way he would be able to intervene. He will either have to speak at this time or seek consent to speak later in the debate.

Hon. Norman A. Cafik (Minister of State (Multiculturalism)): Mr. Speaker, I do not want to delay this debate. I certainly do not want to interfere with the right of any member to intervene at this moment. I would simply say, in summation on third reading, that we as a government have adopted a very flexible stance in relation to this bill, in a genuine attempt to try to accommodate the disposition of all members. Perhaps this is the reason we had some difficulties at report stage in trying to achieve that objective. However, I followed that flexible course in both committee stage and at report stage. We feel we have achieved a very broad basis of consensus on the elements contained in the amendments to this bill which reflect the disposition of members of parliament, the ad hoc committee, and largely, if not totally, the Chief Electoral Officer.

I would underscore one point which I think is more significant than any of the others. Allowance has been made in this bill, through the amendments at report stage, to accommodate the voting rights of those who are teachers and administrators attached to DND bases overseas. This is a very important step forward. A number of representations have been made by individual members and by the Teachers' Federation. We, as a government, are very pleased to associate ourselves with the achievement of that objective. It is an achievement and objective that can be shared by members on both sides of the House. We consider it a very important step forward.

The second point I would make is with regard to motion No. 15. Although it has not received unanimous consent, I would simply indicate, with regard to that motion dealing with the difficulties being experienced through a particular by-election, the problem being referred to generally as the Roach case, that the government never did strike a particular disposition. We attempted to respond to our perception of the disposition of members of the House of Commons in bringing forward an amendment that we felt would be acceptable. The fact that it did not receive unanimous consent does not in any particular way aggrieve the government in that regard. We were simply trying to serve what we perceived to be the interests of members of parliament.

I do not think it is necessary for me to recount all the amendments related to this bill: they are well known. I spoke

of the original amendments and the nature of them at second reading. I addressed myself in very brief form to each of the amendments at report stage. In connection with the committee, the record stands for itself as to the disposition we have taken in that regard.

We think it is a positive step to come forward with these amendments. We hope they will substantially improve the application of the Canada Elections Act. I want to express, on behalf of the government, appreciation to the committee members and to the House of Commons for a tremendous degree of co-operative effort in order to help achieve a bill which affects each of us individually, all of us collectively, and all Canadians in general.

Mr. Les Benjamin (Regina-Lake Centre): Mr. Speaker, I had not intended to rise on third reading of this bill, but in light of what has occurred I feel I must. I agree with the remarks the minister made a few moments ago. There has been a degree of co-operation and flexibility shown, not only by the minister and the government but by members of the committee and, in most instances, by members of all parties on the Standing Committee on Privileges and Elections. It was a repetition of what has gone on in that committee since I became a member of parliament in June, 1968. I have been a member of that committee since the twenty-eighth parliament in 1968.

We spent almost two years dealing with the entire Canada Elections Act. Most of us on the committee also sat on a special committee on election expenses. We worked on that project for about a year and a half and then submitted a report to parliament on election expenses. We sat again when the Standing Committee on Privileges and Elections dealt further with the Canada Elections Act and amendments thereto.

During those nine years and some months, outside of some good-natured teasing it is one committee where there has been a minimum of partisan politics and a maximum of co-operation, accommodation, compromise and mutual agreement. On one occasion, the major provisions of the Canada Elections Act changes were dealt with by committee of the whole. At that time, the same kind of non-partisan co-operation was evident. I recite all this because that is one committee where there must be a maximum of co-operation and a minimum of partisan political activity. That committee must deal with election law and election expenses. On occasion there are references to that committee dealing with members' rights and privileges. Therefore, there must be a minimum of partisan politics and a maximum of co-operation and flexibility in order that we may, as often as possible, arrive at unanimity in our decisions and reports to parliament.

In many instances, the amendments to Bill C-5 to amend the Canada Elections Act were agreed to in committee, with only the very rare occasion where there was a vote or division. Amendments by government members and members of opposition parties were accepted. It is very rare in parliamentary committees that the government and the responsible minister are as co-operative and flexible as they were on this occasion.

[Mr. Cafik.]

• (1422)

Whatever one might think of the deputy government House leader, he is a nice fellow personally, but he is also a very tough politician, and partisan in terms of his political beliefs. But even he set an example by way of co-operation and flexibility by doing his utmost to meet the wishes expressed in favour of changes in Bill C-5. He returned to his cabinet colleagues and in most instances got approval for changes to be made, which meant that he, as the minister piloting the bill through the House, had to bring forward amendments and royal recommendations at the report stage. I believe that in every case this was done at the request of members of this committee and of opposition parties. That is a good example of co-operation, a good example of all parties working together to get the best possible election provisions.

An hon. Member: Not in every case.

Mr. Benjamin: Perhaps not in every case, but certainly in most cases. I mention this because I feel badly that we could not have decided all the motions which had been accepted by the Chair or with which there had been unanimous consent to deal. Every member has the right to withhold unanimous consent, but I submit that if this right is not used with care and good judgment, it is being abused. On this occasion I feel the right has been abused; I feel it has not been used with care and good judgment. I say this in spite of my liking for the hon. member for Lanark-Renfrew-Carleton (Mr. Dick).

Motion No. 15, with which we could not proceed because unanimous consent was not given, embodies an amendment without which a loophole remains in the law allowing the spirit of the elections act to be subverted. In the committee, the hon. member talked a great deal about closing such loopholes. I sincerely believed that he would be the first among all the members of the committee to be concerned about ensuring that it would not be easy to evade or subvert the intent and spirit of the elections act. I heard him on frequent occasions express his fears about brown-bagging and the diversion of funds to areas in which they should not be used. Our failure to deal with motion 15 could mean that his fears would be realized. I cannot fathom the reason he would not want this motion dealt with.

I believe it was understood that on this issue, as well as on several others, we would give unanimous consent as necessary when we reached the report stage, on the basis that these were measures which needed to be taken. They concerned matters which have been fully discussed in the committee on privileges and elections. On May 15 they were discussed by an ad hoc committee comprised of senior representatives of all the parties meeting with the Chief Electoral Officer, and that committee reached the conclusion that amendments must be made to the bill with respect to third party advertising.

It seemed to me that the degree of co-operation and agreement expressed then was being fulfilled by the government and by the minister through the presentation of motion 15. We liked the motion as far as it went, though had we been given an opportunity to discuss it, I would have gone further by moving

an amendment to strengthen it. But even had my amendment failed, the motion would still have meant the strengthening of the legislation.

The argument put forward by the hon. member for Lanark-Renfrew-Carleton yesterday in justification of his desire not to deal with this motion was that the matter was presently before the courts. I am not a lawyer, Mr. Speaker, but the hon. member is, and he should know a lot more about such matters than I do. But the precedent for passing or amending legislation in this parliament and in other legislatures while matters are before the courts has been established on a thousand occasions. I need only remind hon. members that when we were enacting amendments to the Criminal Code in 1969 and 1970, hundreds of cases involving the Code were before the courts directly relating to dozens of the sections we were amending. If the hon. member's argument were to stand, it would mean that parliament should not, and would not, deal with legislation at any time as long as the subject was somehow or other before the courts.

The hon. member's argument is so palpably absurd that I am surprised he would even put it forward. Parliament could not function if we were to follow his logic to a conclusion. Motion No. 15 and the amendment I would have moved would have been a valid exercise for the House to deal with. The hon. member's statement about the subject being before the courts is totally irrelevant. The hon. gentleman does not have the support of his own caucus with respect to the matter, and the House should be aware of it. His own party organization wanted this matter dealt with. In leaving this loophole open, we have provided a possibility that the intent and spirit of this law may be evaded.

I believe there is a deficiency in the law with respect to third party advertising. I say at the outset that in no way do I wish to infringe upon the freedom of speech or upon the right of every citizen to express his views before, during or after election campaigns. But the public has long demanded election laws and provisions to control election expenses so as to require that money spent by political parties is indeed spent on behalf of parties and candidates for office. It includes provision for disclosure of contributions in excess of $100. The law provides for controls on such expenditures, and that there shall be reimbursement for some portion of this expenditure by the national treasury. It also provides, but inadequately so, that if there is advertising carried on by those other than a political party, its official agent or candidate, which is of a political nature, it shall be construed as political advertising and the cost thereof must be shown.

● (1432)

The Roach case, as it is called, which is before the courts is an example of how the election law was weak in this area. It showed how a citizen, with the most honest and best intentions, may have broken the law. But the law is unclear. In my opinion, the Canada Elections Act is not clear enough, and frankly I do not think it is strict enough.

I should have liked to see an addition to the law to include not only the motion with which the minister would have required unanimous consent to deal, but an amendment to the last part of the motion. So that the last paragraph would have read as follows:

—he did not mention or display the name of, or specifically identify,—

Then I would have inserted the following words:

—or did not explicitly or implicitly offer support for, or opposition to, any candidate or registered party.

I feel that the motion suggested by the minister, on the advice and at the request of the ad hoc committee composed of all political parties, with my amendment would have done what I believe we all want to see done. If even then it was still deficient, we would have had to wait until the courts decided, should the court be presented with a case to decide.

I said earlier that there is implicitly, in this kind of provision in our electoral law, that fine line between what would be evasion of the law and the freedom every citizen has, namely, the right to freedom of speech. It is perfectly proper and fitting for any individual, organization or association in our nation, during election time as well as any other time, if they so wish, to buy a radio spot, television ad or ad in a newspaper to expound their views on an issue of the day, and to call upon fellow citizens to support that view. That is a valid and worth-while exercise, whether or not any of us agree with that particular point of view.

However, where an individual, organization or association purchases a half-page or full-page advertisement in a newspaper, for example, in the midst of an election campaign expounding a certain view in support of any one of a dozen or so issues, whether capital punishment, marijuana, abortion, negotiations having to do with the General Agreement on Tariffs and Trade, issues which are now or which will become current, and that individual, association or organization, not a political party or candidate or the agent of a party or candidate, specifically, explicitly or implicitly identifies a candidate or a party, or offers support for, or opposition to, a party or a candidate, then the advertisement becomes a political advertisement, the cost thereof should be assessed and the matter dealt with in accordance with the other provisions of our election law.

I am saddened that the hon. member for Lanark-Renfrew-Carleton (Mr. Dick) took the position that he did. If he wishes to oppose this kind of motion, he could well have done so. He is very capable on his feet and he could very well have done so in a debate on the motion or in a vote on the motion. I hope we are going to continue to have the degree of co-operation and non-partisanship that has been almost historic in the Standing Committee on Privileges and Elections; but I say to my hon. friend that what he did today severely jeopardizes for the future what has gone on among members of parliament for many years.

Whether or not one likes a particular item which is proposed or is under discussion, this has always taken second place to the committee accomplishing the maximum amount of work,

particularly in the area of election law and control of election expenses. This is something that is basic and fundamental to the welfare and good order, not only of our parties and candidates who run in elections but of the whole nation. I hope the hon. gentleman will decide that he can no longer be a member of that committee, that he no longer wants to sit on it. I want to tell the hon. member that there were many occasions when I did not want to be so co-operative; I wanted to raise hell and I had to bite my tongue and force myself not to. But that is a secondary consideration. We did not always get the kind of law and amendments that we wanted, but at least we had something that was common to members of all parties in the committee, and has been for the 9½ years I have been on the committee.

I am pleased with the improvements which have been made in the law by the rest of the amendments. I think they will generally prove to be of value and will make it easier for candidates and parties to abide by the law. A great deal of work will be required on the part of parties, candidates and workers to educate themselves and to inform the public of the provisions in this new law. I do not doubt for a moment that during the course of and following the next general election it will come to light that many mistakes have been made. Since the law is new, we will all be working under it for the first time. But I am convinced that the overwhelming majority of the mistakes will be honest ones.

● (1442)

There will have been no deliberate intent to evade or avoid the provisions of our law. No doubt there will be a few cases which the commissioner of election expenses will have to deal with. I would not be surprised to see a small number of official agents or candidates, or even elected members, paying some very severe penalties all the way from jail terms to losing the seat to which they have just been elected. That may well happen in a few instances. There will be some mistakes made, but they will not be deliberate mistakes. We will need that experience to learn how well the law operates.

The amendment we have passed to provide for review is particularly pleasing. Once all the returns are in and expenses are filed, the Chief Electoral Officer refers the reports to parliament. The privileges and elections committee can meet subsequent to the next general election and assess the experience, the results, how successful the limitations on expenses are, and if the reimbursement provisions meet the requirement. There are a host of other things we can review and make recommendations to parliament for any changes that may be necessary in a future parliament for preparation of a subsequent election. That is a valuable provision, Mr. Speaker, and I would like to see it in many other pieces of legislation. After a certain period of time has passed, there is a provision for review by a committee of this chamber.

I express my disappointment at not being able to deal with an important and fundamental point regarding third party advertising. I am pleased with the success we have had—some of it not as much as I and other members would have liked—in dealing with the remaining amendments in this bill. I hope that by passing this bill today they will have provided the Chief Electoral Officer with sufficient time to get ready for a general election. I hope that we have made it easier for him and his officials to carry out the implementation and the overseeing of this law.

I wish to express the commendation I made to the minister and the members of the committee for their co-operation, and particularly to express appreciation and gratitude to the Chief Electoral Officer, Mr. Jean-Marc Hamel, and his staff for the many hours they spent during the day and at night meeting with members of our committee, with members of the ad hoc committee, and meeting in the office of the chairman of the committee, assisting us, providing information and answering questions. If it had not been for their co-operation, we would not be at the stage we are now.

I hope, Mr. Speaker, that the amendments we have made will prove beneficial to all Canadians.

Mr. W. C. Scott (Victoria-Haliburton): Mr. Speaker, to begin with, we should mention the people in the ad hoc committee who contributed so much. Actually, they were the master craftsmen of this bill. They were instrumental in whatever improvements have been made to the bill. I am not saying it is a poor bill. We all received much co-operation. But to those unsung heroes who probably do not have the opportunity to express their views in such a forum as this, I particularly want to mention Mr. Hamel and his staff. Also, Mr. Laschinger who represented our party at the ad hoc committee. There are many others, whose names I do not know, who were very much in evidence representing other parties of the House of Commons.

I would like to congratulate the chairman of the committee, the hon. member for York East (Mr. Collenette), for his work in handling the committee. He did exceptionally well. It was a committee where there was much harmony and co-operation. I would also like to mention the hon. member for Kenora-Rainy River (Mr. Reid) who took a very active and co-operative part in the proceedings. One of the amendments we brought in was indexing. At this time, when everyone is talking restraint, our party in particular felt it very necessary that we ask for an amendment to the indexing clause. After researching the last ten by-elections, on a party average only 89 per cent of the limit which would have been allowed under the act was spent. Taking these things into consideration, and coupled with the economy of the country, we could not go along with the indexing of pensions at this time. Probably in the future, after the next election, this could be reviewed. We are not saying the door has to remain closed forever. Taking everything into consideration, we reached the conclusion that we must oppose indexing at this time.

Mr. Speaker, concerning the anonymous donations, there were several recommendations presented to the committee. We felt at this time that was just a way of buying the election, so during the committee proceedings, from the beginning we objected to the brown-bagging, as it is called, and asked for all donations to be accounted for. That was another restraint that

was needed. We want to be responsible and know where our money is coming from, and to keep election expenses clear and above board.

I was disappointed a little while ago, after we had started debate on third reading, to hear so many members kill time on an issue which means very little now in terms of changing the legislation. We expect this bill will be passed, and I think too much time has been taken this afternoon criticizing this bill.

I hope the amendments that have been made will do much to strengthen our political system. I was also a little disappointed in motion No. 8, in that the government refused the amendment respecting cases where the returning officer and the poll clerk were of opposite political faith. The province of Ontario has seen fit to extend this provision to the opposition parties. In this modern day of politics, Mr. Speaker, it is only fair that the two parties, one party representing the government and the other party polling the highest votes, should have a choice in naming either of the two people involved in the polls on election day. I thought the spirit of co-operation that we enjoyed in the committee probably would have prevailed here. That was one motion that we tried in a small way in committee, but we were stonewalled. I was hopeful that when we returned to the House some consideration would have been given to this motion, which I believe is very timely and probably long overdue.

I hope the changes that have been made to the Canada Elections Act will improve our democratic system, and that some of the changes which have been set aside will see the light of day in the not too distant future.

● (1452)

Mr. Jim Fleming (York West): Mr. Speaker, I am pleased to have an opportunity to speak on third reading of Bill C-5. I wanted to take a few moments to speak about this bill as a member who has had the very special privilege of seeing his private member's bill incorporated in it.

Voting is the absolute fundamental or bottom line of the democratic process, followed by who is allowed to vote, and the ease of access to vote. It is not simply to give a certain percentage of the population a vote; it should include all people within the system who are properly and democratically citizens of communities. After that, when universal suffrage is operative, all the people within the system should have equal access to the right to vote and it should be easy for them to exercise it.

In the last election during 1974, a particular situation arose in my riding. A lady who suffered a handicap registered her particular concern that she, and others like her, would be humiliated and would have some difficulty exercising their right to their franchise. As a result of that, at the beginning of the first session of the thirtieth parliament, I submitted Bill C-292, which would assist the handicapped by providing the minimum difficulty possible to them in order to exercise their vote.

I am pleased, as are other members who have private members' bills included, that the particulars of the bill were moved on to committee. In turn, the committee and the Chief Electoral Officer did everything possible to accommodate us. The end result is that in my bill, clauses 29, 50, 51, 52 and 53 accommodate a particular problem. It is not a universal answer to the problem; it is a beginning. In urban areas, where someone has a handicap, is wheelchair-bound or suffers from some other type of infirmity, rather than facing the possibility of being carried into a polling booth or humiliated in some other way, they will have access to an advance poll. That level access will be advertised in notices of advance polls and, in turn, without too much difficulty people can transfer their votes to that advance poll.

In the future we will have to consider all people who want to play a full role in a true democracy, despite their particular situations or backgrounds. There should be better facilities for them in the future. Through the accommodation of the Chief Electoral Officer and the committee itself, my particular private member's bill has gone forward incorporated in Bill C-5. At least it is a beginning. Even if people are handicapped, they are every bit as good, as bright or as much a participant as anyone. Because these people have suffered handicaps and have survived as good Canadians, we should lean over backwards within our democratic process to prove to them that we want the particular understanding and sensitivity of their vote exercised. Therefore, I am proud that this has come forward and will be a part of this new act. I hope the Chief Electoral Officer and members of this House will consider the possibility of extending it on a much wider basis.

Mr. Allan B. McKinnon (Victoria): Mr. Speaker, I feel I have some right to speak on this bill because I was one of the original members of the committee some four years ago which brought the original election expenses bill to the House.

I listened with interest to last night's debate, as I did to the debate on second reading and to the interventions which were made this afternoon by the hon. member for Regina-Lake Centre (Mr. Benjamin). I admit that the New Democratic Party has contributed substantially toward many things in Canadian public life, but certainly I cannot go as far in this adulation as the hon. member for Sault Ste. Marie (Mr. Symes) did, as reported at page 438 of *Hansard* dated October 31, 1977, when he said:

> I think it was no accident that this electoral reform was carried out when the New Democratic Party held the balance of power in the twenty-ninth parliament.

Some hon. Members: Hear, hear!

Mr. McKinnon: I am glad to her that applause by hon. members of the NDP, because it makes it easier for me to comment. What actually happened was that the NDP talked almost interminably in an effort to keep this bill from being passed in 1973 and 1974. It caused me, as reported at page 8911 of *Hansard* dated December 19, 1973, to mention that I thought I should identify myself as a Progressive Conservative, because the preceding seven speakers were all from the New Democratic Party. That is how they displayed their great rush

to get that bill through, and now they would like to have credit for it.

I should like to remind the House that we are seven years short of George Orwell's date for the rewriting of history, as was attempted by the hon. member for Sault Ste. Marie the other day. On the day of voting, there were eight votes and the final vote on third reading of the election expenses bill, and members of the New Democratic Party supplied some of the dissenting votes. In fact, three of the ten dissenting votes were from the New Democratic Party. Often we judge people's promises by their performance.

In this respect, I should like to point out that the performance of parties differs quite considerably when it comes to adhering to the former elections act. The authority in Canada for election expenses and accounting is Professor Paltiel of Carleton University. I have found no reference work which is more dependable or highly regarded than his. At page 113 of Professor Paltiel's book entitled "Political Party Financing in Canada", there is a table of eight previous elections. The table is headed "Percentage of Candidates not Submitting Expenditure Declarations in Eight Canadian Federal Elections". Presumably this has something to do with what the hon. member for Sault Ste. Marie said, as reported at page 438 of *Hansard* dated October 31, 1977:

It has always been a very long-standing and firm commitment on the part of our party that election reform was desperately needed in Canada to restore confidence in the democratic and electoral process.

While I agree they contribute a lot, I could do with less sanctimony from that party. Returning to the table at page 113 of the professor's book, it indicates for the last eight elections the percentage of candidates who did not submit expenditure declarations as required by the elections act. If one looks at the table, he will see that the NDP led the three major parties in every one of those eight elections in not completing their election expenses returns.

Now I should like to deal with the reforms that will occur because of this bill. I am glad the government finally bowed to the pressure imposed by the Progressive Conservative party, the New Democratic Party, the Social Credit party, as well as government backbenchers who were concerned about anonymous donations. The entire Election Expenses Act, with all of its forms and attachments, would fall down if anonymous donations were allowed. If the $100 anonymous donation provision had remained, nothing would have prevented an unscrupulous party or politician from pretending, for example, they had received 300 $100 donations. Surely people would say that is deceitful. There is no indication that we should expect anything else.

● (1502)

I am looking at Election Expenses Form 64 and I object to it remaining in the same shape in which it was before, in which the same questions are asked. In Form 64, which has been in use heaven knows in how many elections, there is a column in which the name and occupation of every person, including the candidate, and of every club and society from whom any money, securities or the equivalent of money received, should be set out. This form happens to be for the Victoria NDP candidate in the last election and only has three lines filled. You would have to be naive to believe that every person who contributed to even such a small party as the NDP in Victoria could be listed in these three lines. I do not think the NDP are the only ones to do this.

Mr. Woolliams: I think so.

Mr. McKinnon: No, they are not; here is the Liberal party doing much the same thing. On the second page we find the name of one stalwart individual who has contributed $6,500. It is not very likely. I think it is much more likely that many other people contributed to that individual in the name of that one person—he was the bag man. I think we are not blameless in this regard either.

I would have liked to have seen some method of preventing this in the future because, if we are going to allow this information to be put in the light of the noonday sun, we should have everything out and let everyone see who is contributing how much and to which candidate. I hope the new bill will do this.

I must say I was rather alarmed when I questioned the Chief Electoral Officer in committee on how he was going to find out, if someone had contributed $100 or if the Election Form 64 showed they had received dozens of $100 donations adding up to one large sum, whether or not it was a true return. He told me it was quite easy, he would go to the taxation department. I am not sure that in the present climate in this country we want anyone to go to the taxation department to prove whether one has done this or that, the secrecy of tax returns being what it is supposed to be.

There is a very good amendment according to which the Chief Electoral Officer will assume the financial burden for publishing summaries of election expenses. In the election before the last one there were several independent candidates running in my constituency. I thought they added a lot to the electoral process. They were mostly young people. They had something to say, and they said it. They had very limited budgets and it was a terrible shock to them when it was all over to find that they had to pay bills in excess of $100 for the required advertising to publish details about their own defeat. I am pleased that summaries now will be published by the CEO.

I do not think there can be a dissenting voice in the House or anywhere else about the right being given to teachers employed overseas to vote. Having been a teacher myself, as some hon. members may know, I could never understand why teachers were not given the same rights as others. After all, embassy employees have that right as well as servicemen abroad.

I should like to mention also my support for the Chief Electoral Officer who, I think, has done a very good job in assisting and advising the committee. I should like to mention three or four other people such as the executive directors of the political parties who know a great deal about fund raising and

perhaps not so much about how the funds are spent, but they were of great assistance during the deliberations of the committee. I would like to agree with the hon. member for Regina-Lake Centre who pointed out that there was a certain amount of good-natured raillery in the committee but the end result was politicians meeting in committee and hammering out compromises which, I believe, have vastly improved the bill. I take pleasure in supporting it.

Miss Aideen Nicholson (Parliamentary Secretary to Minister of Supply and Services): Mr. Speaker, as we have been listening to this debate I am sure that all of us have been thinking how fortunate we are to live in a democracy where there is open access to the political process. Equally so I think the care and attention which members on all sides of the House have given to the details of this bill are evidence of how important it is, and how members prize access to the political process. The very careful attention, as a number of members have said, and the non-partisan quality of the attention given in committee are another indication of the importance of amendments to the Canada Elections Act.

The amendments that have been made in recent years have all been aimed at broadening the basis of participation. An amendment was made some time ago to allow new citizens earlier access to the political process. I want to address myself very briefly to the question of new parties.

There are two national parties now represented in the House which began as regional parties. Changing times require different responses. Political parties express the way in which people want to work for social betterment and social change. Different times require different solutions, and a statute which is aimed at some degree of permanence obviously must provide ease of access for new parties which may be needed in future times.

In this connection the hon. member for Regina-Lake Centre (Mr. Benjamin) yesterday described, very accurately I think, the tax credit as being the most progressive measure introduced since universal suffrage. But measures that are intended for the common good may be misused by a minority, and I think there is a potential for abuse through a loophole which exists in the present bill and which it was not possible to close now but which I hope the Standing Committee on Privileges and Elections will address when it next considers amendments to the Canada Elections Act.

At present there are 15 fringe groups which have signified their intention to run candidates in the next election. If they meet the requirements for auditors, and so on, and if they nominate 50 candidates, they will maintain their rights until the following election, whenever that may be. Thus, regardless of their share of the popular vote, regardless of whether the public has indicated support for their policies or their ideas, as things stand, any fringe group which has 50 candidates nominated and which has met the other requirements will be able to retain its right to give tax receipts. I suggest that this is perhaps not the intention of the act and therefore should be reviewed.

If I may make my point with figures, let me point out that of those 15 fringe groups which are now ready to organize candidates in the next election, two ran a substantial number of candidates in the last election; one party obtained nationally 16,260 votes, or .17 of the total votes cast, and the other party obtained 12,100 votes nationally, or .13 of the total votes cast. To put it another way, neither of these parties which claim to be national parties received as many votes as the one independent member who sits in the House.

• (1512)

While I think it is extremely important that access be kept open for new parties, I also suggest that in future, after having allowed a party access during one election, if at the end of that election the voters by their ballots give a message that a particular party is not accepted, as indicated by its share of the popular vote, consideration be given to de-registering that party.

Mr. Howard Johnston (Okanagan-Kootenay): Mr. Speaker, I do no intend to take up too much time in this third reading debate, but having sat on the committee in past months when we were preparing suggested amendments, and then having sat again as we studied the amendments brought forward by the government, I have a few things to say.

I am always a little concerned when all-party co-operation reaches the point where one finds a prairie radical praising the extent of that co-operation. Something has gone rather sadly wrong when that happens, and while I do not ordinarily consider myself an iconoclast, I become a little suspicious when I hear a hymm of praise being sung to cosy arrangements by which everything is worked out through a thoroughly mutual agreement. I am happy to say that there was an instant or two in the processing of these amendments when committee votes were held even if that meant that objections were overridden by a majority of people opposed to the objectors. However, at least that happened.

The essential system in Canada errs basically as long as we have a situation—and this is my personal opinion, not the party doctrine—where tax funds go to help finance candidates, and I hope that the review promised after the first real test of the Canada Elections Act will take a good look at that aspect.

When everybody concerned is involved with the central authority and is partially funded by it, we have a breeding ground for cynicism, particularly amongst the young and the disaffected. I was not in parliament when that major change in principle was accepted, so I do not feel personally responsible for it.

I am concerned—and I am glad the hon. member for Trinity (Miss Nicholson) raised this—about the weaknesses of the Canada Elections Act in terms of the frivolous party and the frivolous candidate. I know one can become very sanctimonious about democracy and easy access through this act for everybody, but one of the things about modern electioneering and modern technology is that both have vastly increased the rewards to people who are either neurotic or slightly

deranged—and I hesitate to use those words—who manage to get over the easy hurdles to become candidates and who may have a sufficient number of like-minded friends to be registered as a national party. To me this is done with ridiculous ease. There are televised all-candidate forums, halls are rented, and other opportunities are provided.

There is an enormous amount of free publicity for anyone who manages to become a candidate in an election. There is a great capacity for mischief. We are so deeply into the process of funding mischief publicly at election time that I think we must examine this aspect very seriously.

Through the Canada Elections Act I suspect that we will have succeeded in producing ballots which will be of enormous length. The candidate field will become increasingly crowded by people who will have no particularly good reason for being there except a love of attention and lust for the free publicity which comes with the electoral process.

We have spent a lot of time on the issue of easy access to polling stations. Nobody would deny that there are benefits, whether they are for teachers overseas, the military, or the handicapped. All that is entirely and utterly praiseworthy, but we have still failed to adopt a permanent voters' list and a full scale absentee ballot. Until we do that I do not think we can be very proud of our easy access.

We have extended slightly the provision for advance polls. That takes care of the holiday week end trap into which we have fallen in recent elections. I am very concerned, however, about the clause which slipped through, over objection, regarding the extended eight days of voting in the returning officer's office. I am gravely concerned about control. I know how busy those offices are during the days prior to an election, and the last thing a returning officer wants is to have people showing up over a period of eight days asking to vote. I am not talking about advance poll dates.

Does this mean that the 15, 16, 20 or whatever number of registered political parties there might be will have scrutineers sitting around the returning officers' offices? If that is the case, they will be all over the place, and I suspect that the efficiency of the offices will be greatly hindered and that in the end, particularly in close elections—and I speak as one who has suffered through one of those—it is going to be dismaying to find, when everybody thinks the ballots are counted, the returning officer showing up with one more barrel collected in those eight days, dumping it out, and possibly altering the result of a close election. I will be interested in seeing how that little clause works in actual practice.

I know that when we speak of a permanent voters' list the question of the terrible expense is always raised, but I have yet to see a really good analysis of what that expense would be compared with the expense of our present enumeration system.

One of the things that amazes me in our increasingly urban society is the way the Canada Elections Act still reflects in several instances the old myth that country life is pure, serene, and innocent, and that city life is corrupt and defiled. I suspect it works both ways. In town two people do the enumerating,

but in the country there is only one. On the other hand, I suspect it is easier now to miss an entire high rise apartment block than a single farm house in a rural area.

There are many anomalies. A missed rural voter can be sworn, but not an urban one. I find this kind of discrepancy between urban and rural amazing, particularly when our urban population is so enormous in proportion. When we pass Canada Elections Act amendments I am surprised that there is not rioting in the streets of our larger urban centres. However, people do not seem to be quite aware of how much this myth, which has outlived its day, persists in this act. I still suspect, though, that the reason we never seriously face up to the question of a permanent voters' list is our delight as politicians in the enormous source of small patronage which is handed out very directly and individually at election time.

● (1522)

I hope within the next decade or two we can adopt a permanent voters' list that would permit a full-scale absentee ballot. It would be much better than scrapping the list after every election. That strikes me as a pretty amateurish move when through technology the election, campaigning, disclosure, use of the Income Tax Act and many other things have become very sophisticated. In this one area, however, we remain singularly primitive.

I am happy for the change that provides that the cost of a recount can be borne publicly if the margin is low enough. I know from personal experience how easy it is, when margins are small, to find a variety of ways in which minor factors can mean winning or losing an election. I fought one close election where an entire community was disenfranchised without recourse. I admit the circumstances were unusual, but they lost their vote until the next election four years later.

It seems that 1972 is the last year for which we have the report of individual expenses of those candidates who declared them. I could not locate one for 1974 and I think I know why. In the majority of cases in 1972 the winning candidate was the one who spent the most money. Where he spent about twice the amount spent by the other candidates, the majority was higher.

I was pleased to see that the move to index election spending has been halted. There are parties in this House who have some way to go to meet the limits which, to my mind, are ridiculously high. The escalation of election expenses has been fantastic. When I came here in 1965 I declared $2,160 in election expenses and was the second "cheapest" member elected that year in terms of expenses. In 1968 my campaign cost $6,000; by 1972 it was up to $12,000, and in 1974 it was $17,000. That kind of escalation of expenses is unnecessary, but even at that the $17,000 spent in 1974 was well below the limit set in the act.

I think many elections should pass before the limits are raised. In our deliberations here we have greatly contributed to the cost of elections. I would rather some of that money went to the development of a permanent voters' list and an absentee

ballot rather than toward an over-kill in election campaign expenses.

Some hon. Members: Hear, hear!

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, I will be quite brief but there is one point I should like to make with reference to the Canada Elections Act. Changes to the act since the last federal election impose a number of restrictions on what a candidate may do, most particularly on the amount of money that may be spent on a campaign. That is good. There are restrictions in the act and it calls for penalties if they are breached. But if a candidate's official agent makes a mistake in collecting or spending money, the candidate who unintentionally disobeys the act may have to pay a fine or even go to jail. I do not know whether mens rea applies.

Sometime ago under the Protection of Privacy Act a section was bootlegged that went into the Official Secrets Act. Under this section it is very possible that a Solicitor General—of any party—may be able to get a warrant without authorization from a judge and by making the usual application under the Criminal Code could issue a warrant to have a candidate's campaign headquarters, his personal telephone or the telephones of his friends wiretapped.

I must give credit for this conclusion to someone else. Mr. Ron Atkey and I were on a panel addressing young people in the Quebec convention, on privacy. I dealt with the problems of the Code and he dealt with this, and I was so impressed that I felt I should bring it to the attention of the House this afternoon. Section 6 of the Protection of Privacy Act reads in part as follows:

> The Solicitor General of Canada may issue a warrant authorizing the interception or seizure of any communication if he is satisfied by evidence on oath that such interception or seizure is necessary for the prevention or detection of subversive activity directed against Canada or detrimental to the security of Canada or is necessary for the purpose of gathering foreign intelligence information essential to the security of Canada.

It defines the terms "subversive activity" as follows:

> activities directed toward accomplishing governmental change—

God knows we need a government change—do we ever need a new government. It continues:

> —within Canada or elsewhere—

It then deals with various methods—force or violence—but I leave that out. It is the following "or" that counts when it continues:

> —or any criminal means;

Let me read it again, Mr. Speaker:

> activities directed toward accomplishing governmental change within Canada or elsewhere by force or violence or any criminal means;

When I go into an election campaign, Mr. Speaker, I not only work my heart out but I pray that we will get a new government some day—especially since 1968. I do everything in my power to bring about change in this country. I speak outside Alberta; I go to Ontario, to British Columbia, I do everything I can, but I have not been fortunate enough to get a change of government, but if I do it by criminal means—

An hon. Member: The good Lord is not listening to your prayers.

Mr. Woolliams: Sometimes the good Lord loves those who work hard but do not accomplish their objectives. All of us on this side of the House try to change the government. While we are about that, our official agent may make a mistake under the Canada Elections Act. If mine did, somebody could go to the Solicitor General of the day and say that quiet, well-mannered, soft-spoken young fellow from Calgary North has violated the Canada Elections Act and is guilty of criminal activity. The Solicitor General could then authorize a wiretap on my campaign headquarters, on my home telephone, and on the telephones of my political friends, of whom I have many. Our majorities on this side verify that we all have. I am sure the Minister of Industry, Trade and Commerce (Mr. Horner), who put his foot in his mouth today—and the Prime Minister (Mr. Trudeau) has now disowned him—will find out that his majorities were not won through his own efforts. I give that credit to the right hon. member for Prince Albert (Mr. Diefenbaker) because at one time Alberta was not Conservative. In 1953 Alberta had two Conservative members and Saskatchewan had one member. You could generally hold your meetings in a clothes closet in the prairie provinces up until the time of the right hon. member. Then fellows like myself came along. We defeated the Social Credit party federally and we came into the House.

● (1532)

There is a point I want to drive home with a sledge hammer because this was bootlegged in under this act. I am always guilty of trying to overthrow the government. I try to do that every day. However, I do not do it by any criminal means. I do not have any worker tearing down Liberal signs or wrongfully collecting money. I will bet at the time of the next election there will not be one candidate elected who has not broken this act.

All this rhetoric is very well, but I have talked to a lot of good lawyers about this act. I went to one. A lawyer never tries to act for himself because he ends up with a fool for his client. These lawyers inform me that no one could obey this stupid act.

I am always guilty of trying to overthrow the government. I might have some worker getting into some criminal act under the Canada Elections Act and I will end up with wiretaps. I do not want that after what we have seen in this House this past month or so. We saw that the Minister of Supply and Services (Mr. Goyer) and the Minister of Consumer and Corporate Affairs (Mr. Allmand) could not make any statement under the rules because they had left their nice little jobs. They keep sweeping everything under the table to cover up these things. I do not have enough faith to believe that this could not happen in this nation. I tried to get recognized during the question period today in order to ask the minister about that. I may do that later.

It is not the Elections Act that has to be changed, but the definition of subversive activity. I have never heard of any-

thing so nonsensical. It refers to "activities directed toward accomplishing government change within the act by any criminal means". If that does not mean what Ron Atkey claims it means, I do not understand English. As a senior member of parliament, I warn this House that we had better make that change.

I do not want the telephone in my campaign headquarters tapped. There have been times when I have said some things about my dear old Liberal friends that may have been a bit unfair. When I listen to their speeches, they have one song for Quebec, one song for Ontario, and a chorus for British Columbia. They could not say the same thing in the same place in the same way, twice.

As an example of that, I can refer to wage and price controls. During the last campaign, they said that would take out the heart of every Canadian. They said it would ruin the labour movement and management and would control farm prices at the gate. Before the Prime Minister got back to Sussex Street, with or without his campaign manager, he implemented what all his candidates criticized. There they sit, hushed with that degree of integrity which only their party can muster. I do not take kindly to that.

Mr. Harquail: What a joker.

Mr. Woolliams: I want to deal with the hon. member for Restigouche (Mr. Harquail) over television. He is always talking, always yelling from his seat. I have asked him over the years he has been here to please make a contribution to his constituency, to get up and say something, even if it is good-bye. His yelling makes the Canadian people angry because he has no manners.

I believe I have made my point, Mr. Speaker. I appreciate the kind attention that has been given to me this afternoon.

Mr. Harquail: Mr. Speaker, I would like to point out that I do not think it is in order for a member when speaking on a particular matter before the House to spill over in the way the hon. member for Calgary North (Mr. Woolliams) just attempted to do in a most improper manner. I wanted to point that out so the record will demonstrate that he was completely out of order.

Mr. Paul Dick (Lanark-Renfrew-Carleton): Mr. Speaker, I am pleased to see that the hon. member for Restigouche (Mr. Harquail) knows more than the Speaker as to when order should be restored.

Mr. Harquail: Who are you? Where did you come from?

Mr. Dick: We in this country have been indeed fortunate over the past number of years to have as our Chief Electoral Officer a man of the calibre, integrity, ability, and non-partisan fairness of Jean-Marc Hamel.

Some hon. Members: Hear, hear!

Mr. Dick: I joined the Standing Committee on Privileges and Elections in January, 1973. I have had the opportunity of seeing this man being the witness at our meetings. He has always tried to be fair, tried to live up to the reputation of being non-partisan and giving fair quarter to each and every person. I have never seen a witness do a better job before any committee I have attended. I give him full marks for running a good show. I do not think anyone else could do it on the budget that he has. In this committee there has been a sense of non-partisanship, a sense of fairness, and a sense of people wanting to work together to improve the electoral system within Canada.

If we look at the minutes of the Standing Committee on Privileges and Elections for April 29, 1976, we see the names of six or seven private members whom we formally thank in the report back to the House for their contributions of private members' bills which came to the attention of that committee.

The committee adopted the content of those bills from all parties on all sides of the House. It considered them in a non-partisan manner. Some were too expensive to be implemented, some were considered to be appropriate and we recommended that the government introduce them. The government brought them forward in Bill C-5 and they will shortly be part of the law of this country. That shows the importance that individual members can have in trying to perfect our electoral process.

It has been suggested that Bill C-5 to amend the Canada Elections Act would be a very complicated piece of legislation. You will need a Philadelphia lawyer at your elbow every time you want to collect ten cents for this or spend ten cents for that. A chartered accountant will be required in your office most of the time. No doubt the complexity of the Canada Elections Act has been increased since the 1974 election. I hope that all members of the House will agree that some time in the future, perhaps after the next election, the Canada Elections Act will be referred to the Standing Committee on Privileges and Elections. This would allow them to go over the act much as they did in 1968 and 1970 to streamline it, to find out the flaws, to identify the well-meant ideas in the legislation which just cannot be carried through in practice.

● (1542)

I hope, too, we could renumber the clauses because I am getting tired of looking at decimal places. We talk about section 70, section 70.1, section 70.2, subsection 3, subparagraph (a) (i) and so on. It becomes very complicated because of the amendments which have been introduced. It is nobody's fault, but it would be good from the point of view both of hon. members and of electoral procedure if the bill were streamlined.

I did wish to speak briefly on a matter which unfortunately was brought up on the report stage—motions Nos. 8 and 12. These dealt with the deputy returning officer being appointed by the candidate who represented the political interests of the government of the day. I was very disappointed that the proposals in this regard were not accepted. On the other side it would have meant that the poll clerk would have been appointed by the candidate other than the candidate of the political

interest who had come first or second other than the opposing interest to the government's interest, which would have meant a Progressive Conservative poll clerk in some situations or an NDP or Social Credit poll clerk; possibly it could be a communist or a Marxist-Leninist. They have the right, they have the freedom, and I think it would have appeared fair to have embodied such a provision within the election law. This is the way things are run in the province of Ontario following a change in the early seventies. It is run this way in the province of Quebec, except that in Quebec it is provided that the government of the day appoints the deputy returning officers and the party which forms the official opposition appoints the clerk. Having it the other way spreads it out among all the parties. Both, in essence, are the same.

Representatives of two parties are within reach of the polls, and to my mind this indicates a sense of balance, a sense of fairness, especially when one considers that we appoint members from two parties to be enumerators in urban ridings. One never finds members from the same party enumerating a single poll, and since the practice has been adopted in that case it seems to me it could follow through to the DRO and the poll clerk. I believe such a measure would avoid a great deal of confusion. After talking to those who work as returning officers or who are employed in the office of the Chief Electoral Officer, I understand this is the biggest single problem they face on election day consequent upon the confusion between the provincial acts and the federal act. I believe the change I have in mind would bring equity to all, and I hope some day the government might see fit to bring in this progressive piece of legislation.

There are other matters upon which I should like to comment. The hon. member for Regina-Lake Centre (Mr. Benjamin), one of my colleagues on the committee, made various statements in the House yesterday and again today. First, he told us how he had gone to a political fund-raising dinner. He did not think I knew how fund-raising was done in our party or in his party or in the Liberal party. I certainly know how it is done in my party and in my constituency, and I have a reasonable idea of how it is done in the other parties. But since I am not a member I cannot vouch for every detail. He may know better what goes on in the other parties than I do.

He told us how he went to a banquet along with the hon. member for Winnipeg North Centre (Mr. Knowles) in honour of the eightieth birthday of the right hon. member for Prince Albert (Mr. Diefenbaker). He said he was embarrassed that he had gone there, and that I did not know how the fund raising was done, and so on. I see, Mr. Speaker, that the hon. member for Regina-Lake Centre is back in the Chamber after having a smoke. All I wanted to say was this: I know he might have been embarrassed, but it was political good sense that the member for Regina-Lake Centre, in the middle of Saskatchewan, should go to a celebration in honour of the premier politician of that province because, if he did not go, he probably would not get elected the next time.

Mr. Benjamin: On a point of order, Mr. Speaker, I did not mind the hon. member referring to my remarks, but I want him to be accurate. I said I was embarrassed by receiving a receipt for tax credit purposes from the Progressive Conservative party.

Mr. Deputy Speaker: Order, please.

Mr. Dick: Thank you very much, Mr. Speaker. I have the floor. Sometimes the hon. member for Regina-Lake Centre does not even read what he himself has said. If he would read *Hansard* at page 1921 he will find that his words were:

> I am slightly embarrased to tell him of a banquet which was celebrated in honour of the eightieth birthday of the right hon. member for Prince Albert. That celebration was attended by approximately 2,500 people. As a matter of courtesy, the hon. member for Winnipeg North Centre and myself paid $50 each to the Progressive Conservative party to attend that banquet.

He said he was embarrassed because he went. I do not see anything about tax there at all.

Some hon. Members: Read on!

Mr. Dick: I intend to go on through the speech. Everyone is entitled to his turn. He went on to say I had forgotten to mention that the Progressive Conservative party was using the tolling-through system by using the federal tax credit. I want to assure him that I certainly did not intend this. In fact, as reported at page 1914 yesterday, the hon. member will see that I did refer to the fact that my own party was involved as well, although we had refrained in the first year. I also said in the committee that my party was involved in this as much as any other party. The fact is, the parties themselves have a stake in it, and that is the reason they do not want to get out of it. I am not saying it is right. I know what the parties want, but I feel very strongly it is wrong.

The hon. member went on to talk about the loopholes. He did not go on to talk about the financing by Canadian tax dollars of municipal elections, the Spanish Socialist party or the potential funding of parties in Chile and in Argentina, but these are matters which have been discussed, and since I put them on record yesterday I do not propose to do so today.

What did concern me somewhat today was that the hon. member for Regina-Lake Centre was perhaps a little unfair. To begin with, on a point of order, he asked the Speaker, "Who said no?" He said: "I didn't hear anybody." And although he professed not to have heard anybody, he then singled one member out when he got up later. I do not know whether it is proper to single out a person on the basis of how he votes, whether consent is given or not. I would remind hon. members that the hon. member for Winnipeg North Centre drew attention to the absence of a quorum in December of 1974 in a surprise move which caught everybody off guard and had the effect of preventing the debate from proceeding. No strenuous objection to that was voiced in the House, although I know there were comments in the press and there were probably some comments behind the curtains. I might also say that the former member for Skeena, Mr. Frank Howard, had a reputation for denying consent.

Mr. Peters: But he always knew why he did it.

Mr. Knowles (Winnipeg North Centre): Because the hon. member for Lanark-Renfrew-Carleton (Mr. Dick) has mentioned my name I think I should make one slight correction. I would be quite happy if I could take the credit for calling the quorum on that particular occasion, but the credit should go to my hon. friend from Timiskaming (Mr. Peters).

Mr. Dick: My apologies. I made an error. The hon. member for Timiskaming (Mr. Peters) is well known for his knowledge of the rules, and he has on many occasions denied unanimous consent. At least, to stand corrected, he has called a quorum. I do not feel that I should be embarrassed since the New Democratic Party has done this sort of thing on numerous occasions. I can also point to the hon. member for Crowfoot (Mr. Horner) who has done this on many occasions, especially when he was on this side of the House. The government does it every day with motions under Standing Order 43. Yet I am now asked to quit a committee because I did it on one occasion. I do not think that that is a fair reflection.

● (1552)

I have worked on the committee and supported many amendments which the hon. member for Regina-Lake Centre has proposed. I supported many amendments to the Election Expenses Act which John Harney, a former New Democrat from Toronto, put, as well as amendments put by the former member for Skeena, Frank Howard. The hon. member singles me out, not knowing this has happened, and I am supposed to feel embarrassed, but I can hardly do so when his own party has such a good record of obstruction.

The hon. member talks of diverting funds, and says we are worried about brown bags. I argued very vociferously in Committee on the disallowance of anonymous donations. He said that if motion No. 15 does not go ahead there would be room for the little brown bag to be used for siphoning off purposes. I suggest the hon. member has not read that particular section in the legislation which specifically states, in subclause (4), that such a person cannot in any way be affiliated to a political party which is running a candidate. Otherwise a person would have to commit perjury in our courts and he would be tried for that crime as well. Is the hon. member suggesting that political parties will tell people to take an extra $1,000 and force them to commit perjury? This situation is already covered in the act, so I think he is completely off base there and does not really know what he is talking about.

There is no doubt that the party back room boys might have liked the motion as well, and perhaps it was discussed by some of them in an ad hoc committee in a back room somewhere.

Mr. Benjamin: Are you accusing hon. members of going into the back room?

Mr. Dick: I am not accusing anybody. Whether or not it was done in an ad hoc committee, it certainly was never done in the Standing Committe on Privileges and Elections. I have before me issue No. 1 of the committee proceedings, on page 18 of which the hon. member for Sault Ste. Marie (Mr. Symes) discussed the matter thoroughly with Mr. Hamel. The chairman became involved, and so did a Mr. Gorman. They discussed the matter, but it was dropped. No motion was moved. There was no further discussion at that stage.

At pages 18 and 19 of issue No. 2 I asked Mr. Hamel a few things about the Roach case. Again no motion was moved. There was no suggestion that the bill in front of the committee at that time should be amended. There is no suggestion in that regard anywhere on the record.

Mr. Benjamin: You know where it came from.

Mr. Dick: I came up again briefly on Wednesday, November 23, at pages 17 and 18 of issue No. 3, in a way that indicated that the existing section was perfectly adequate. But other than those three isolated instances, Mr. Speaker, there is no discussion of the matter in committee. As I say, no motion was made to amend the bill in committee.

If a motion had been made in committee and had been lost, then I would certainly have supported what the committee said and would have endorsed it on the floor of the House. I approached three members of the House, and the first time that I saw that amendment was when it was set down on Tuesday. I showed it to a person in my own party who has been following the matter very closely. I showed it to a member of the Liberal party, whom I will not identify—he can identify himself—and he was shocked and surprised and did not know that it was going to come up. I expressed the view that the government was trying to bootleg something in.

Quite frankly, Mr. Speaker, that amendment would deny freedom of speech to a number of people. It would mean that you cannot name a candidate or a political party. If I am the Conservative candidate in an election for Lanark-Renfrew-Carleton and I take a different position from that taken by a member of, say, the Pro-Life League, then if a newspaper cannot report that there is a denial of a right. After all, if you cannot stand the heat in the kitchen it is time to get out. If a person makes a statement, Mr. Speaker, a newspaper should be able to use his name and point to his party. The fact is—

The Acting Speaker (Mr. Ethier): Order, please. The hon. member for Sault Ste. Marie (Mr. Symes) is seeking the floor on a point of order.

Mr. Symes: Mr. Speaker, I think the hon. member would not want to mislead the House. Would he permit a question to clarify that latter statement?

Mr. Dick: Perhaps at the end of my remarks there will be time for a question. The fact is—

The Acting Speaker (Mr. Ethier): Order, please. The Minister of State (Multiculturalism) (Mr. Cafik) is rising on a point of order.

Mr. Cafik: Mr. Speaker, before the time expires for government business at four o'clock I think it is important to draw the attention of the Chair to the fact that there is a House order to dispose of all aspects of this bill prior to entering into

private members' hour. I draw that to the attention of the Chair so that we do not miss that point.

The Acting Speaker (Mr. Ethier): Precisely. Since it is four o'clock and a House order was issued yesterday that the question be put at this time, the question is as follows: The Minister of State (Multiculturalism) (Mr. Cafik), for Mr. MacEachen, has moved that Bill C-5, an act to amend the Canada Elections Act, be now read the third time and do pass. Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

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

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

Order No. 2, the hon. member for Lévis (Mr. Guay); shall the item stand?

Some hon. Members: Stand.

The Acting Speaker (Mr. Ethier): Stand by unanimous consent.

Order No. 4, the hon. member for Ottawa West (Mr. Francis); shall the item stand?

Some hon. Members: Stand.

The Acting Speaker (Mr. Ethier): Stand by unanimous consent.

Order No. 5, the hon. member for Egmont (Mr. MacDonald); shall the item stand?

Some hon. Members: Stand.

The Acting Speaker (Mr. Ethier): Stand by unanimous consent.

Order No. 9, the hon. member for Hastings (Mr. Ellis); shall the item stand?

Some hon. Members: Stand.

The Acting Speaker (Mr. Ethier): Stand by unanimous consent.

Order No. 11, the hon. member for Don Valley (Mr. Gillies); shall the item stand?

Some hon. Members: Stand.

The Acting Speaker (Mr. Ethier): Stand by unanimous consent.

Order No. 12, the hon. member for Edmonton-Strathcona (Mr. Roche); shall the item stand?

Some hon. Members: Stand.

The Acting Speaker (Mr. Ethier): Stand by unanimous consent.

Caribbean Community

Order No. 15, the hon. member for Davenport (Mr. Caccia); shall the item stand?

Some hon. Members: Stand.

The Acting Speaker (Mr. Ethier): Stand by unanimous consent.

PRIVATE MEMBERS' MOTIONS

[*English*]

EXTERNAL AFFAIRS

SUGGESTED PROMOTION OF CLOSER RELATIONS WITH COMMONWEALTH CARIBBEAN

Mr. Heath Macquarrie (Hillsborough) moved:

That, in the opinion of this House, a special joint committee of the Senate and the House of Commons should be established to consider the advisability of taking an initiative in promoting closer commercial and cultural relations between the Dominion of Canada and the communities of the Commonwealth Caribbean and that *inter alia* such committee should consider (*a*) subsidization of sea-borne transport between this country and the Commonwealth area (*b*) Canadian governmental assistance in the upgrading of the sea ports of Atlantic Canada (*c*) such tariff changes as might facilitate the exchange of commodities between the two areas (*d*) encouragement of the exchange of students of the two areas (*e*) recommending assistance towards meetings of political, business and educational leaders of the two regions with a view to stimulating a north-south exchange of goods, people, services and technology in a mutually advantageous way.

● (1602)

He said: I am inspired by this packed House and attentive audience on a Friday afternoon before Christmas to deal with a subject which is of importance to me.

It is well known that the rules of our Chamber allow each member only one notice of motion per session. I have used my one per session thirteen different times in my years here to deal with this particular subject which I believe is of the utmost importance.

I said it the first time I spoke on a similar motion that the relationship of our country to the Commonwealth Caribbean could be the most important touchstone of our whole external outreach program, as we used to call it in those days. If we cannot be successful in our dealings with the sister states of the commonwealth to the south of us, we may find ourselves incapable of launching vast programs across the world.

I have enlarged my motion of former years and I have no specific reference in this year's motion to such places as the Turks and Caicos Islands. While I have not altered my view that the Canadian people, parliament, and the government should always welcome any desire of the people of the smaller islands to the south who might wish to unite with us, the subject was well discussed in previous debates. I still say, however, that the reason advanced by a government spokesman a few years ago was, in my opinion, most outrageous in that he said we could not assist the Turks and Caicos Islands

because to help them might cause other islands to feel that they had been neglected. That is a very narrow view of world leadership and community relations in this hemisphere.

There has been a long story, Sir, of the special relationship between our country and the lands mentioned in this particular motion. We took a long time to get out of our own colonial status, and it was a good many years before we had any real expression in the field of foreign policy. History records that the first area to which we gave attention in a diplomatic way and in terms of economic relationship after the United States and the United Kingdom—an interest in which we could not escape no matter how we tried—was the Commonwealth Caribbean. In a recent book on "Canada and the Third World"—modesty forbids that I mention the author of the section on Canada and the Caribbean—

Mr. Knowles (Winnipeg North Centre): Please do!

Mr. Macquarrie: It indicates since the days of John A. Macdonald there was a special concern. Sir John A. Macdonald appointed Sir Francis Hincks—as his special adviser on Caribbean affairs. In 1912, 1920 and 1925 there were meetings at the very highest level of the leaders of the government from that region and from Canada. I had the privilege of being in attendance at the 1966 meeting. I was not born in the time of the first two. I was much too young to be admitted to the third one, but I did make it for the last one and it was a great occasion.

The motion, Sir, embraces some concepts that I did not talk about on previous occasions, and you have read them to the House. It deals more with economic situations than it did in previous years. I believe that reflects the concern that I have and that my colleagues have over the depressing economic ills that our country is now facing. I come from a part of the land where we have been disadvantaged so long that we have grown accustomed to it. But I can assure you we have not grown to like it, we do not intend to like it, and do not intend to tolerate it forever.

I have sought to put into this private member's motion some suggestions whereby the part of Canada from which I come, because of its propinquity to the Commonwealth Caribbean might take steps under government leadership to enhance our position in the eastern extremities of the Dominion of Canada. There once was a time when we were much privileged to be located on the Atlantic Ocean, when the Atlantic Ocean was one of the great corridors of commerce. Now we find that we are on the tag end of the transportation system. We pay more freight rates than anyone else. We wait longer to have our goods and services moved, and we have greater inconvenience than other parts of the land.

I think there is still an opportunity to make our maritime location an advantage. That is why I talk, Sir, of the importance of assisting in the shipbuilding industry. One of the tragedies that has occurred in this Dominion in my time, I haven't been through the whole thing, I am not quite a Father of Confederation but they say I look like one—

Some hon. Members: Hear, hear!

Mr. Macquarrie: Thank you. I can remember when our merchant fleet was the fourth largest in the whole world. And now it matters not where I go, I always go to the wharves,—my father was a sailor and I love harbours—I always go down to the seaports and I never see a Canadian flag on any ship around—it is a disgrace that we should have lost our great tradition as the sailors, mariners, navigators of the world. I believe there is yet room for the construction of ships, for training in the most modern circumstances, with the best of refrigeration and exchange of goods and services between ourselves, the eastern seaboard of the United States and especially with the Commonwealth Caribbean. I am emphasizing that in my motion.

As a maritimer, I am emotional about this because we have long had ties of affection and good will with these people. Perhaps we reflect that in that we have learned long ago the virtues of rum, and we know there is only one area of the world that really produces good rum, and that is the Caribbean area.

Although I am a great nationalist and I am all in favour of the Chamber of Commerce of the Atlantic region in supporting maritime products, but because I love my stomach and my health, I won't go quite so far as to support maritime rum, and I have to deviate from that. We sold fish and we brought back rum, and nutritionally they got the best end of the bargain, I suppose. But in the gustatory sense I think we got the better end of the bargain!

There are opportunities, not vast opportunities, there is no way that we can expect tremendous expansion of trade but I am confident, and I have looked at the figures just an hour ago, that there are opportunities for improvement. I would like to see a committee of both Houses look at this matter very carefully. If I should happen to be sitting on the other side as one of the members of the joint committee, I will be quite delighted because I think the Senate study of the Commonwealth Caribbean was a very fine, definitive work and I consult it every time I make a speech or write an article about this particular area. They did a good job and they went into it thoroughly and came out with some very splendid recommendations.

I would like to see us return to leadership. I would like to see us do what the Hon. Leon Balcer did when he was minister of transport which was to encourage, assist and subsidize our shipbuilding facilities; and we have them in the area. I was shocked a couple of years ago to discover that representatives of the government of Cuba were coming to Canada and placing contracts with Canadian shipbuilding companies for ships to ply the eastern trade. Canadian shipyards, with Canadian inspiration and subsidization, should have been providing those.

● (1612)

A happy occurrence took place in recent years when the Cubans sent a ship into Charlottetown. That ship returned to Cuba with a cargo of the finest cattle and hogs that Prince Edward Island farmers can produce. No islander can make a speech without talking about potatoes or rum. Our best

potatoes are being sent down to the Caribbean, especially Puerto Rico this year. That will do wonders for their agricultural community.

We have a great opportunity, but we should give it more priority. There comes a time in the life of a nation when things are taken for granted, such as these very small communities in the Commonwealth Caribbean. These communities are able to function with the best traditions of the parliamentary heritage which is ours as well. I have seen tiny legislatures in the Caribbean which follow meticulously our rules and procedures. Although it is not for me to reflect upon any incumbent government, the people of the Caribbean are capable of changing governments from time to time. I believe that is healthy, in any case.

An hon. Member: They do it more often than we do.

Mr. Macquarrie: Yes. Since I have been moved from the far right of my party over to the far left, although I realize this right-left terminology is meaningless in Canadian political parlance, I am delighted to be here among my NDP friends.

I was never upset when I heard people referring to the election of socialist governments and how they should be watched. I do not think Mr. Manley is a communist. I had the pleasure of having breakfast with him at Blair House, when my leader invited me to do so. Also I have met Mr. Burnam and most of the other Caribbean leaders. Possibly in their efforts to stimulate the economies of their countries, they are implementing socialist measures as Sir John A. Macdonald did during the building of the Canadian Pacific Railway, which was a great step toward nationalization. Our party has contributed toward socializing the sectors of the economy which required socialization because of certain common goals.

I think Caribbean politicians are well intentioned, and I wish them well in their endeavours. Canada benefits if that part of the world is prosperous. We benefit if their political institutions are viable. There has been notable progress. As the time when their federation was breaking up, I felt many communities would not be able to make a go of it; but I am happily surprised that so many of the small communities with apparent disadvantages have been so successful. Canada should be a party to the furthering of their success in order to strengthen the ties between us that are historical, emotional, sound, rational, and geographic.

Since we are in the spirit of Christmas, I should like to say to those who take part in this debate, regardless of whether they speak for or against, are invited to join me in a pre-Christmas drink of the fruit of the cane. If they have a lesser taste in beverage, they can partake of something less delightful than rum. And although by tradition we do not formally notice their presence, I hope the diplomats from the Commonwealth Caribbean who are in the gallery, will also join us in order to discuss this matter more informally at the conclusion of this debate which, I am sure, will result in unanimous support for my motion.

Some hon. Members: Hear, hear!

Caribbean Community

Mr. Maurice Foster (Algoma): Mr. Speaker, I am pleased to have the opportunity to speak on the motion of the hon. member for Hillsborough (Mr. Macquarrie). His generosity has been extended well beyond the usual bounds, as evidenced by his invitation at the end of his speech.

Not only is he a member of parliament who has shown a great deal of interest in the Caribbean by visiting there but, as he indicated, on 13 occasions in 13 sessions of parliament he put this motion before parliament. That offered us an excellent opportunity to talk about the Caribbean, and especially the relationship which exists between Canada and the Caribbean. Certainly I support his interests in that regard.

As the influence of Great Britain has become less and less, more and more colonies of the Caribbean have become independent countries. This provides Canada with a natural opportunity to play a meaningful role there. The relationship which exists between Canada and the Caribbean is a mature and positive one, with no overtones of colonialism.

The hon. member for Hillsborough made a special contribution to the Commonwealth Parliamentary Association by acting as a chairman of the Canada-Caribbean committee for several years. This committee provides a vehicle for meetings and exchanges between Caribbean members of parliament and legislators with Canadian members of parliament and senators.

I am sure his motion covers many of the important items to which any special committee of the Senate and House of Commons would want to address itself. With the kind of weather we have been experiencing in Canada during the last couple of weeks, because of the onset of winter, we are all very conscious of the special opportunities afforded to Canadians for vacation and recreation in the Caribbean during the winter months.

Our long association with the Caribbean dates back to colonial times when we exchanged commodities such as fish and wood products for such items as molasses and rum. The early commercial records of the Barbados mention that from 1771 to 1773 fish, lumber, shingles, staves, hoops, peas and beans were being imported from Canada. By 1860 Canadian vessels were sailing regularly to the British West Indies with fish, some potatoes and lumber; returning with sugar, salt, molasses and rum. There has been a continuing communication between our countries, a fact commented upon at the Canada-West Indies Conference of 1912 by the then minister of industry, trade and commerce for Canada, the Honourable George E. Foster. At that time he said the following:

> For a number of years Canada and the West Indies have been communicating with each other, and have been endeavouring in various ways and at different times to stimulate the volume of trade and to improve the means of intercommunication.

At that time Mr. Foster also mentioned that for 15 years Canada had given preferences to goods coming from the West Indies. This 1912 conference saw the signing of a Canada-British West Indies Treaty. A second trade conference was held in 1920, and a Canada-West Indies Trade Agreement resulted.

Caribbean Community

A further development occurred in 1925 with the signing of another Canada-West Indies Trade Agreement, a significant feature of which was a fairly broad exchange of preferences between the signatories. This agreement regulated trade between the two parties until 1966 when, in recognition of the changes which had occurred over the years, heads of governments of the Commonwealth Caribbean countries and Canada met in Ottawa July 6-8, 1966, to discuss their relationship. Subjects of mutual interest were examined, including trade, aid, transportation, and communications. A protocol to the 1925 Canada-West Indies Trade Agreement was signed providing for review of the agreement following the Kennedy Round. The protocol dealt principally with specific commodities including rum, bananas, flour and codfish. It also provided for new consultative procedures on measures to encourage economic development and establish a Standing Committee on Trade and Economic Affairs.

● (1622)

A follow up meeting took place in St. Lucia the next year, and in 1970 there was a special Canadian mission to the Commonwealth Caribbean. By November, 1975, Canada and the Caribbean were again responding to changing conditions by re-examining their relationship. The discussions initiated at that time are continuing and are aimed at the conclusion of a new and updated agreement covering economic and trade matters.

Throughout the evolution of relations between the two areas Canada has remained an important supplier to the Caribbean. In general, we are the fourth or fifth most important trading partner of the various countries there, supplying to each about 5 per cent of its total imports and usually taking about 5 per cent of the exports of each. Indeed, Canada has achieved a relatively higher degree of penetration in this market than in most others.

From what I have just related, Mr. Speaker, I submit that the maturity of our relations is such that means for maintaining and enhancing them are already well established. Further verification of this is indicated by the diversity of formal and informal contacts between the two areas. Part (e) of the motion of my colleague, the hon. member for Hillsborough, touches on this subject and I would like to take the opportunity now to relate some examples of these contacts with particular reference to the last few years.

In 1975 our Prime Minister (Mr. Trudeau) visited Trinidad and Tobago, Barbados and Guyana en route to the Commonwealth heads of government meeting. There have been three meetings since November, 1975, between Canadian and Caribbean officials to consider the formulation of a new agreement on trade and economic affairs. As I have mentioned, discussions are continuing.

Prime Minister Manley of Jamaica visited Canada in October, 1976. At that time a package comprising a line of credit, a short-term loan and CIDA aid for a total of $100 million was arranged. Utilizing Canadian consultants, CIDA has made an extensive survey of the possibilities in Jamaica and Barbados for joint ventures between Canadian and local firms.

This past October, Prime Minister Forbes Burnham of Guyana led a delegation of Guyanese officials to Ottawa for talks with our Prime Minister and Canadian officials. I am very pleased that at that time we had an opportunity to speak to the Senate foreign relations committee and our Standing Committee on External Affairs and National Defence and to respond to questions. I think this kind of opportunity for exchange is an important one, and one which seems to be expanding. It gives our parliamentarians who serve on that committee, and also to others who are interested, an opportunity to communicate directly in a semi-formal way with the heads of governments of the various countries in the Caribbean.

Also, this autumn, a group of Jamaican businessmen visited Canada to promote closer trade ties. Recently, a small delegation of Antiguan officials visited Ottawa for discussions with various federal departments. Apart from federally sponsored trade fairs and missions, there have been a number of provincially organized business missions to the Caribbean area.

I would be remiss if I did not mention the special relationship on a person to person basis which has developed between the CPA of the two regions. As you know, there are seven CPA regions in the world. One of them comprises all of the parliaments and legislatures in Canada, and another is the Caribbean region. We have an ongoing relationship, and I really want to compliment Mr. Speaker Jerome because I think he has given much momentum in increasing those contacts between the two regions of the association. Several representatives from the Caribbean attend international conferences such as the CPA conference which we held here in Ottawa in September of this year. That conference occurs in Canada only every ten years or so. Besides that, we have an ongoing special relationship between the two regions of the CPA because they are invited to our regional council meeting in May. It is essentially a meeting of Speakers of all legislatures. Special Speakers from the Caribbean are invited at that time to participate in those discussions, and they have an opportunity to visit various parts of Canada.

At our regional conference, which is held in one of the provincial capitals each summer, several delegates are invited from the Caribbean, and of course each November for the last five years we have had a seminar on parliamentary procedure at which there was very active participation. I believe three countries were represented, and three delegates this year attended that conference as well as two members from Canada who attended the regional conference. There is an ongoing exchange, and Mr. Speaker Jerome has been very active, together with myself, in promoting that. It falls in line with our general approach to enhance the relationship between these two regions of the world.

I would now like to turn my attention, Mr. Speaker, to the specific suggestions for improving Canada-Caribbean relations which my hon. colleague has made in his motion. I certainly appreciate his concern for this topic and the contribution a

motion such as his makes to examination and hence clarification of issues relevant to Canada's national issue. However, I have difficulty with some of the hon. member's recommendations.

With reference to item (a) of the motion, I wish to advise the House that a long history exists of subsidization of steamship operators who contracted to furnish regular service between Canada and the West Indies. Direct subsidy payments by the Canadian government were, however, discontinued with the establishment of Canadian National (West Indies) Steamship Limited in 1928, an operation that continued, albeit incurring a substantial deficit, until its cessation in 1957. Since then, commercial shipping companies have provided services without recourse to subsidy.

The Canada-Caribbean service has presented shipowners with the dilemma of unbalanced outward and inward cargo movements. Saguenay Shipping Limited, a subsidiary of Alcan, by loading return cargoes of bauxite and alumina from the Caribbean region, has established a viable commercial basis for a Canada-Caribbean service and is thus an exception.

I would now like to turn to the part of the hon. member's proposal that falls most directly within the responsibilities of the Department of Industry, Trade and Commerce. This is item (c) which reads:

that the proposed committee would consider such tariff changes as might facilitate the exchange of commodities between the two areas.

In order to explain some of the problems inherent in the proposal I would like to outline briefly recent developments in our trade relations with the Commonwealth Caribbean. Coming as he does from a region of Canada with longstanding trade ties with the Commonwealth Caribbean, I am sure the hon. member will be aware that our trade relations were primarily governed for many years by the provisions of the Canada-West Indies Trade Agreement of 1925, to which I have already referred. Under this trade agreement Canada exchanged tariff preferences with the Commonwealth West Indies.

● (1632)

In the early seventies some of the countries of the Commonwealth Caribbean established the Caribbean Common Market as the successor to the Caribbean Free Trade Association. The Common Market provided for free trade between its members and for a common tariff applicable to imports from outside the region. The existing Commonwealth preferences which Canada enjoyed under the provisions of the 1925 agreement were subsumed into the new CARICOM common tariff.

However, the member countries of CARICOM, along with a number of African, Asian and Pacific countries, the ACP, which had traditional ties with the member countries of the European Economic Community, entered into negotiations with the European community with a view to signing an economic agreement. This agreement, which became known as the Lomé convention, provided, among other things, that the ACP countries would grant the EEC countries tariff treatment no less favourable than that granted to any other developed country, including, of course, Canada.

In order to meet their obligations under the convention the countries of CARICOM introduced a single column tariff effective January 1, 1976, which applied to imports from all sources with, of course, the exception of intra CARICOM trade. Another factor to bear in mind is that the United States scheme of tariff preferences for less developed countries places a somewhat similar onus on beneficiary countries, as does the Lomé convention. Thus, in order to obtain tariff preferences in the large United States market, Caribbean countries would be expected to phase out preferences granted to developed countries.

As the central element of the 1925 Canada-West Indies Trade Agreement is no longer valid, CARICOM and Canadian officials are negotiating a new agreement on economic and trade matters to provide a formal framework for the new relationship. The Bahamas, which is not a member of CARICOM, and Bermuda, which is not in the Caribbean but which was a signatory to the 1925 agreement, have both introduced one column tariffs. Canada continues to grant unilaterally the preferences in the Canadian tariff to the Commonwealth Caribbean and to Bermuda. In addition, these countries are also beneficiaries of Canada's system of generalized preferences for developing countries.

It follows from the withdrawal of our preferential tariff access to the Caribbean market that the only tariff adjustment possible which might benefit us is the reduction of certain of CARICOM's most favoured nation tariffs. These could, of course, apply equally to all outside suppliers to CARICOM. Canada will be raising this possibility within certain CARICOM member countries during the Tokyo Round of GATT tariff and trade negotiations now under way in Geneva.

Perhaps the greatest impediment to the sale of Canadian products in CARICOM markets is the extensive system of import controls now in effect in the region. Some of the countries of CARICOM, but especially Jamaica and Guyana, are suffering from severe balance of payments difficulties, exacerbated by rising petroleum costs, and have imposed stringent import control regimes. While we understand and sympathize with the difficult economic situation these countries find themselves in, we would expect to see the controls progressively dismantled as their economic situations ameliorate.

Trinidad and Tobago, alone among CARICOM members, is in a strong international financial position because of oil supplies there. We heard an excellent presentation by the High Commissioner in the committee of which the hon. member for Hillsborough is chairman, outlining the very favourable position of Trinidad and Tobago because of the oil resources in that country. However, Trinidad and Tobago has imposed a number of controls for development purposes. Random examples of Canadian exports which have been affected are apples, banned by Jamaica and Barbados; red kidney beans and onions, controlled by Jamaica; and synthetic fibre bags, banned by Trinidad and Tobago. Import controls and provi-

sion for consultation on such matters will be one of our considerations during negotiations for the agreement which is under discussion now.

I hope these brief comments outline some of the considerations we should have in mind if the hon. member's motion is passed and is discussed by the joint committee proposed by the hon. member. I certainly want to indicate my support for his proposal.

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, I too want to commend the hon. member for Hillsborough (Mr. Macquarrie) on motion No. 16 which is before the House today. I urge all hon. members to support the motion so that we can study it in a very serious way in a committee.

I think the economies of the Caribbean and Canada are complementary and that we should be exploring the possibility of a common market relationship between countries in the Caribbean and Canada. Any common market arrangement which might evolve would be useful to both, and perhaps a few years down the road that commonwealth arrangement, if it could be established, might evolve into a more political association between the two, and perhaps even the unity of Canada with some parts of the Caribbean.

It would be my objective, if indeed we could get a committee established, to try to strengthen the relationships between the two now, with the objective being a common market relationship between Canada and as many countries in the Caribbean as possible and with the ultimate goal being political unity or political association in the future. This would offer a number of advantages to both. Canada is a great and beautiful country, as we all know. It has many things, but there are a few things we do not have, and that is primarily because of our climate. We do not have a tropical climate, and therefore we do not have tropical foods and fruits and the weather that goes along with those things in the winter time for vacations and the like. All Canada really misses is a tropical climate. The United States, the Soviet Union to some degree, and I suppose China have that. An association with the Caribbean would give us what we do not have.

The second point which should be made, and made as often as possible when we are talking about this, is that if Canada as a whole could benefit from a close association with the Caribbean, that would be so particularly in the Atlantic provinces. It is not very far between the four Atlantic provinces and the Caribbean. There is a high unemployment rate in the Atlantic provinces, and many of the things we need from the Caribbean could come into Canada through the Atlantic provinces, putting people who are unemployed there to work.

The Atlantic provinces have the highest unemployment rate in our country. A close association with the Caribbean would perhaps create jobs in the transportation industry, the shipbuilding industry, and in our harbours. More jobs would be created in packaging some of the food which would be coming in from the Caribbean. Many of the things we might ship to the Caribbean would go through the ports of Atlantic Canada, and again there would be warehouses, packaging and transporting of goods to the ports in the Atlantic provinces. These things would create employment, which would immensely help Atlantic Canada and Canada generally.

There is a common link between Halifax and some of the well known ports in the Caribbean. It would be very sensible to plan the world, our country, and the Caribbean states, keeping things that are mutually advantageous in mind.

The other point I want to make is that the time has come when we have to diversify our trade as much as possible. All of us are very fond of the Americans and of the United States, but at the same time I think we are putting too many eggs in the American basket. It would be to the benefit of all of us if we were to transfer a few of those eggs to other parts of the world, and the most obvious part is the Caribbean. Instead of bringing in oranges from Florida and California, they could come in from the Caribbean countries, which would be better for us as well as for them.

● (1642)

Many Caribbean countries lack the things we have in this country, such as technological skills, and we could help them train their people in this way. With our technical know-how we could assist them to build the factories that they need. They also need many of the raw resources that we have in abundance. If there were a close relationship they could benefit from all this. Indeed, if they wanted to, they could even share our winter weather. As the hon. member for Hillsborough and I go down there to swim and enjoy their beaches, so could their people come up here to ski. There are a lot of things in the two regions that are complementary, and I think it makes sense to have the closest possible relationship.

I should like to point out, too, that it is not just the English-speaking islands in the Caribbean that are complementary to English-speaking Canada. In many of the islands where French is spoken such as Haiti, Guadeloupe and Martinique, an exchange could be arranged with the province of Quebec or the other French-speaking parts of Canada.

Someone mentioned the hon. member for Waterloo-Cambridge (Mr. Saltsman) who, a few years ago, spoke of the possibility of the Turks and Caicos Islands becoming part of Canada. If he were here today I am sure he would still advocate that.

I hope the day will come when we have political union with some of the Caribbean countries. This motion should not be talked out today but should be given some serious study. In time we may reach a common market relationship and achieve a measure of political association. Several other hon. members have advanced convincing arguments, and I hope the motion will be adopted.

Mr. Jim Fleming (York West): Mr. Speaker, I shall take only a few moments because I know that other hon. members wish to participate in the debate.

In 1975 I had the privilege of accompanying the Prime Minister (Mr. Trudeau) to the heads of government meeting in Jamaica. Previous to that I went on a pre-tour to Guyana,

Barbados, Trinidad and Tobago. I should like to express my very deep feeling and respect for the many things that we have in common with the open and genuine people in that part of the world.

These days we hear a great deal, both critical and positive, about the role that Canada, as a developed nation, should play in the Third World. I believe we are moving in the direction of saying that if we are to have such a role we should work with those countries with which we have had long ties and have developed a close relationship. I cannot think of any part of the world with which we have a closer relationship than the Caribbean. Those countries have, in common with us, a democratic system and a British heritage.

In the pre-trip that took place before the heads of government meeting, I particularly remember the time spent in Guyana. Speaking as a backbencher in private members' hour I admit that I saw things I would like to change in their democratic process, and things that I would challenge. The fact remains, however, that despite their difficult background and great economic pressure, they have a system that they are trying hard to make work within the modern world.

In Barbados I found a people with a literacy rate of 95 per cent or 98 per cent. In their last election a great friend of Canada, Mr. Barrow, lost to a new government, proving that democracy does reign. In that country Canadians of humble means live side by side with, and equal to the original people of that country.

In Trinidad and Tobago there is a difficult and complex situation. The people are striving for a full and free democracy and have achieved the fundamentals of the democratic process.

I sometimes read in the press that the Jamaican system is not democratic and of Prime Minister Manley being too close to Premier Castro. That is an absurdity. When the premier of Nova Scotia visited Cuba someone said to me that Mr. Regan was down there trying to make a better deal with the Cubans and wondered what would be said if René Lévesque had gone to Cuba. I have no particular liking for René Lévesque, but I am trying to say that the success of our country depends on looking at our friends with some understanding of their backgrounds.

I should like to commend the hon. member for Hillsborough (Mr. Macquarrie) for bringing this motion forward. With such a sensitive, positive motion he is obviously sitting on the wrong side of the House. he should be over here with us.

I hope members of the government will read today's debate and pay heed to what has been said.

I see a fellow member from Toronto over there who many Canadians may feel is a trifle insensitive to the needs of the maritime areas of Canada. I suffer from that accusation from time to time. I must say, though, that he is a good economist and has shown some sensitivity for liberalism at various levels in Canada. Sitting with him are members from Newfoundland and Prince Edward Island who understand the heart and goodness and practicality of this world in which we must survive together. As a developed nation we must show the developing nations that we understand them and want to be a leader. As practical businessmen we want to create jobs and help our own people as well.

Three out of four of the members opposite are from the maritimes and, of course, recognize the importance of the fishery to both countries. We have fantastic resources in our fisheries although of course we want to rebuild depleted stocks. We must realize the strength we have in controlling our 200-mile limit. Our sales of fish to Jamaica, Trinidad, the Windward and Leaward Islands have shown an interesting trend over the last decade. They have faced problems on account of currency values and balance of payments, as well as the crash in the price of sugar.

Our nation depends on trade, and we must recognize the Third World. There is a real job to be done there. When I consider Trinidad and Tobago, as well as Jamaica and even the Dominican Republic, I realize there is the opportunity for trade with our fisheries, which would provide jobs for our maritime region where there is massive unemployment and would provide the Caribbean countries with the funds to buy the things they need.

I will be brief today, Mr. Speaker. Having had the advantage of being an active member of the Commonwealth Parliamentary Association and having met those fine, aggressive, and bright people who represent the Caribbean islands, I respect their traditions of democracy. I have in my constituency many people from that area. They want to help build my community and be good Canadians. As I say, I had the privilege of participating with the Prime Minister at the Commonwealth heads of government meeting. I therefore believe that we have a real role to play.

● (1652)

The hon. member's motion is not one which says we will give anything away during hard economic times. It states that if we care about our heritage, if we care about our brethren, if we are good businessmen, if we have products to sell, and if we want those nations to develop, they must have their fair share in the world. Canada should do what he suggests, and I hope we will.

Mr. Maurice Dupras (Parliamentary Secretary to Secretary of State for External Affairs): Mr. Speaker, I would like to begin by saying that the last thing my distinguished colleague, the author of the motion, needs in order to speak eloquently about the Caribbean is a packed House. He does not need a packed House to be inspired every time he speaks about the Caribbean. He always does that with great affection. My colleague, the hon. member for York West (Mr. Fleming), has developed the same sentiment for the Caribbean. I had hoped he would be a little more brief so that I could have expressed some of the views I prepared on the subject.

I believe that members on both sides of this House hold great affection for the people of the Caribbean.

[*Translation*]

And I wish to congratulate my colleague and friend, the mover of this motion, for having enabled us to discuss in the House the possibilities of maintaining and developing better communications with the Commonwealth Caribbean. It seems to me particularly appropriate to show some concern for that part of the world which enjoys such a pleasant tropical climate while a premature winter has given us before Christmas some record low temperatures and several snow storms. While snow storms are welcomed by many among us who ski as I do, it remains that many Canadians can hardly wait for that season to go and enjoy the beauty of the south.

Of course, this subject is especially topical at this season since thousands of our fellow citizens are getting ready, as I said earlier, to fly to one of those islands in the Caribbean sea for the holiday season, which contributes to bringing us closer to those countries. Since recent developments in air transport have placed this area within a few hours of us and since the democratization of tourism has placed it within our means, the more than one hundred years old relations between our country and the Commonwealth Caribbean have become more intensified than ever.

This is why we must congratulate the mover of the motion under consideration this afternoon since it enables us once more to examine our relations with this area for which members on both sides of the House certainly feel much sympathy, great attachment and a unanimous concern to do everything possible to improve our present relations and to make current exchanges even more effective and meaningful. We must however ensure that the proposed methods are the most proper to meet this objective, and that they do not simply add to existing ones and contribute to slowing down present mechanisms, and, finally, hinder rather than help our efforts to meet our objectives. To bring more light into this matter, it would be appropriate to outline briefly the present state of relations between Canada and the Commonwealth Caribbean, the better to assess the suggestions made in the motion and determine if they are truly justified.

The ties between Canada and the Commonwealth Caribbean are nearly as ancient as the history of our country since they go back to the beginning of the 18th century. Even then, settlers in the Maritime provinces had developed trade exchanges based on cod and wood from Canada and sugar, rum, molasses and spices from the West Indies. This type of exchange has survived under various forms to the present time and has become more diversified and more intensive, and now the Canadian people themselves are closely involved in these relations because of the many immigrants from these islands who came to Canada and the thousands of Canadian tourists who spend their holidays in the Caribbean.

We, in Canada, tend to consider this area as a group of countries with similar characteristics. Yet, nothing is less true to reality because if that group of countries have much in common they are nevertheless characterized by a great diversity, be it geographic, demographic, economic, social, or because of the very nature of the problems each country must face. This explains in part the difficulties those countries had reconciliating their differences with their common regional interests. In spite of everything, those countries as a whole make up an area united by various cultural and social similarities. Those are realities we must take into account when dealing with them.

The resources of those countries can also vary a lot from one island to another, contributing to great variations between their respective economies and making their objectives and priorities difficult to reconcile. Thus bauxite plays an essential role in Jamaica and Guyana, where as oil and asphalt form the base of Trinidad's economic life, and other islands have to rely on sugar cane. It is true that from an agricultural point of view each of those states has arable farm lands provided they can be properly irrigated. But one thing all those countries share in common is the sun which gives them a pleasant tropical climate during our severe winters, and very inviting beaches. Of course, this allowed them to develop a particularly thriving tourist industry which provides them with jobs and generates valuable currencies for their expansion. However the benefit they can derive from tourism should not be exaggerated because the development of this industry is tied to a great extent to foreign investments which must be refunded and to the import of products which must be paid for in currency.

The political diversity which characterizes all these countries should also be noted, some of them having become independent while others—

The Acting Speaker (Mr. Ethier): Order, please. Private members' hour has now expired. The House stands adjourned until 2 p.m. Monday pursuant to the provisions of Standing Order 2(1).

At 5 p.m., the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Monday, December 19, 1977

The House met at 2 p.m.

● (1407)

ROUTINE PROCEEDINGS

[*English*]

FINANCE

REQUEST FOR INTRODUCTION OF EMPLOYMENT TAX CREDIT LEGISLATION—MOTION UNDER S.O. 43

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, I rise under the provisions of Standing Order 43 to ask for unanimous consent of the House of Commons to introduce a motion on a matter of urgent and pressing necessity. At least 50,000 Canadians are going to be without jobs this winter unless this government introduces the employment tax credit legislation which was promised two months ago by the Minister of Finance. Since there is no possible excuse for further delay, I move, seconded by the hon. member for Battle River (Mr. Malone):

That this House instruct the Minister of Finance to introduce legislation by tomorrow, December 20, implementing the employment tax credit promised on October 20, on the understanding that such legislation will be dealt with in all stages before this House rises for Christmas.

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

Some hon. Members: Agreed.

Some hon. Members: No.

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SOCIAL SECURITY

REGRET AT IRRESPONSIBLE STATEMENTS CONCERNING MEANS TEST FOR SOME PROGRAMS—MOTION UNDER S.O. 43

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I rise on a matter of urgent and pressing necessity. Mr. Allan Lambert, the chairman of the Royal Commission on Financial Management and Accountability—the same Mr. Lambert who a while ago recommended $60,000 salaries for deputy ministers and now wants to cut back the public service—said in a radio interview this morning that the reference made by his commission to putting a means test on social programs was a matter beyond the terms of reference of that commission, which raises the question: Why did the commission make such a statement? I therefore move, seconded by the hon. member for Yorkton-Melville (Mr. Nystrom):

That this House deplores irresponsible statements that call for means tests on, or the cutting back of, the social programs which have been put into effect by the Parliament of Canada, it being the view of this House that the time has come to increase the basic rate of the old age pension, making it available at age 60; and that action should be taken immediately to increase the basic amount of the war disability pension as a matter of good faith toward Canada's war veterans.

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

Some hon. Members: Agreed.

Some hon. Members: No.

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VETERANS AFFAIRS

PROPOSED REFERENCE TO COMMITTEE OF ANNUAL REPORT—MOTION UNDER S.O. 43

Mr. Jack Marshall (Humber-St. George's-St. Barbe): Mr. Speaker, I too have a motion under the provisions of Standing Order 43 and I know it will receive sympathetic consideration. Various matters of concern to veterans having reference to the basic rate of pension, widows' pensions, prisoner of war compensation and other matters reflect the urgent need that these matters be dealt with immediately. I therefore move, seconded by the hon. member for Labelle (Mr. Dupras):

That the Veterans Canada Annual Report 1976-77 be referred to the Standing Committee on Veterans Affairs forthwith.

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

Some hon. Members: Agreed.

Mr. Speaker: The hon. member for Prince Edward-Hastings.

Mr. Marshall: Mr. Speaker, it was agreed.

Mr. Speaker: Order. The motion of the hon. member for Humber-St. George's-St. Barbe can be presented to the House pursuant to Standing Order 43 for consideration at this time only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Bank Act

Mr. Speaker: The House has heard the terms of the motion. It is moved by the hon. member for Humber-St. George's-St. Barbe, seconded by the hon. member for Labelle:

That the Veterans Canada Annual Report 1976-77 be referred to the Standing Committee on Veterans Affairs forthwith.

Motion agreed to.

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FINANCE

SUGGESTED MEASURES TO ASSIST PLANT CONSTRUCTION FOR PROCESSING RAW MATERIALS—MOTION UNDER S.O. 43

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, I rise to move a motion under Standing Order 43 on a matter of urgent and pressing necessity. As we ship out of this country a far too large proportion of our primary products, to be processed to their final stages of production in other countries, which thereby gain the many advantages of employment, profits and taxes which accrue from this further processing, I move, seconded by the hon. member for Frontenac-Lennox and Addington (Mr. Alkenbrack):

That the government require those who export our raw materials to process a far higher proportion of them in this country, and make available generous tax incentives, in addition to the DREE grants, which have proved to be inadequate, in order to induce the building of the additional factories which will be needed.

Such a policy will retain in Canada many of the jobs we are today making available to workers in other countries, and make it possible to offer far more permanent jobs to our people, instead of the temporary, make-work kind, which is all the government seems able to offer our unemployed.

Mr. Speaker: The motion can be presented for debate only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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BANK ACT

SUGGESTED DELAY OF PASSAGE PENDING ASSURANCE OF BANKS NO FINANCIAL ASSISTANCE TO CHILE—MOTION UNDER S.O. 43

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, I would like to move a motion under Standing Order 43 regarding an urgent and pressing matter. Canadian chartered banks are becoming deeply involved in making financial assistance available to the military dictatorship in Chile, particularly the Royal Bank, the Bank of Montreal, the Toronto-Dominion Bank and the Bank of Nova Scotia. In view of the concern being expressed by all church groups, reflected in the statement by Archbishop Edward Scott, primate of the Anglican Church of Canada, that these loans represent aid to an "oppressive and inhuman" regime in Chile and give banks a considerable interest "in the staying power of the regime", I move, seconded by the hon. member for Greenwood (Mr. Brewin):

[Mr. Speaker.]

That this House of Commons not pass Bill C-16, which extends the current Bank Act until April 1, 1979, unless assurances are given by Canadian chartered banks that they will stop providing financial assistance to the military dictatorship in Chile.

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

Some hon. Members: Agreed.

Some hon. Members: No.

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TARIFFS

REQUEST FOR REDUCTION OF DUTY ON WIDE FLANGE STEEL BEAMS—MOTION UNDER S.O. 43

Mr. Ron Huntington (Capilano): Mr. Speaker, I rise under Standing Order 43 on a matter of urgent and pressing necessity. In view of the disruption imposed on the B.C. steel fabricating industry, supporting a work force of 2,000 or more people, with the imposition of a 30 per cent duty last September on wide flange steel beams pending the anti-dumping tribunal decision on the appeal of Algoma Steel, and particularly in view of the regional antagonism already in place concerning protective measures for eastern Canadian industries at the expense of the outback regions of Canada, I move, seconded by the hon. member for Vancouver Quadra (Mr. Clarke):

● (1412)

That the government take immediate measures to return this duty to 10 per cent in order to protect this $30 million B.C. industry that provides more than 2000 man-years of work for British Columbians.

Mr. Speaker: The presentation of such a motion can be made at this time only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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TRANSPORT

PROPOSAL TO RETURN ABANDONED RAILWAY RIGHTS-OF-WAY TO PROVINCES—MOTION UNDER S.O. 43

Mr. Gordon Towers (Red Deer): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. To avert a feud between the federal Minister of Transport (Mr. Lang) and his counterparts in the four western provinces as to ownership of abandoned rail rights-of-way, and in view of the fact that the Hall Commission recommended provincial ownership of such rights-of-way, and that the provinces are in a much better position to manage those rights for the benefit of affected residents, I move,

seconded by the hon. member for Vegreville (Mr. Mazankowski):

That the Minister of Transport notify western provincial governments that he is prepared to immediately negotiate with them and with the railroads to ensure that ownership of abandoned rail line rights-of-way be under provincial jurisdiction.

Mr. Speaker: The presentation of such a motion at this time requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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EXTERNAL AFFAIRS

EFFORTS TO OBTAIN PERMISSION FOR MR. SHUMUK TO EMIGRATE FROM SOVIET UNION—MOTION UNDER S.O. 43

Mr. Howard Johnston (Okanagan-Kootenay): Mr. Speaker, I rise under the provisions of Standing Order 43 to raise an issue of urgent and pressing necessity. As it is over a month since the Secretary of State for External Affairs (Mr. Jamieson), promised that he would personally review the application of Mr. Danglo Shumuk to immigrate to Canada, and as continued incarceration in the Soviet Union can only further contribute to Mr. Shumuk's ill health, I move, seconded by the hon. member for Meadow Lake (Mr. Cadieu):

That this House call on the Secretary of State for External Affairs to use all means at his disposal to persuade the Soviet Union to permit Mr. Shumuk to emigrate to Canada where he has relatives willing to care for him.

Mr. Speaker: The presentation of such a motion at this time requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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SPORTS

REQUEST FOR EXTENSION OF DEADLINE FOR REACTION TO GREEN PAPER—MOTION UNDER S.O. 43

Mr. Bruce Halliday (Oxford): Mr. Speaker, I rise under the provisions of Standing Order 43. In view of the strong desire the Minister of State for Fitness and Amateur Sport (Mrs. Campagnolo) has expressed for public input and reaction to the green paper; and in view of the fact that the deadline which has been set for such input is two weeks before the annual meeting of the sports federation of Canada, which will be the first time the various sport governing bodies will have had an opportunity to meet and react collectively to the green paper, I therefore move, seconded by the hon. member for High Park-Humber Valley (Mr. Jelinek):

That this House requests that the minister extend the deadline for reaction to the green paper from January 14 to the end of February 1978.

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

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

GOVERNMENT ADMINISTRATION

ALLEGED LACK OF FINANCIAL CONTROL—MEASURES TO REGAIN CONTROL

Mr. Harvie Andre (Calgary Centre): Mr. Speaker, in the absence of the President of the Treasury Board, I would like to direct my questions to the Prime Minister. The Lambert Commission in its parliamentary report tabled Friday stated that the lack of any effective financial management control over government spending is as much due to the sheer size of government as it is to the tremendous growth in government spending over the last few years. The report indicates that a pause or freeze probably would not be sufficient. Given the fact that the Prime Minister turned down a proposal by the President of the Treasury Board to eliminate five departments, does the government have any other plans or proposals to reduce the scope of government activity such as transferring some of these to the provinces, municipalities or private sector?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I, of course, cannot agree with the premise of the question about any proposal by the President of the Treasury Board. It can only be that the hon. member is misinformed. Insofar as constructive suggestions are concerned, I would point out to him that just a year ago today there was the established programs financing proposal which we made to the provinces and which they accepted, transferring tax points and resources to the provinces to the tune of more than $2 billion, if my memory is correct.

REDUCTION IN NUMBER OF CROWN CORPORATIONS—GOVERNMENT POSITION

Mr. Harvie Andre (Calgary Centre): That transfer of $2 billion still resulted in a 10.3 per cent increase in government spending. The Lambert Commission also pointed out that there are now some 54 wholly owned crown corporations and over 300 other corporate bodies of which the government is either total or partial owner. In fact, the Treasury Board figure used was 367 when that report was published. Last Tuesday it was 386 and it is still growing. The government

does not even know how many crown corporations it has. The Lambert report observed that such crown corporations merely serve to remove or complicate ministerial responsibility and parliamentary scrutiny over government spending. Can the Prime Minister indicate whether he or the government have any plans to reduce the numbers of Crown corporations? After all, if the government does not know how many it has, it cannot be of great harm to government policy to divest itself of a number of these Crown corporations and put them back in the private sector, especially those operating in commercial areas.

● (1417)

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, that is a very general proposal the hon. member seems to put forward. When the government does anything to reduce the spending of Crown corporations, or to reduce their financial exposure, we are unable to get much co-operation from hon. members opposite.

Mr. Baker (Grenville-Carleton): Give it a try.

Mr. Trudeau: The House leader asks me to give it a try. Before the House now there is a bill on the Canadian National Railways, which will have the effect of saving the government $100 million. I would ask the opposition to co-operate and pass it in all stages tomorrow.

Some hon. Members: Hear, hear!

ALLEGED OVERLAPPING OF DEPARTMENTAL RESPONSIBILITIES—GOVERNMENT ACTION TO RECTIFY

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, I should like to direct a supplementary question to the Prime Minister in regard to the same report, page 5 thereof. The report indicates overlapping and a lack of clarity in the roles assigned to the respective central agencies. I am thinking of the Treasury Board and the Privy Council office confronting departments with confusing lines of accountability. We do not need the final report from the Lambert Commission in order to address ourselves to this particular problem. What plans does the Prime Minister have in order to reduce this overlapping and clarify the issues so that department heads will know what they are doing, what they are accountable for, and parliament will have even further control?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the hon. member should remember that when the Lambert Commission was set up, it was not only an issue of this government, it was against the opposition and critics of the other side. We were attempting to get from Mr. Lambert and his colleagues a recommendation on a better functioning government. I recall the Tories, in particular, were objecting to this initiative. Now that Mr. Lambert is coming in with these preliminary reports, which begin to clarify the matter, already we have taken initiatives. I have written to Mr. Lambert in this respect in order for officials to sit down and commence discussions, in advance of its final report, on possible lines of direction for further progress.

PROPOSED IMPROVEMENT IN FORM OF ESTIMATES AND PUBLIC ACCOUNTS—GOVERNMENT POSITION

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, as I indicated to the Prime Minister, we do not need the formal report of the Lambert Commission in order to eliminate the overlapping and to reduce the lack of clarity. I think the Prime Minister could move in that area right now.

With respect to the form of estimates, including the budget and the public accounts which are always placed before parliamentary committees, in the opinion of the Auditor General the form is not satisfactory and, therefore, the necessary investigations which are required cannot be put forward because of the confusion. Is it my understanding that the Prime Minister will bring about a new form of estimates, budgets and Public Accounts in order for parliament to have a higher degree of control regarding the public purse?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the hon. member is not making a very complete proposal. As I understand it, he is commending the government for having set up the Lambert Commission to look into this problem; but certainly it is premature for the hon. member to draw conclusions on behalf of the commission before the commission itself draws those conclusions.

LAMBERT COMMISSION—DATE OF FINAL REPORT

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, I was not talking about the commission. I was talking about the thoughts of the Auditor General who indicated that the estimates, public accounts and budgets are not in proper form whereby parliament really has control over government spending.

My last question is in regard to the final report of the Lambert Commission. Unquestionably we will need this report before the government will be able to bring in its mini-omnibus bill on Crown corporations. Has there been any indication given to the government, or to the President of the Treasury Board in particular, as to when we can expect the final report of the Lambert Commission?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I will inquire.

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● (1422)

ROYAL CANADIAN MOUNTED POLICE

McDONALD COMMISSION—STATEMENT BY COUNSEL ON PURPOSE OF INQUIRY—GOVERNMENT POSITION

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, my question is directed to the Minister of Justice in the absence of

the Solicitor General, who is no doubt preparing his appeal papers again. The McDonald commission's counsel, Mr. Howard, is quoted as saying:

One of the purposes of the royal commission is to hopefully restore any confidence that may have been lost in the RCMP.

Given the fact that the commission has decided now that no representatives of political parties may be present and no representatives of civil liberties groups may be present, and given the fact that there is public interest in getting the truth as a result of this inquiry, does the Minister of Justice agree with the sentiments expressed by counsel for that inquiry that the purpose of that inquiry is to restore confidence in the RCMP, and if he does not agree that that is the purpose of the commission, will he make representations to see that the commission's counsel is removed so that one representing the public interest can be appointed?

Hon. Ron Basford (Minister of Justice): The purpose of the inquiry is set out in the order in council establishing it and one of the terms in the order in council is that it is necessary to have confidence through the inquiry in the security forces.

KEABLE INQUIRY—REASON FOR APPEAL OF DECISION OF QUEBEC COURT

Mr. Stuart Leggatt (New Westminster): With regard to the most recent decision, which again has struck down the government's case as to the constitutional question concerning the Keable inquiry, that in fact that inquiry is properly constituted and within the constitution, can the minister advise us whether under the provisions of the Federal Court Act, section 41(2) this government does not feel it has sufficient protection with regard to the Keable inquiry, and is that the reason there will be an appeal from this most recent decision?

Hon. Ron Basford (Minister of Justice): All that was decided the other day was that there would not be a suspension order until the merits of the case have been argued early in January. As to the second point, obviously we have argued that section 41(2) is not sufficient; it relates solely to national security, and what is being argued in court is a federal-provincial constitutional issue.

ALLEGED INABILITY OF McDONALD COMMISSION TO PROVIDE ANSWERS TO SOME QUESTIONS—GOVERNMENT ACTION

Mr. Stuart Leggatt (New Westminster): At the initiation of the McDonald inquiry, the matter of operation Cathedral came up, and introduced in evidence at that commission was a telex with a portion blanked out. Also at that commission no questions were asked with regard to where the telex came from, who inspired it, etc. In view of the fact that we have been told in the committee of the House that the appropriate place to ask questions is at the McDonald inquiry, and in view of the fact that there is now some evidence that that inquiry will not provide answers, will the Minister of Justice undertake to provide those kinds of answers which probably we will not be getting from the McDonald Commission?

Hon. Ron Basford (Minister of Justice): The terms of reference of the McDonald inquiry are perfectly clear, to inquire into the practices and procedures of the security service in carrying out its mandate. The McDonald inquiry has full powers to ask all questions, either in camera or in public, that it chooses. It has set out to perform that task and it is not up to me to tell this independent inquiry how to conduct its affairs.

RESPONSIBILITY FOR ALLEGED CHECKING OF McDONALD COMMISSION MEMBERS AND COUNSEL

Mr. Elmer M. MacKay (Central Nova): I have a brief supplementary question for the Minister of Justice. Was it on his advice or was he consulted about the process of having commissioners and counsel of the McDonald Commission checked and presumably approved by the RCMP?

Hon. Ron Basford (Minister of Justice): No, Mr. Speaker.

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● (1427)

[*Translation*]

UNEMPLOYMENT INSURANCE

POSSIBILITY OF NEW DEVELOPMENTS CONCERNING PAYMENT OF BENEFITS

Mr. Gilles Caouette (Témiscamingue): Mr. Speaker, my question is directed to the Minister of Employment and Immigration. On November 28, I asked him a question dealing with the problem of lost time or waiting period for the unemployed in northwest Quebec because their return cards were rejected by the Montreal computer. The minister answered that all requests were made within a 24-hour period. As a result of an inquiry, it has been shown that those cards are not checked nor put in the computer within 24 hours. I would therefore like to know whether there have been some developments in this connection?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, last Friday I answered the leader of the Social Credit Party of Canada who asked me that question on Tuesday last. The answer is correct. The mistakes were made by the claimants, not by the department or the commission.

Mr. Caouette (Témiscamingue): Mr. Speaker, I have a supplementary question. Given the fact that, after verifications have been carried out we know that mistakes have actually been made by the representatives of the Unemployment Insurance Commission themselves and that the computer cards are not processed within 24 hours, as the minister has indicated, since a mini-SRI computer has already been removed in northwest Quebec, would the minister accept to reinstal mini computers of this type in remote areas such as in northwest Quebec?

Mr. Cullen: Mr. Speaker, I wish to thank the hon. member for his representation. I will have to look again into this question.

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[*English*]

CANADIAN INTERNATIONAL DEVELOPMENT AGENCY

GRANTING OF TELEPHONE SWITCHING CONTRACT TO FRENCH FIRM—REQUEST FOR REPORT

Mr. Dan McKenzie (Winnipeg South Centre): Mr. Speaker, my question is for the Minister of Industry, Trade and Commerce. He is in receipt of a letter from AEI Telecommunications of Winnipeg with regard to AEI's complaint that CIDA is going to give a telephone switching contract to a French firm when AEI can handle the same work in Canada. It is a $6 million contract. Has the minister had an opportunity to investigate this complaint?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): I will look into the matter, Mr. Speaker.

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FISHERIES

DEVELOPMENT PROPOSALS—GOVERNMENT REACTION—POSSIBILITY OF MEMBERS ATTENDING MEETING WITH MINISTERS FROM ATLANTIC REGION

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, I wish to direct my question to the Minister of Fisheries. In view of the minister's news release that he will be meeting tomorrow with the fisheries ministers of Atlantic Canada I would like to ask the minister if he has now read the proposal for the development of the fisheries in our area as put forward by the governments of Newfoundland and Nova Scotia, if he is now prepared to take a more positive attitude toward that proposal and if he will also extend an invitation to members of parliament as well as the press to be present at tomorrow's meeting.

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): Mr. Speaker, the answer to the first question is yes, I have read the proposal. Incidentally, it is not from just the governments of Newfoundland and Nova Scotia; it purports to speak for two other provinces, New Brunswick and Prince Edward Island. The plan which is documented in the proposal has not been made public. I do not feel free to discuss it until it is made public at the meeting tomorrow.

REQUEST FOR REPORT ON DISCUSSIONS WITH FRANCE AND UNITED STATES ON OWNERSHIP OF RESOURCES

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, in view of the importance of the fisheries resources on Georges Bank and in the St. Pierre-Miquelon area to Atlantic Canada would the minister indicate whether any progress has been made in discussions as to who will own these resources and whether he would consider putting these items on the agenda with the six other items which he has indicated will be discussed?

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): Mr. Speaker, in both cases negotiations are under way between the government of Canada and the two countries involved, France and the United States. I do not think that further public discussion, except the discussions which are being held with provincial representatives and with representatives of fishermen and processors, would be useful at this time. However, if during the in-camera session of this meeting with the provincial ministers this subject comes up, I am sure we would be quite willing to give them the latest information we have.

MEETING WITH MINISTERS FROM ATLANTIC REGION—POSSIBILITY OF PROPOSALS CONCERNING EXPLOITATION OF 200-MILE LIMIT

Mr. James A. McGrath (St. John's East): Mr. Speaker, I have a supplementary question. I understand that this is to be the first of the sectoral meetings in connection with the first ministers' conference aimed at maximizing employment potential in the various sectors. Is the minister prepared to tell the House what proposals he intends to lay before the provincial ministers when he meets with them to maximize the exploitation of our resources within the 200-mile limit and thereby increase whatever employment potential there is in the short term?

● (1432)

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): Mr. Speaker, this meeting was called outside the context of the sectoral meetings. Because all the information about the stocks of fish over the next five to seven years is now available, I felt it was important, while this information was available, that we have a full discussion and briefing on this item. This would be one of the main items on the agenda. The opportunity for development would be subject to discussion and further work by our officials and possibly another meeting of the ministers of fisheries in the New Year. The main reason for this meeting is not the sectorial approach, although it might be included.

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TRANSPORT

INCREASED TOLLS ON ST. LAWRENCE SEAWAY—SUGGESTION ADDITIONAL REVENUE BE USED TO IMPROVE SERVICE

Mr. Paul E. McRae (Fort William): Mr. Speaker, in the absence of the Minister of Transport may I put a question to the parliamentary secretary. I am pleased that the minister saw fit to at least spread the increase in the seaway tolls over three years although I am sorry there is any increase at all. Can the minister give the House some assurance that a good portion of this additional revenue will be used to improve

service on the seaway, particularly for research into making the seaway a 12-month operation?

[*Translation*]

Mr. Charles Lapointe (Parliamentary Secretary to Minister of Transport): Mr. Speaker, I think a good part of the answer is to be found in the release issued by the minister on this subject last Friday, and I think this decision to stagger the increases in the rates of the Seaway Authority is a good one. It has been made thanks to the representations of the hon. member for Welland, the hon. member who has just asked the question as well and several other hon. members in the House. As to making the seaway a 12-month operation, I think we have discussed this rather at length recently when the president of the St. Lawrence Seaway Authority appeared before the committee on transport and communications.

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[*English*]

GOVERNMENT ADMINISTRATION

LIMITATION ON GROWTH OF GOVERNMENT—ALLEGED USE OF CONTRACT HIRING TO CIRCUMVENT

Mr. Bill Clarke (Vancouver Quadra): Mr. Speaker, in the absence of the President of the Treasury Board I should like to put a question to the Prime Minister concerning the progress report of the Lambert Commission. This report states that we are long past the point of no return in the size of the government and indicates that the enormous rate of growth of government is not sustainable. Since the Anti-Inflation Board guidelines recommended a one per cent growth in the civil service, why has the government found it necessary to hire private employment agencies to fill civil service jobs and why is contract hiring being used to circumvent the Anti-Inflation Board guidelines?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I must point out to the hon. member that for two years now the growth in the public service has been less than one per cent. The hiring of outside consultants is a practice with a very long history in this country. It is done now, as it was previously, in order to bring certain expertise to bear which does not exist within government service.

Mr. Clarke: A supplementary question, Mr. Speaker. Is it the position of the Prime Minister that the hiring of contract civil servants is not in addition to the replacement of people who are needed on a full-time basis?

Mr. Trudeau: Mr. Speaker, I am not saying that. I am saying that the hiring of people on a contract basis does not enlarge the civil service which has tenure and which is going to be around for a long time. They are hired on a contract for a limited time to do a specific job. This is more economical than taking somebody into the civil service with full guarantees of permanence, pension rights, and tenure which do not extend to those on contract. The government uses the contract precisely in order not to bind itself for a long time to people who might be needed to do a job for only a short time.

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NATIONAL DEFENCE

ALLEGED PROPOSAL OF UNITED STATES TO ELIMINATE NORAD AIR DEFENCE COMMAND

Mr. Allan B. McKinnon (Victoria): Mr. Speaker, may I put a question to the Prime Minister. A weekend news item indicates that the Prime Minister is to visit NORAD headquarters next week. The right hon. gentleman indicated he has requested a briefing on the United States air force proposal to eliminate air defence command which proposal was described by a Canadian general stationed at NORAD as "under-handed, devious and full of half-truths?"

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I do not know of any such proposal and I do not think any has been made yet. I know that the United States reported to us in the PJBD meeting that they are going to study this problem but no proposal has been made to us yet.

NORAD MEETING—POSSIBILITY OF DISCUSSING UNITED STATES PLANS FOR FIGHTER REPLACEMENT

Mr. Allan B. McKinnon (Victoria): A supplementary question, Mr. Speaker. As Canada is making a choice in the next few months of a $2.3 billion new fighter aircraft, will the Prime Minister seize this opportunity to find out from the United States officials what their plans are for their fighter replacement in NORAD? Will he also inform the House if he is to be accompanied to this important defence meeting by the Minister of National Defence and if not, why not?

An hon. Member: Who is going to carry the skis?

An hon. Member: Barney can't ski.

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, while I am at NORAD I will be counting on the Minister of National Defence to defend the country for those few days. He has been to NORAD before and has been involved in several meetings of NORAD and NATO. I will be going there to benefit from the groundwork he has laid.

* * *

INDUSTRY

REQUEST FOR GOVERNMENT ACTION TO AVOID LAY-OFFS

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, my question is for the Minister of Industry, Trade and Commerce. As we now have the November figures for various plants in Canada with respect to lay-offs of 50 people or more showing that the trend to lay-offs in the manufacturing industry is continuing with 2,752 further lay-offs reported in November,

would the minister indicate whether he has had an opportunity to review this latest list and if so, does he have any comment on how this dreadful trend in our manufacturing industry might be arrested?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, there are many ways in which the trend could be arrested such as passing Bill C-11 long before it was passed in this House so that the Minister of Finance could bring in the job-creation legislation which the Leader of the Opposition asked for today.

Mr. Stevens: A supplementary question, Mr. Speaker. The minister must at least be familiar enough with finance to know that all the taxation measures in Bill C-11 were effective as of March 31 this year. My further question touches on the specifics of certain of the lay-offs which are reported as being due to technological changes. For example, Harding Carpets in Guelph laid off 74 employees. Could the minister indicate if he has checked this type of problem to see how we can arrest such lay-offs?

Mr. Horner: Mr. Speaker, the hon. member missed the point completely in my previous answer. The Minister of Finance could not work in his department and concentrate on new measures at the same time as attending the House to answer questions put by the hon. member on Bill C-11. With regard to my knowledge of financing, I have never yet been out $4.5 million in any effort I financed. With regard to what the department is doing in paying attention to manufacturing jobs the EDB and the enterprise development program are concentrating on the maintenance and securing of permanent jobs in the manufacturing sector.

* * *

FINANCE

REQUEST FOR INTRODUCTION OF TAX CREDIT BILL—GOVERNMENT POSITION

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, may I put a supplementary question to the Prime Minister. Speaking about the need to relieve the unemployment situation in this country, would the Prime Minister indicate if he has taken up the suggestion of my leader and may we expect the employment tax credit bill to be introduced today or tomorrow? If it is, the Official Opposition will certainly ensure that it gets speedy passage within the day if it is in the context that has been represented.

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, how can the Leader of the Opposition or the hon. member undertake to pass in all stages a bill they have not even seen?

Mr. Stevens: If it is as represented.

Mr. Trudeau: They have taken 21 days and the House needed closure in order to pass a tax bill which was cutting taxes.

[Mr. Stevens.]

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, a supplementary question. The Prime Minister apparently missed the question asked by the hon. member for York-Simcoe. The question was simply this: Given the fact that the Minister of Finance has had at least two months to prepare a very simple bill, will the Prime Minister give an undertaking to introduce that bill today or tomorrow so that it can be passed as quickly as possible and those Canadians who would fill the 50,000 jobs created by the bill would not have to wait another two months simply because this government cannot bring simple legislation to the House?

● (1442)

Mr. Trudeau: Mr. Speaker, it is a rare delight to hear the opposition imply that the government's legislative projects are so good that it is prepared to vote for them before even seeing them. With this kind of co-operation, if it is sincere, I can assure you we shall be making tremendous progress when the House resumes after Christmas. If the opposition really wants to show good faith, I might point out that there is presently before the House—it will be given first reading today—a bill which would cut $100 million from government expenses. Its passage would mean we could use this $100 million to create jobs. If the opposition wishes to show that it is serious, and passes this bill in all its stages today, then we will proceed—

Some hon. Members: Hear, hear!

Mr. Clark: It will be interesting to see what the Prime Minister would use that $100 million for—perhaps a trip to Vail, perhaps something else.

Some hon. Members: Oh!

Mr. Clark: What we are talking about now is not something trumped up for today's order paper. We are talking about a bill which was promised two months ago, a simple bill to which a companion piece has already been introduced in the Ontario Legislature; it is one which could be introduced by any competent government. The minister has told us it would provide jobs for 50,000 Canadians—that might not mean much to the Prime Minister, but it means a great deal to those Canadians who are out of work. We want a simple answer—whether or not the right hon. gentleman will ensure that this bill will be introduced today or tomorrow so that if it corresponds to the undertakings given by the Minister of Finance we can pass it in order to provide those 50,000 jobs for Canadians rather than have them wait until after the Prime Minister's holiday.

Mr. Speaker: Order. That is the third repetition of the question put by the hon. member for York-Simcoe. Now it has been repeated a second time by the hon. gentleman.

[*Translation*]

GOVERNMENT ADMINISTRATION

REQUEST FOR REPORT ON AGREEMENT WITH QUEBEC CONCERNING TRANSFER OF DEPARTMENTS TO SHERBROOKE

Mr. Irénée Pelletier (Sherbrooke): Mr. Speaker, I would like to direct a question to the right hon. Prime Minister. In October the Canadian government announced that many federal departments would be moved to various provinces as a continuation of its decentralization program started more than five years ago. Could the Prime Minister tell the House where the discussions with the government of Quebec on the implementation of some decentralization projects at the provincial level stand at this time, and more specifically, the mapping branch in the Department of Energy, Mines and Resources which was to be moved to Sherbrooke? Are negotiations leading to an early agreement and if so, when can we expect the work to begin?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I suggest it is too soon to say that an agreement is on the verge of being concluded between both governments. The proposal of the federal government is firm and I think we can notice that the Quebec government is relenting. I believe that Premier Lévesque said publicly that he was prepared to bring some amendments to the Official Languages Act. Mr. Speaker, it seems that in addition to the disturbing "civil liberties" and "freedom of choice" aspects of the legislation, the PQ government is beginning to recognize the economic drawbacks of this law and that it would be prepared to introduce some flexibility into it. But I cannot speak of imminent agreements for the time being.

* * *

[*English*]

FINANCE

CHARTERED BANKS LENDING MONEY TO CHILE—GOVERNMENT POSITION

Mr. Lorne Nystrom (Yorkton-Melville): My question is directed to the Prime Minister in the absence of the Secretary of State for External Affairs. A number of Canadians, including members of church groups, are concerned about at least four of our chartered banks investing money in Chile. Their position was summed up by the Archbishop of the Anglican Church of Canada when he said: "Loans aid the oppressive and inhuman regime in Chile and give the banks an interest in its staying power." Has the government met with the chartered banks asking them to cease lending money to Chile and, if it has not, does it intend to do so?

Right Hon. P. E. Trudeau (Prime Minister): I do not know of any meeting which has taken place on that subject. I will inquire.

EXPORT DEVELOPMENT CORPORATION

ALLEGATION CONCERNING LOANS TO CHILE—GOVERNMENT POSITION

Mr. Lorne Nystrom (Yorkton-Melville): My supplementary is directed to the Minister of Industry, Trade and Commerce. At the United Nations several weeks ago Canada condemned Chile's record on human rights. At the same time, a Bank of Montreal official was quoted as saying: "The Export Development Corporation has no qualms about guaranteeing anything in Chile in terms of loans made by banks to that country." Would the minister clear up this inconsistency and bring the government's commercial policy into line with its moral statements?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): There are two different considerations here. It is not, really, for us to judge the moral commitments of a country. The other thing concerns creditworthiness; if we are to lend money we have to judge a country's creditworthiness.

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GOVERNMENT ADMINISTRATION

SUGGESTED TABLING OF FORECASTS AND PERFORMANCE DATA WHEN ESTIMATES BEING CONSIDERED

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, I have a question for the Deputy Prime Minister concerning the Lambert Commission Report and, in particular, the suggestion made on page 23 that multi-year program forecasts or cost-benefit studies or performance data used by the Treasury Board be made public for the use of the committee at the time estimates are being considered. When the main estimates are tabled in February, would the Deputy Prime Minister consider tabling that kind of data also so that the committees studying the estimates would have this information before them particularly in view of the decrease in the number of votes over the years.

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Yes, Mr. Speaker, I will consider that suggestion and it would please me greatly if it were possible to comply with the hon. member's request.

SUGGESTED DEBATE PRIOR TO FINAL REPORT OF LAMBERT COMMISSION AND REFERENCE OF REPORT TO COMMITTEE

Mr. Walter Baker (Grenville-Carleton): I thank the Deputy Prime Minister for that forthcoming answer. The Lambert Commission Report tabled last week was just a progress report; the commission is going on to make a final report. Before that report is brought down would the hon. gentleman consider setting aside a limited period for a special debate so that the commission might have the views of members of parliament to hand as it examines the strengthening of parliamentary controls over estimates? In the meantime, would the government consider referring the progress report to the

Standing Committee on Procedure and Organization, and undertake, as well, to refer the final report to that committee so that it could look at the recommendations with respect to parliamentary control in the light of our standing orders which, as I think the government House leader would agree, are quite inadequate at the moment for the task to be done.

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): As to the suggestion that we might allow a limited amount of time to debate the subject, I can say that in principle I am in agreement with respect to the desirability of arranging for debates which might arise unrelated to legislation. It is on this basis that I justified the value of the debate today and tomorrow on external affairs. I believe a more extended use of that principle would have to be based on the practice of repricocity, so I shall probably be asking the opposition to accommodate me on certain other points if these special debates are to be arranged.

In connection with these special references to the Standing Committee on Procedure and Organization, I think it would be a good idea to hold discussions with the chairman of the committee and other hon. members to see whether they would regard the study as a profitable activity for the committee. It is certainly worth considering.

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MANPOWER

CANADA WORKS PROGRAM—DATE OF ANNOUNCEMENT OF THIRD PHASE—USE OF SLIPPAGE FUNDS

Mr. Jack Marshall (Humber-St. George's-St. Barbe): Mr. Speaker, my question is for the Minister of Employment and Immigration. In view of the serious level of unemployment which persists in the Atlantic region despite the short-term jobs created under the Canada Works program, may I ask when an announcement will be made with respect to "slippage funds"—money which has not been used up by other programs—and when we may expect an announcement with regard to the third phase of the Canada Works program due to begin in the spring of next year?

Hon. Bud Cullen (Minister of Employment and Immigration): We shall be commencing to use the slippage funds very soon. As to the hon. member's question about the third phase of the Canada Works program we are contemplating a slight change; we are considering using some of that money for the creation of more permanent jobs. I want to examine that in some detail with the department before announcing when we will embark upon phase three of Canada Works as such.

● (1452)

Mr. Marshall: A supplementary question, Mr. Speaker. In view of the fact that the Canada Works program is spread over a five year period, so that people can know what their continuing objectives should be, would the minister announce the remainder of the program for the next four years? Information is coming to members of parliament on a daily basis, and people would thus be able to take advantage of a phased objective for their communities under the Canada Works program.

Mr. Cullen: Mr. Speaker, it is precisely for that reason that we are looking to projects which create more permanent type jobs, such as the Gull Island project or the spruce budworm harvesting project in Nova Scotia. It is projects of that nature which might make more effective use of Canada Works moneys. On that basis we would cut down on money used to create temporary jobs, but I do not think anyone would really object to that. We are trying to make that kind of use of the money and to get the information to members of parliament.

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ENVIRONMENTAL AFFAIRS

RELEASE OF PCB AS RESULT OF TRANSFORMER FIRE—GOVERNMENT ACTION TO ENSURE HEALTH OF PEOPLE NOT AFFECTED

Hon. Herb Gray (Windsor West): Mr. Speaker, I have a question for the Minister of State (Environment). It has been reported that a group of federal civil servants working for Revenue Canada in Toronto were not told, until six days after their building was covered with soot from a fire in a nearby hydro transformer, that this soot contained high concentrations of a dangerous chemical, PCB. Therefore, what has the minister's department done to ensure that this building is safe to work in and also to have the employees medically examined to see whether their health has been threatened in any way?

Finally, in this general connection will his department now proceed to remove immediately the dangerously high concentration of PCBs released into Prince Rupert harbour some time ago and not wait until the matter of jurisdiction over, and responsibility for, this spill is finally resolved?

Hon. Len Marchand (Minister of State (Environment)): Mr. Speaker, my department has been working with the Ontario government who have been in charge of the PCB spill in Toronto. I can get him a more precise report on the questions he has asked.

With regard to Prince Rupert, action has been taken there and the spill is in the process of being totally cleaned up. To my knowledge there has not been any environmental damage from this particular spill.

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TRANSPORT

ABANDONED RAILWAY RIGHTS-OF-WAY—REASON FOR BYPASSING PROVINCES AND GIVING LAND TO MUNICIPALITIES

Mr. Arnold Malone (Battle River): Mr. Speaker, in the absence of the Minister of Transport I direct my question to the Prime Minister. Does the government have a rationale for bypassing the very strong desires of the prairie provinces to

obtain authority over the dispersal of lands from abandoned railway rights-of-way?

[*Translation*]

Mr. Charles Lapointe (Parliamentary Secretary to Minister of Transport): Mr. Speaker, the hon. member should know that the government has always a rationale behind its policies. With regard to the recommendations in the Hall report, the Minister of Transport has never denied any consultation with his provincial counterparts.

[*English*]

Mr. Malone: Mr. Speaker, I have a supplementary question. Could I ask the Parliamentary Secretary to the Minister of Transport whether the minister has any obligation which is statutory to bypass the provinces and to give this land to the municipalities; and while he is on his feet would he also say whether or not he would table the agreement between the federal government and the railway companies regarding the dispersal of land from abandoned railways on the prairies?

[*Translation*]

Mr. Lapointe: Mr. Speaker, I cannot make such a commitment without first consulting the minister.

* * *

[*English*]

THE CONSTITUTION

REQUEST FOR STATEMENT OF FLEXIBLE ADJUSTMENTS FAVOURED BY PRIME MINISTER—POSSIBILITY OF SWISS CANTONAL ARRANGEMENT

Mr. Gordon Ritchie (Dauphin): Mr. Speaker, I have a question for the Prime Minister. In an interview published in last week's *Newsweek* the Prime Minister, speaking of the constitution, appears to reject a unitary state or a loose federation of quasi-independent states but favours flexible adjustments in our present constitution. What are these more flexible adjustments to the constitution which the Prime Minister has in mind, since he rejects a quasi-independent state in confederation?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, for a short indication of that I would refer the hon. member to the Speech from the Throne, where three or four major changes in the constitution were proposed which would still leave a constitution with a federal structure and which we think would improve considerably the present state of affairs.

Mr. Ritchie: A supplementary question, Mr. Speaker. Further on in the interview the Prime Minister seemed to favour a Swiss type cantonal arrangement. Is the Prime Minister convinced that the Swiss arrangement would be suitable for Canada?

Mr. Trudeau: No, Mr. Speaker. If the hon. member refers to the article—or to the transcript, I am not sure what appears in the article—I remember being asked by the interviewer if the Swiss approach was not closer to what we were looking for than, I believe he said, the German, the Brazilian or maybe the Russian approach to federalism, and I indicated that I thought it was.

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ENVIRONMENTAL AFFAIRS

POSSIBILITY OF SOCIOECONOMIC IMPACT STUDY PRIOR TO PIPELINE CONSTRUCTION IN BRITISH COLUMBIA

Mr. F. Oberle (Prince George-Peace River): Mr. Speaker, my question is for the Minister of State (Environment) and is a follow-up to a question I asked earlier of the minister responsible for federal-provincial relations. It is with regard to federal responsibility for pipeline construction in the province of British Columbia. The responsibilities to which I refer are those in the area of Indian affairs and the Alaska highway. Since the minister is responsible for discussing these matters with the province of British Columbia, and having had some meetings with that province, could he report whether there will be a study on the socioeconomic impact in that particular area before the bill is presented to the House and further action commences?

Hon. Len Marchand (Minister of State (Environment)): Mr. Speaker, perhaps this question should more appropriately be addressed to the Deputy Prime Minister, who has had these kinds of discussions on behalf of the Government of Canada. So far as the socioeconomic aspects which relate to Indians are concerned, in the hon. member's area these are being handled by the Indian affairs department. My responsibilities are related to the environmental aspects.

Mr. Oberle: Mr. Speaker, I am not having very much success in determining who is responsible. Could I direct my supplementary to the Deputy Prime Minister. Have there been any meetings with the province of British Columbia and, if so, how many? Has the minister taken part in these discussions, and who in the government is responsible for safeguarding particularly areas of federal responsibility, such as the upgrading of the Alaska highway and the socioeconomic impact on the native people and other residents in that critical area? Some 540 miles of the pipeline will pass through the province of British Columbia, an area of direct federal responsibility.

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, I can tell the hon. member that I had a meeting in Victoria on Thursday last with representatives of the government of British Columbia in which a variety of pipeline related matters were discussed, including the socioeconomic impact of the pipeline in northern British Columbia and how the costs which may be associated with the pipeline could be met, whether from the pipeline or from other sources. The conclusion of the meeting was a realization that we needed to refine our information on certain matters prior to further negotiations or discussions which may take place at the ministerial level.

With respect to the pipeline generally and who is responsible, obviously the construction of the pipeline will interface with, or the pipeline itself will impact upon, a large number of government departments and agencies. It is for that reason that the government has decided to create a single agency which will be responsible for all aspects of the pipeline. We hope to have the legislation setting up the agency before parliament shortly after the Christmas break.

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SOCIAL SECURITY

POSSIBILITY OF MEANS TEST FOR CERTAIN PROGRAMS—GOVERNMENT POSITION

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Minister of National Health and Welfare. My question is based on the concern being felt by a great many Canadians resulting from the comments of the Lambert Royal Commission on Financial Management and Accountability to the effect that there should be some means testing or cutting back of old age security and family allowances. In order to give the assurance that the people of Canada would like to have, can the minister make it clear that the present government is not considering any such cutbacks, certainly not at the present time?

● (1502)

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, I just heard the radio report related to what the hon. member has asked me, namely Mr. Lambert's remarks on the universality of payments of a social nature and eventual cutbacks. As far as I am concerned, he was not talking within his terms of reference. I can assure the House that this government believes in universality of such payments as family allowance and old age pension.

Mr. Knowles (Winnipeg North Centre): Hear, hear!

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NATIONAL DEFENCE

EXPANSION PLANS FOR CFB ESQUIMALT—REQUEST FOR REPORT

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, my question is for the Minister of National Defence who recently made a statement in Victoria concerning expansion plans for CFB Esquimalt, leaving his officials in Ottawa completely in the dark. For the benefit of the House and of his officials, can the minister explain what he had in mind when making that announcement?

Hon. Barney Danson (Minister of National Defence): Mr. Speaker, the expansion plan is part of the base development plan of which I am advised by my officials. I do not have the details at my fingertips, but I will be happy to go into further detail on that. I know that one item is a new hospital there and another is sports facilities which are required. I would be very happy to disclose the basis of that plan to the hon. member at any time convenient to him.

Mr. Munro (Esquimalt-Saanich): Mr. Speaker, I am glad the minister and the officials have gotten together because when I asked the question in committee, they were completely in the dark and knew nothing about it. Where are the funds for this expansion to be found? Are they in existing estimates or in estimates yet to be presented to us?

Mr. Danson: Mr. Speaker, the base development plans are planned over a long period of years. Some of the funds are actually allocated. Some are in the system for approval within the department and by Treasury Board. Others might have to be deferred. One certainly has to work within the budget of the departments and the long range plan. Esquimalt is certainly one of our important bases and we want to make certain it is maintained at the level that is required.

* * *

Mr. MacDonald (Egmont): Mr. Speaker, I rise on a point of order having to do with the business of the House which applies directly to the Secretary of State. Some time ago the Secretary of State indicated that he would be having a meeting with the main Francophone groups outside of Quebec on December 20, which is tomorrow. Since then he has written to all members indicating that this meeting will take place tomorrow at ten o'clock.

Over the weekend an item in the newspapers indicated that a major announcement on government policy having to do with minority groups, covering a five-year span and an expenditure of $75 million, would be made tomorrow morning at this meeting. I would have thought that if it is to be a major thrust of government policy that is announced tomorrow morning, the Secretary of State would today have made a statement on motions in the House. Perhaps he would indicate whether this is to be a major policy of the government and when he will be making an appropriate statement to inform members of this House.

Mr. Roberts: On the point of order, Mr. Speaker, I am not sure I would like to involve myself in a semantic question of what is major and what is minor. I was conscious, of course, of the debate on foreign policy which members on all sides of the House, particularly those on the other side, are anxious to conduct over the next two days. I was not overly anxious to encroach upon that debate.

The statement that I will be making tomorrow, which is one to which I have invited all members of the House, is really an elaboration of the speech which I gave in the House during the debate on the Speech from the Throne. It seemed to me, taking into account all those circumstances and considering the needs of the House in order that members may debate foreign policy, and so on, that this would be the appropriate way in which to make the announcement.

Mr. Crouse: Mr. Speaker, I rise on a point of order. During the question period I directed certain questions to the Minister of Fisheries and the Environment concerning his press release of December 16 which indicated that the economic prospects for Canada's Atlantic fisheries would be the main point of discussion at a federal-provincial meeting in Ottawa tomorrow, and that the meeting would be open to the press. I asked the minister if the meeting would also be open to members of parliament. I presume the minister did not hear that part of my question. In view of the importance of this conference, I believe it should be open to the elected representatives of the people and I wonder if the minister would now clarify his position on this important matter.

Mr. Speaker: This is really the second non-point of order having to do with business outside the House. It does not relate to any disorder or matter that would prevent or inhibit the House from carrying on with its business. If the minister were to make that indication now—and that probably ought to have been the case with respect to the last point of order—it would require the unanimous consent of the House. Is that agreed?

Some hon. Members: Agreed.

Mr. LeBlanc (Westmorland-Kent): Mr. Speaker, the parts of the meeting which will be open still have to be determined by agreement with the other participants. I have suggested that some parts, especially where we will be giving a briefing on an assessment of the stock conditions and the prospects for the coming years, should be made available and part of the information package. I have no difficulty with observers being present. I suppose the number would have to be limited by the size of the room. Other than that, I have no great difficulty.

* * *

Mr. Stevens: Mr. Speaker, my point of order arises from the statement made last Thursday by the Minister of Finance. At that time he said:

When we started Bill C-11, the hon. member said that second reading was to be three or four days, and it lasted three weeks. Thus, I cannot rely on him very much.

When I attempted to raise that as a question of privilege on Friday, Your Honour, quite rightly, pointed out that as a matter of privilege I should have raised it on Thursday, the day it occurred. I hope that at the first opportunity the Minister of Finance will set the record straight, as I know he does not want such a misrepresentation to remain in *Hansard*.

The matter has been slightly complicated. When I made the statement again on Friday, the Minister of State (Small Business) interjected, "It is true", referring to what the Minister of Finance had said. I would call upon the Minister of State (Small Business) to correct the record today, because surely he would not wish such an untruth to remain in *Hansard*.

Mr. Abbott: Mr. Speaker, I did notice the remark I made. If I said that the hon. member was unreliable because of some discussion he had with the Minister of Finance, I would be completely out of order in saying so. If I said he was unreliable because of his general conduct in this House or in committee, I would probably also be in error because I have not seen him at all times—only from personal experience. So I withdraw the remark.

ROUTINE PROCEEDINGS

[*English*]

OMBUDSMAN

TABLING OF REPORT OF COMMITTEE

Hon. Ron Basford (Minister of Justice): Mr. Speaker, pursuant to Standing Order 41(1), I have the honour to table, in both official languages, the report of the committee on the concept of the ombudsman.

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RAILWAY ACT

MEASURE TO AMEND AND REPEAL CERTAIN STATUTES

Hon. Allan J. MacEachen (for Minister of Transport) moved for leave to introduce Bill C-17, to amend the Canadian National Railways Capital Revision Act and the Railway Act and to amend and repeal certain other statutes in consequence thereof.

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

* * *

ANTI-INFLATION ACT

AMENDMENT TO EXTEND RANGE OF PERSONS TO WHOM ANTI-INFLATION GUIDELINES APPLY

Hon. Allan J. MacEachen (for Minister of Finance) moved for leave to introduce Bill C-18, to amend the Anti-Inflation Act and guidelines.

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

* * *

● (1512)

ELECTORAL BOUNDARIES READJUSTMENT ACT

AMENDMENT TO CHANGE NAME OF RIDING OF HUMBER-ST. GEORGE'S-ST. BARBE

Mr. Jack Marshall (Humber-St. George's-St. Barbe) moved for leave to introduce Bill C-412, respecting the Electoral Boundaries Readjustment Act (Humber-Port-au-Port-St. Barbe).

He said: Mr. Speaker, the purpose of this bill is to replace part of my wonderful district, that part included in the district of St. George's which I gave to my hon. friend, the Secretary of State for External Affairs. In order to replace a very important part of my district, I want to include the provincial district of Port-au-Port.

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

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BUSINESS OF THE HOUSE

CHRISTMAS RECESS

Mr. Speaker: Pursuant to Standing Order 21(2), the government notice of motion standing in the name of the Deputy Prime Minister and President of Privy Council is transferred to and ordered for consideration under government orders later this day or at the next sitting of the House.

Hon. Allan J. MacEachen (President of Privy Council) moved:

That when the House adjourns on Tuesday, December 20, 1977, it shall stand adjourned until Monday, January 23, 1978, provided that at any time prior to that date, if it appears to the satisfaction of Mr. Speaker, after consultation with the government, that the public interest requires that the House should meet at an earlier time during the adjournment, Mr. Speaker may give notice that he is so satisfied, and thereupon the House shall meet at the time stated in such notice, and shall transact its business as if it had been duly adjourned to that time; and

That, in the event of Mr. Speaker's being unable to act owing to illness or other cause, the Deputy Speaker or the Deputy Chairman of Committees shall act in his stead for all purposes of this order.

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

Some hon. Members: Agreed.

Motion agreed to.

* * *

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today: 197, 354 and 453.

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

[*Text*]

NATIONAL RESEARCH COUNCIL—PERSONS UNDER CONTRACT

Question No. 197—**Mr. McKenzie:**

1. What is the total number of persons under contract to the National Research Council and how many are retired public servants?

[Mr. Marshall.]

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Hon. Judd Buchanan (Minister of State for Science and Technology): In so far as the National Research Council of Canada is concerned, the answer is as follows: 1. 51, of which six (6) are retired public servants.

2. (a) $183,910 of which $68,201 was paid to retired public servants in the fiscal year 1975-76. (b) $230,559 of which $97,808 was paid to retired public servants in the fiscal year 1976-77.

NOTE: "retired public servants" has been interpreted as being someone who has worked for NRC and who left at age 55 or over.

NUMBER OF PEOPLE IN CERTAIN CATEGORIES EARNING MORE THAN $40,000

Question No. 354—**Mr. Orlikow:**

1. How many persons in the category (a) ES (b) LA (c) MD (d) DD (e) RES earn $40,000 or more?

2. How many receive overtime pay in addition to their salary?

Hon. Robert K. Andras (President of the Treasury Board): 1. (a) The number of persons in the ES (Economics, Sociology and Statistics) occupational group earning $40,000 or more, as of September 30, 1977 is zero(1). (b) The number of persons in the LA (Law) occupational group earning $40,000 or more, as of September 30, 1977 is 62(1). (c) The number of persons in the MD (medicine) occupational group earning $40,000 or more, as of September 30, 1977 is 161(1). (d) The number of persons in the DD (Drafting and Illustration) occupational group, earning $40,000 or more, as of September 30, 1977 is zero(1). (e) The number of persons in the RES (Research Scientists) occupational sub-group of the SE (Scientific Research) occupational group earning $40,000 or more, as of September 30, 1977 is 17(1).

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(1) Departments and agencies in Schedule 1, Part 1 of the Public Service Staff Relations Act, indeterminate full-time employee only.

SOURCE: The Master Output Support File Computer Listing number E1928, prepared by the Personnel Applications Center, Department of Supply and Services.

2. An unrepresented employee in the executive category and in the upper levels of the administrative and foreign service and the scientific and professional categories who is not eligible for overtime payments when required by management to work excessive hours or to work (or travel) on a day of rest or on a holiday may be granted leave with pay (management leave) in an amount which in the opinion of the deputy head is appropriate. Therefore overtime pay as such is not applicable.

DEPARTMENT OF COMMUNICATIONS—EXPENDITURES IN NEW WESTMINSTER

Question No. 453—**Mr. Leggatt:**

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

Hon. Jeanne Sauvé (Minister of Communications): 1970-71, estimated $2,500; 1971-72, estimated $7,500; 1972-73, $10,500; 1973-74, $34,684; 1974-75, $22,800; 1975-76, $29,700; 1976-77, $2,831; 1977-78, $1,647.

GOVERNMENT ORDERS

[*English*]

EXTERNAL AFFAIRS

CANADA'S RELATIONSHIPS WITH OTHER NATIONS

Hon. Donald C. Jamieson (Secretary of State for External Affairs) moved:

That this House takes note of the present state and future prospects of Canada's relationships with the other nations of the world.

He said: Mr. Speaker, I know that other members share my satisfaction that it has been possible, in view of the heavy schedule of the House nevertheless, to arrange to schedule this debate. It is something which I have been in agreement with for some time, as have House leaders opposite. I welcome this chance to have a wide-ranging and constructive discussion on many aspects of international affairs.

I realize what I am doing at the moment will be done very informally, but I know I have the agreement of hon. members opposite in suggesting, while we would not necessarily pass a motion to this effect, that the House be asked to convey to our distinguished colleague, the hon. member for Saint-Hyacinthe (Mr. Wagner), the foreign affairs critic for the Progressive Conservative party, the best wishes of this House and our hopes that he will have a speedy recovery.

Some hon. Members: Hear, hear!

Mr. Jamieson: In a single speech or in one debate it is not possible to cover all aspects of international affairs. I have decided this afternoon to confine most of my remarks to those issues in the international realm which impact most directly upon the people of Canada, and also those which have caused the greatest amount of concern in recent months. Meeting both of those criteria, very obviously, is the question of the world economy and the new economic order, as it has come to be called, throughout the international scene.

Some weeks ago I gave the House a rather comprehensive report on the various activities taking place in such organizations as the International Monetary Fund, the Organization for Economic Co-operation and Development, and a number of similar agencies. Therefore, it is not my intention today to deal

with these in any great detail. However, by way of recapitulation I should like to refer briefly to three subjects which I am sure will be touched upon by other speakers from both sides as this important debate proceeds.

First, I refer to the summit conference of last May, in London, and the events which have flowed from it. Among those are the north-south dialogue, or the search for the new economic order, as well as the multilateral tariff negotiations. All of these—and particularly the focus which was brought to them by the summit—illustrated once again the interdependence of the world and the growing necessity for us to consult with one another, not only in the developed world but also with the Third World. This is necessary if we are to find solutions for what are generally described as basic structural changes in the world economic system.

There is now general agreement, given the precarious nature of the economic structure at the present time, that resolution of a satisfactory nature will not be found unless we recognize that old solutions imposed on new circumstances will be inadequate. Therefore, the search is on in a wide range of fora in order to determine how we must approach these new developments.

In the case of the summit, there was general agreement that we must resist what are obviously the growing forces of protectionism. Canada, more than any other developed country, recognizes that there is a fine line which we must follow between ensuring that existing industries and existing sources of employment are reasonably protected, while at the same time doing those things necessary to ease the general pattern of world trade to make access to foreign markets better for us so that we can, from a comparatively small domestic base, expand in a manner which will be necessary if we are to meet the increasing demands upon the economy and if we are going to be able to support the general standards to which our people are entitled.

Before returning to the multilateral tariff negotiations, I should like to refer to a very serious concern of those who met at the summit, including the government and the Prime Minister of Canada (Mr. Trudeau). That is the tremendous problem of world unemployment, particularly in the developed world. It is a phenomenon which has not shown up previously or, at least, to the same extent as at present. It is one of the permanent structural changes to which I referred a few moments ago which will require new initiatives and new techniques.

No one contends that there are any easy answers. However, during this past week the OECD held a high-level meeting in Paris. It was attended by the Minister of Employment and Immigration (Mr. Cullen), among others. It was attempting to see what kind of international action or impact might be brought to bear on something which, happily, in this country has not so far created serious unrest of a dangerous kind but which in some countries, including some with long democratic traditions in Europe, is of real concern in the sense that it is posing a threat to the very democratic foundations of those societies.

● (1522)

Of course, we will have to deal with these matters in the domestic context also and undertake whatever measures we can devise jointly, or as a government, in order to do what is possible within the framework of our own responsibilities and capabilities. But in this, as in so many other matters these days, it is becoming increasingly apparent that we will have to rely more and more on international instruments; and, of course, one of those is the multilateral tariff negotiations.

Let me say very briefly—because undoubtedly there will be from other speakers, if not in this debate then in subsequent weeks, a full explanation and an ongoing discussion and debate on this question—that what might be described as crucial talks, in terms of the multilateral tariff negotiations, are coming at what is admitted on all sides to be a most inopportune time and certainly one vastly different from what was in existence in 1973 when the Tokyo Round was launched. Since that time we have had the incredible and dramatic changes brought about by the OPEC decisions and what has come to be called the energy crisis, and we have had a whole series of other international events which have sharply dampened the enthusiasm of many developed countries for the kind of across the board tariff-cutting mechanisms which appeared in 1973 to be highly advantageous to all.

Yet, as I said a moment ago, those who met at the summit in London, and also those who participated, including myself, at the OECD meeting in Paris subsequent to the London summit, concluded without reservation that there was no alternative but to press ahead with what will, we hope, over time be a comprehensive improvement in the over-all tariff structure.

I should mention, also, at this point that of course most of the emphasis quite naturally tends to fall upon tariff reductions or changes. But for Canada, as for many other countries, an equally important if not more important aspect of the MTN is the whole question of non-tariff barriers. This, too, is being addressed in what I think hon. members will find is a comprehensive and far-sighted way. No one has any illusions that this process will be either easy or quick. It will take a very long time, and indeed it is quite possible that we may not proceed with a single action but may provide for periodic assessment along the way. In other words, no one in Canada, either from the optimistic or the pessimistic side, should expect or anticipate that there will be some dramatic, overnight change in the present scheme of things. Obviously, this question has to be approached with great caution and great care.

In addition to that, of course, we in this country must also examine what we can do domestically in those cases where transitional or other forms of adjustment assistance are required to ease any potential burdens that may emerge when the final listings are made and the exercise is over. But I repeat that I believe we are embarked, as a country, on the wise course.

After all, it has become something of a cliché in Canada to say that we must export in order to survive. It follows almost automatically that a climate receptive to export or, for that matter, a climate receptive to imports from around the world, is highly advantageous for Canada, particularly in view of the quite dramatic changes that have been taking place in the last 10 years to 20 years which have seen very large organizations of countries coming together. I refer to organizations of countries such as the European Economic Community, the ASSEAN group, and many others. This means that Canada, with 23 million people and a comparatively small manufacturing and production base, must look outward and must avoid at all costs an international community which is inward-looking, if we are going to have those export opportunities.

There is a great deal more that could be said and will need to be said, and a great deal more consultation will have to take place with provincial governments, with various industrial sectors and, indeed, with the Canadian community at large, before final and definitive decisions are taken with regard to MTN. But I thought it important, in the context of this debate, to emphasize to hon. members that Canada is taking a very strong role and considers it important for the country that we have as one of the central pieces of our foreign policy this total involvement to the maximum extent possible in various international organizations which, in the last analysis, will have a tremendous, if not decisive, effect upon how quickly we emerge from the current depressing and unfortunate circumstances in which not only we, but all the industrialized countries, find ourselves.

In this connection, Mr. Speaker, it is parenthetically interesting to note that, while one can never be sure until these events are concluded, there is considerable encouragement in the news coming from Venezuela, where the OPEC countries are presently meeting, which seems to suggest that we are likely to see a freeze on oil prices at least for the next year or so.

I might add that we in Canada have been active, along with other western governments, in making representations to the OPEC countries in an effort to persuade them that that kind of posture is the one which best serves the world community at the present time and which also, of course, in the long run serves their interests. This whole issue of the world economic situation bears very heavily on Canada's relations with its major friends and trading partners in the international community. I am referring to such countries as the United States of America, the countries of the European Economic Community, and Japan, as well as others.

I would like to take a moment now to deal, once again very briefly, with our current state of relations with various countries which I have mentioned. Turning first to the United States, I am happy to be able to tell the House that in my judgment—and it is one, I believe, that is widely shared—Canada-U.S. relations are in better condition today than they have been for a very long time in the past. I am by no means assuming, accepting or suggesting that the government deserves all the credit for this situation, but I am happy that we have been able, during these past 12 months in particular, to undertake certain projects and discussions with the United States which have helped to create a set of circumstances

which I am happy to report are most encouraging and helpful at present.

The Prime Minister has twice visited President Carter since his inauguration, and my own relationship with Secretary of State Vance is most friendly and co-operative. We have had many meetings in the last eight or nine months, not only on matters affecting Canada-U.S. relations directly, but also we have been able to co-operate most effectively in concerting our efforts in terms of a number of international initiatives. Also, many of my colleagues who have direct relations with departments and agencies in the U.S. have been able to have close relations and make co-operative arrangements.

I am also pleased to note that members of the House of Commons and of the other place have substantially increased their negotiating position and their discussion arrangements with their colleagues in the U.S. Congress. Here I pay tribute to the hon. member for Eglinton (Mr. Sharp), who has been one of the leaders as a senior member of the House, and indeed members opposite have participated with him in this most worth-while undertaking.

Some hon. Members: Hear, hear!

Mr. Jamieson: I should say that, quite frankly, we in this country frequently tend to ignore, or at least to forget, the fact that there is a duality in the American system, and that while you can have good relations in so far as the executive branch is concerned in Washington, it is of equal importance that the parliamentary and the congressional parts of our systems also have frequent and, indeed, almost day to day contact. We have set up in the past year—thanks, again, to the hon. member for Eglinton and others—an arrangement whereby that is going to be possible to a greater degree than ever before.

● (1532)

I do not want to take the time of the House to detail the literally hundreds of issues which have arisen and which have been resolved quietly and, indeed, in most cases without publicity over the past year. We are all aware that in a relationship as intricate as that between Canada and the United States there are tensions which develop daily and irritants which arise daily which must be disposed of. Happily, the vast majority of them are without any serious consequences. However, I would like to mention just three areas in support of my claim that relations with the United States are in very good order at the present time.

There is, for example, the fact that we were able to conclude the northern pipeline treaty, which I think by any assessment or measurement indicates a high level of co-operation between the two countries. I am also happy to say to the House that despite early forecasts of failure, negotiations with regard to the maritime boundaries—probably one of the more complex issues to arise between us in the last 25 or 30 years—are now moving along very satisfactorily. Certain matters have now been established in principle with regard to joint management of fish stocks and the like, and the two negotiators felt sufficiently satisfied with the progress they were making to request from their governments an additional month, until January 31, 1978, in which they are reasonably confident they can conclude the negotiations satisfactorily.

Of course, as I said a moment ago with regard to the OPEC meetings, one can never be certain on these matters until the ink is dry on the agreements. Nevertheless we have come a very long way since January of this year when there was very little to assure us that there could be this kind of agreement without, at the very least, a third party intervention.

The other point with regard to the United States which demonstrates the way in which we have been able to work together is the announcement made over the weekend by my colleague, the Minister of Transport (Mr. Lang), with regard to the agreement arrived at on phasing in the St. Lawrence Seaway toll increases. Once again, here was a case where each country accommodated the other in a manner which I believe met the objectives of both, and it was not necessary in this case either to fall back upon the legal mechanisms and provisions in the treaty for renegotiation and the like.

Therefore, while we will always have certain difficulties and tensions with the United States, I think it is important for us to state at this time that the United States continues to be not only our best customer, by a very wide margin, but also our closest friend and, in the long run, the country with which we find we can co-operate—for a whole range of logical reasons—most successfully and most beneficially in terms not only of economic matters, to which I referred a few moments ago, but also of advancing efforts toward a more permanent peace in the world. On the vast majority of occasions we find ourselves, in this respect, with no difference of view from the United States as to goals, even though on occasion our techniques may differ somewhat from theirs.

In this overview of our relationship with various countries in the world, I would like to turn now to the European Economic Community and in the process to say a word about the nuclear negotiations which have been going on for a very long time now, but which, I am happy to report, appear to be at least within reach of being settled satisfactorily for all sides.

Before I deal with the nuclear question, however, let me just say a word about our relationship with the Community in general. It is just about a year ago today that I, along with my Community colleague in the Canada-Community Committee, inaugurated the first meeting in relation to the so-called contractual link, the familiar name which has been applied to the special relationship between us.

In the past year this committee has proved to have had considerable value, if for no other reason than it has given us a forum or an opportunity in which to discuss various problems which arise between us, not the least of which in recent weeks, incidentally, has been the matter of the quotas which we found necessary to impose and the decisions which we had to take with regard to such things as textiles and footwear. Prior to the establishment of the committee, these matters had no home, as it were, in terms of a negotiating base. Therefore, if for no other reason, the committee is a worth-while instrument.

There have also been some slight improvements in terms of the economic relationship between Canada and the Community, but I think it is reasonable to expect that any substantial increase in trade must await the resurgence or the reactivation of the economies of the western European countries. As things stand at the moment, there is a tremendous amount of slack in the economies of these highly industrialized countries. I am thinking of steel, as just one example for Germany and for the United Kingdom, but there are many more. Therefore, as long as that condition continues to exist, it is not very likely—nor, indeed, is it possible—for them in many instances to increase substantially their imports from Canada.

Nevertheless, I believe—this appears to have been borne out by businessmen, who visited the Community recently, and by others—that a good relationship exists, that there is a commitment on both sides to work more closely together, and that over time, if the business community in Canada seizes the opportunities, there is no doubt in my mind that we can, in fact, increase significantly the amount of exports to the Community.

However, one must always bear in mind, in these matters—as I said a few moments ago in relation to the MTN—that if we are going to get additional exports from Canada into the Community, we must also be prepared to look at the areas of trade in which they are interested and which we may be able to employ in order to help with this two-way traffic.

Again I do not wish, to take the time of the House with a detailed elaboration of all the matters which relate to the contractual link and to the whole range of new opportunities and new potentials which exists for us. However, I do want to say that as I travel about Europe—and, incidentally, other parts of the world as well—it is obvious to me, as I am sure it is to hon. members in all parts of the House who have had a similar experience, that we in this country must—this applies to the private sector in particular—find new techniques and a more aggressive approach in terms of selling in unfamiliar territory.

For a very long time the majority of business was conducted between Canada and the United States. There were exceptions, but it is clear that the Canadian business community—I repeat, with some exceptions—needs to revamp its thinking, to employ new techniques and to get to know what the real opportunities are in various places. These opportunities exist not only in the Community but in many parts of Africa, in Latin America and in southeast Asia as well.

Having said these few words about the general relationship with the Community, let me turn to the nuclear question which has involved, for me at least, the most difficult set of negotiations which have taken place during the present year. It had been my intention, as I informed the House a few days ago, to wait until the agreement had been either approved or rejected by the Council of Ministers before indicating to the House what the situation is. However, I also gave a commitment to the House that I would disclose the details of the agreement at the appropriate time. Since we will be adjourning tomorrow, I suspect, and therefore are likely to be in recess by the time the Community's decision is known, I feel I ought to advise hon. members to the maximum extent possible just exactly what is involved in the agreement and emphasize the current state of play.

First, let me say that the agreement has been accepted by the government of Canada. It has been accepted because it meets all the requirements of the 1974 policy. I am not going to try this afternoon—I am sure hon. members will appreciate this—to go into all the technical points, but they will be available to anybody who wishes to see them and I am sure they can be tabled at the appropriate time. However, there are two or three highlights which I think will give hon. members a clear view of what has been arrived at.

I say that it has been agreed to by the government of Canada. It is not yet approved by the Council of Ministers in Europe and we have no assurance that it will be. I can tell hon. members that there are countries within the Community which are taking strong exception to some of the requirements and it is not inconceivable that they may decide not to accept them.

● (1542)

Basically, to repeat the first point I made, the agreement will meet all the requirements of the 1974 policy. The second point that it is important to understand is that all Canadian material going into the Community will be under full IAEA and Euratom safeguards as they relate to all supplies within the Community, wherever located. In short, the basic foundation of Canadian policy that Canadian nuclear supplies will not be used for anything other than non-explosive nuclear purposes has been fully met.

The third point that I think hon. members will be pleased to hear is that no nuclear supplies from Canada will be used in French reactors unless and until the French government accepts IAEA and Euratom safeguards. In this connection, I am pleased to tell the House that we have been able to obtain agreement from the government of France that they will accept such safeguards covering Canadian material. Furthermore, we have insisted, and France has agreed, that any plutonium derived from Canadian-sourced material also will only be used in terms of the civilian nuclear program. The fundamental point about which I have been asked many questions in this House is that the French government has accepted IAEA and Euratom safeguards and has agreed to proceed to apply these. Unless and until it does, and unless these are in place, no Canadian material will be used in any French reactor.

The next point that I should like to touch on is the question of the transfer of sensitive nuclear technology, another question on which several questions have been raised in the House during the past few months. Once again, there will be no transfer of sensitive nuclear technology from one country to another within the European Community unless the receiving country has a bilateral agreement with Canada that such transfer is permitted. Not only, therefore, do we have the IAEA kind of safeguards, but in addition it will not be possible—and we will use France as an example—to acquire

any Canadian technology unless and until a country has negotiated a bilateral agreement with Canada.

The next point, which is very familiar to members and which I think is known, proved to be the most difficult of all the negotiations, with the possible exception of some of the bilateral questions with France. I refer to the question of reprocessing. I think it is necessary for me to attempt, on this highly complex subject, to give the House a layman's assessment or explanation of what exactly is in play in connection with this very important issue.

Basically, there are two points of view in the world community on the issue of reprocessing. One, articulated most recently by President Carter of the United States, is that reprocessing is not a necessary part of any civilian nuclear development program. It ought to be emphasized that the President and the government of the United States have not excluded the possibility of all reprocessing for all time. What has been said by the President, with which we concur, is that because reprocessing tends to lead to proliferation in the amount of plutonium, and since it is inevitably linked to the fast breeder reactor, therefore we need to know a good deal more about it before we plunge headlong into the development and creation of these fast breeder reactors, and it is also necessary to take a hard look at how reprocessing is going to be done, the nature of controls, and such questions.

There is a second school of thought, and equally legitimate, I am told, by the scientific community—although there are differences of view amongst different people, and this is not a subject lacking in emotion. One may take the view of the President of France, the Chancellor of Germany and all the leaders of the European Economic Community, or what I might describe as the energy-short industrialized countries of the world, many of which have virtually no other sources of available energy at the present time; at least, that is their contention and their view and it is not my position to argue with them, although I see the hon. member for Kingston and the Islands (Miss MacDonald) sort of doubting the truth of that comment.

I have looked sufficiently hard at such countries as Germany, and have learned to my satisfaction that they would be hard pressed at the present time to totally abandon any civilian nuclear energy program. This is a matter of opinion. I repeat, they feel strongly that in terms of reprocessing it is an essential and necessary element of their civilian program. Their argument is defensive, at least on the surface, to the layman. I will come back to why the layman's judgment in these matters must sometimes be questioned. The point is that reprocessing provides up to 60 times the utilization of the same amount of uranium as does the straightforward, conventional use of uranium through enrichment and nothing else.

Countries which have seen their economies badly battered in the last four years as a result of the OPEC action and the general price rise in fossil fuels are, in effect, saying that they want to utilize to the maximum extent whatever fuels are available and that they cannot simply turn their backs on a process which will give 60 times as much utilization as non-reprocessed material.

Those, highly oversimplified, are the two main arguments. It is a mistake to say they are mutually exclusive. This mistake is frequently repeated by a great many people. Europeans, on the one hand, are not going headlong into reprocessing and fast breeder reactors. Indeed, even in the most optimistic scenario we will probably be pretty close to the year 2000 or beyond before there can be any significant change from what we have at the present time. I repeat, to this point they are not committed to any argument. At the same time, it is a misrepresentation to say that the United States is completely opposed to reprocessing or to fast breeder reactors.

I might point out that within recent months the United States has done a number of things, all of which impacted to some degree on Canadian policy and were part of the whole question of negotiations. First of all, the United States did continue with a high level of research on certain aspects of the matter we have been discussing. The United States resumed shipment of enriched uranium to Europe. The United States provided uranium for India, and the United States made an arrangement with Japan so that its pilot reprocessing plant could proceed.

All these things have happened since the original declarations about reprocessing were made, and all came to a head at the London summit when the energy problem was discussed in all its aspects. As a result of that very thorough discussion and assessment, a decision was made to find out not just what one group or another thinks, not merely to accept the layman's sometimes emotional response, but to have a thorough and complete scientific and other types of assessment of the so-called full fuel cycle.

This decision, taken in May, changed something else. It was concluded initially there, and subsequently by Chancellor Schmidt and our Prime Minister during the Chancellor's visit to Canada, that it ought not to be an assessment confined to the so-called suppliers' club, or nuclear club. As a result, INFCECP—was expanded and invitations extended to other countries, including some in the eastern bloc, for example, the Soviet Union, and to others such as in Latin America, so that it is much more broadly based. It was, therefore, judged that it would be more credible in terms of its results than if it had simply been the small club of nuclear suppliers arriving at a conclusion among themselves.

• (1552)

These are the elements, together with these two options, which come into play in our discussions with the Community as to all the circumstances in which we would be prepared to resume shipments. I emphasize that the embargo, now a year old, is beginning to exact very serious penalties and impose heavy strains on our friends in the EEC who are also our allies, part of the western alliance and members of NATO. We can scarcely regard them as being, in such a context, suspect.

Furthermore, bearing in mind what I said about our wish to maintain good relations with Europe, an obstinate and unrea-

soning resistance on our part to the resumption of shipments would clearly be taken as an unfavourable act; indeed, it has already been so interpreted in some quarters. Yet at the same time we were not prepared to negotiate a situation in which the Canadian safeguards were ignored, either in terms of the other elements to which I referred earlier and where there have been significant improvements over the 1959 agreement, nor for nuclear supplies without any restraint in terms of reprocessing.

The dilemma, therefore, boiled down to whether or not, given the existence of the study and Canada's participation in it, given the significantly different points of view, there was a way in which we could properly ensure that the ongoing needs of the present reactors in the Community and the identifiable needs for a little while to come could be met. The resolution flowed basically from the agreement and from the principles agreed upon by the Prime Minister and Chancellor Schmidt in July of last year, that we would undertake to resume supplies of uranium to the Community under all the conditions I mentioned earlier for the period of the INFCECP study or for two years.

Miss MacDonald: Without a veto?

Mr. Jamieson: I will get to that question very soon. It is estimated there will be the time of the study, plus one year, in which to negotiate a subsequent agreement. In essence, that is the situation. We would be willing, in the case of Europe, to do what I have said. The hon. member for Kingston and the Islands asks, "Without a veto?" The answer, if she wishes to interpret the word "veto" in the negative sense, is yes. The word "veto" is a regrettable one to be used, in any event. It has been assumed that we would say no, whereas, of course, what was meant, particularly in the case of the EEC and friendly or allied countries, was that we would have the right to say either yes or no.

Mr. Clark: Oh!

Mr. Jamieson: There is a great deal of difference. If hon. members are suggesting that we ought automatically to say no, they are taking the position that no reprocessing ought to be done in any circumstances. I emphasize that in the view of the government, such a judgment cannot be made now. So we are suspending that judgment for the period of the study, or for two years, whichever is the shorter. We shall then be in a position to negotiate, I hope, a longer term agreement which will not only involve Canada and the EEC, but Canada and the whole world community. In the meantime, however, it is not just a question of carte blanche. In the first place, the reality of the situation is that very little of the nuclear supplies either presently shipped or likely to be supplied in two to three years will be reprocessed.

Mr. Clark: Is that a guarantee?

Mr. Jamieson: One cannot be completely certain. I think the scientific people would tell us, on the basis of the technical competence which exists today, it is likely that only a very minimal amount could be done in two to three years. So in real terms there is no great change. What we have done is obtain an agreement with the Community that no reprocessing will be carried on without prior consultation with Canada.

There will, of course, be some who will make a great deal out of the fact that consultation is not the same as consent. My answer is that we are dealing with friends and allies; we are not dealing with people we would normally suspect. If hon. members opposite wish to take that point of view, they should tell Britain, West Germany and all those other countries that somehow or other we do not trust them. What we have said is: All right; if you agree that before any Canadian material is reprocessed there will be worth-while consultation with us, we shall resume shipments under certain circumstances and conditions.

There was, of course, another element here which we had to take into account, namely, that there was already a good deal of material in Europe, material which had been shipped many years ago but which was still being used in one form or another and which could not, in normal circumstances, be made subject to any retroactive agreement whether a veto was in operation or not. This being the case, what we managed to do in the case of the Europeans—and I am by no means sure it will be acceptable—was to get an undertaking from the Community that none of the previous material, none of the material shipped prior to 1974, would be reprocessed unless we were consulted in a worth-while way.

Remember, any new material to be shipped is not likely to be reprocessed until well into the 1980s, and perhaps later than that. Therefore, by getting retroactivity through invoking clauses which existed in the 1959 agreement requiring consultation, we now have a position whereby all the material in Europe will be subject to consultation. Furthermore, we have undertaken with the Community not to act merely in a customer-supplier relationship, but in addition to the INFCECP study we shall conduct our own examination of the way in which this system of consultation works in connection with reprocessing. So by the end of the study, when the time comes for us to seek long-term arrangements with the world community, we shall have experience upon which to rely.

I emphasize once again that all the elements of this package I have described conform to the 1974 policy statement. The alternative facing those who would have wished a continuance of the embargo is to place one of the major groupings of countries in the western world in a position of serious deficit in a period when they have willingly entered into an agreement to study the implications of reprocessing in the fast breeder reactor program. We have simply said we shall do nothing until a study has been completed.

The second element is that we cannot go on indefinitely mining uranium and keeping it in stockpiles. There is an economic side to it. It was not in any sense a dominant issue, but I have no doubt that if we had, in an unreasonable way, refused to resume shipments to the Community there would have been criticism on the other side that, because of what is essentially a narrow question of disagreement, we had in fact caused problems for our friends and difficulties at home.

● (1602)

The next question which arises is: What will happen in the case of Japan? At the present time, as I think I have mentioned in the House, I have signed an interim agreement with the United States on one of the major problems which existed in the case of Japan, namely, that of double-labelling. I am not going to take the time of the House to deal with this intricate subject, except to say that I believe the Japanese had, and do have, a reasonable point. If they are going to be subject to American controls when the enrichment is done in the United States on the same material, it is extremely difficult, if not impossible, for them to adhere to a set of separate and distinct Canadian controls. So we do have a basis now for resolving that particular issue.

I have indicated that in the case of Japan we would be prepared to offer to them the same kind of arrangement, although the circumstances may be somewhat different in that case from that which we have sought at least to negotiate with the Community. I emphasize once again that this has been an extremely difficult and complex negotiation, but I am prepared to defend what we have decided upon, if it is approved by the Community, as being the best possible arrangement under the circumstances, and the widest one given all of the elements which are in play.

I do not know how much time hon. members wish to give me, but I should like, if I may, to turn at this stage to something else of importance.

[*Translation*]

Now, Mr. Speaker, I wish to speak very briefly about our relations with France. Of course, I do not need to remind you that relations between Canada and France are based on historical, linguistic and cultural affinities as well as on the development of an economic and political cooperation that I consider very important.

However, those naturally harmonious relations are going through a difficult period, particularly since Mr. Lévesque visited France last November. It is partially caused by the domestic situation in Canada and the ambiguity shown since then by the French government concerning the internal situation in Canada. After the visit of the Quebec premier in France we asked the French government for more details on its policy concerning relations between Canada and France and the proposal for France-Quebec annual meetings at the prime minister level. Since then we have received written assurance from the French government that its policy concerning Canada remains unchanged and that it will not interfere in the Canadian political debates and will respect the Canadian constitutional framework. We took note of this assurance and I for one consider that the issue about the Lévesque visit in France is closed. However we shall continue to remind the French administration of the necessity to consult us before signing agreements with provincial governments, just as we shall continue our discussions on the issue of prime ministers' annual meetings.

We are also concerned by other aspects of our relations with France. For instance, their intention to prohibit the importation into France of young seal skins. I met my French counterpart, Mr. de Guiringaud, in Brussels, specifically to discuss this issue two weeks ago. In the meantime, we have sent to the French administration a memorandum to demonstrate that this species is not in danger and that it is scientifically proven that the slaughter means used are the least traumatic for the animal and that allowances have been made within GATT for those products. I hope that the French government will recognize the validity of our argument and will change its intention of banning young seal skin imports into France.

The issues of the delimitation of the territorial limits between Canada and France near Saint-Pierre-et-Miquelon and our fishing relations continue to present some difficulties. The fact that early this year France and Canada proclaimed a 200-mile economic and fishing zone gives an even greater sense of urgency to the question of an agreement on the delimitation of our marine boundaries, and in that regard the recent 1976 English-French award with respect to the English Channel had the effect of reinforcing Canada's legal position. The government of Newfoundland maintains that there cannot be negotiations with France before the question of federal-provincial jurisdiction has been dealt with. That is why we want the province to participate in the negotiation process and a firmer stand by the federal government should normally help reach that objective. The interim fishing agreement reached on December 30, 1976, will expire at the end of this month. On December 9 last we agreed ad referendum to extend to 1978 all the 1977 arrangements, except for the size of the quotas that were negotiated earlier in Ottawa.

Finally, I would like to point out that last week Canada denounced the 1933 France-Canada trade agreement effective March 15, 1978. We made that decision reluctantly and only after trying unsuccessfully for over a year to reach a compromise with France. That agreement no longer had its raison d'être. For example, the Canadian champagne industry was being penalized unfairly vis-à-vis foreign industries, and we were forced to take this step to protect that industry.

[*English*]

With the indulgence of the House, Mr. Speaker, since I understand that this is the first time in 17 years that we have had a two-day debate on external affairs, I should like to touch on one or two other matters. One of them has to do with Canada's attitude toward South Africa. As the Prime Minister indicated in the House some two weeks ago on December 5, Canada, along with a great many other countries, has been re-examining the attitude it ought to take beyond what has already been done by the world community in response to those actions which in recent times have been undertaken in South Africa to which we in Canada take the strongest possible objection, and with which we—and I am sure this extends well beyond the Government of Canada— are in major disagreement.

● (1612)

It is true, of course, that in other countries of the world there are clear violations of and disregard for human rights. There, too, Canada is expressing its concern, as are all members of this House.

South Africa, however, stands alone. It is the only country which as a basic part of its government structure—whether it is constitutional in the legal sense is beside the point—has a declared and unequivocal policy. It stands apart as a country which makes decisions affecting human beings on the basis of race and colour. Therefore, over time it is not surprising that the attitude of the vast majority of the countries of the world has become harder, particularly during these past months when we have seen an increase in the amount of repression, rioting and especially in the disturbances which followed the still unexplained death of a respectable and respected black leader of South Africa, Steve Biko.

Along with others, Canada has been asking what further steps we ought to take in order to display and to demonstrate our disapproval of the present regime and our disapproval of apartheid. We strongly believe that what must come in South Africa is the destruction of that kind of system, the introduction of the principle of one man, one vote and of the normal democratic process which all of us in this part of the world take for granted.

Some hon. Members: Hear, hear!

Mr. Jamieson: I am, therefore, announcing today that Canada is phasing out all its government-sponsored, commercial-support activities in South Africa.

Some hon. Members: Hear, hear!

Mr. Jamieson: For example, we will as quickly as possible withdraw our commercial counsellors from Johannesburg and close the office of the consulate general in that city. We will also withdraw our commercial officers from Cape Town. We will, of course, maintain our offices in Pretoria for normal business, because we do not feel that the breaking off of diplomatic relations at this time is advisable. We still wish to have an opportunity to do what we can in order to impress upon the government of South Africa the necessity for change. We also want to have an opportunity to talk to respected leaders who are opposed to apartheid in South Africa.

In addition to this phasing out of our commercial activities, we will also withdraw all Export Development Corporation government account support from any transactions relating to South Africa. This involves, for example, export credit insurance and loan insurance, as well as foreign investment type of insurance. This is a step which is not as complete as what may very well come in time. We are examining the implications and the possibilities for other such actions. After consultation with the Canadian companies concerned, we will be publishing a code of conduct and ethics for Canadian companies operating in South Africa, designed to govern their employment and similar practices. This will be done as quickly as possible.

The fourth measure is related to South Africa's former membership in the Commonwealth and which we now propose to change. From a date to be announced, we will require non-immigrant visas from all residents of South Africa coming to Canada. We have asked the appropriate officials to examine the impact and the capacity that is open to us to renounce the British preferential tariff. It is still in effect even though the Commonwealth membership of South Africa has long since ceased to exist.

In addition to all of these measures, we are very much concerned about two other aspects of South Africa and South African operations, namely, the activities of Canadian companies in Namibia. Once again, we have asked the officials of the Department of Finance and others, as quickly as possible, to look into all the implications of possible tax concessions and, to the like which these companies may be obtaining and which are being provided by what is essentially an illegal regime in Namibia, by our standards and by our demonstrated conduct at the United Nations.

We are also establishing possible codes of conduct for further investment by Canadians in Namibia. It may be asked—I am sure it will be—why these measures are not introduced immediately. There are two reasons: first, we want to be very sure that we do not penalize Canadian companies which may have been active in that country for legitimate and perfectly acceptable purposes. Nevertheless, there is unquestionably an incongruity in a situation which permits an illegal regime, by world definition, to be participating with Canadian companies in the manner I have outlined.

There is a second reason why we are withholding, for the time being, any further action. We continue to hope that a means will be found of ensuring that there is a peaceful and satisfactory solution for Namibia, one that will bring about equality—one man, one vote. We hope this can be done through negotiations and the process in which Canada is participating, which relates to the five western members of the Security Council talking with the government of South Africa and the other parties concerned.

In the process of making this statement and of expressing my hope for a peaceful outcome in Namibia, it is also Canada's hope and wish that the black leadership there, as elsewhere in South Africa, will show its own high level of responsibility. We hope it will do everything reasonable and possible to bring about transition by peaceful means, rather than plunge another region on that tragic continent into the kind of bloodshed we have seen repeated over and over again in recent years.

There is one final point. We will keep the whole South African situation under review. We are moving now to make sure that our own embargo against sales of arms to South Africa is on all fours with the recent declaration of the Security Council which placed an international embargo on arms shipments. This is the first time in the history of the United Nations that such an embargo has been imposed on a member state. I believe this is a step in the direction which it is

inevitable and appropriate for us to take. I re-emphasize that we will keep the whole South African situation under review.

I could take time to discuss in considerable detail such questions as Rhodesia. I will simply say, in the interest of saving time, that we are very closely in touch and in tune with the efforts now under way, particularly those of the Anglo-American initiative to once again bring about a peaceful transition in Zimbabwe, or Rhodesia, whichever you wish to call it. We are looking with great interest at the most recent steps taken by Prime Minister Ian Smith. We can only hope that he has made fully legitimate commitments and that he is, indeed, prepared to take all the steps necessary to ensure a peaceful transition there. The situation is extremely complex. There are two major factors: Mr. Nkomo's forces located outside of Rhodesia, and the issue as to how they are to be dealt with in any negotiation. That continues to be a serious issue.

● (1622)

In so far as Canada is concerned, we have made no commitments as of this moment with regard to Canadian participation in any possible settlement arrangements for Rhodesia. We have said, provided the circumstances are right—and if, indeed, the provision of a peacekeeping force with a Canadian component in it would serve to bring about this peaceful transition—that we would then be prepared to look at it most sympathetically. Indeed, we would not be the party that would stand in the way of bringing about that resolution. So far no request has been made, no specific proposal has come forward. The same is true in the case of Namibia.

There will be many other speakers who will touch on the subject of human rights. I had planned to make a rather lengthy explanation of the Canadian position at Belgrade and elsewhere, but I hope hon. members will not criticize me for not doing so because of the time I have used already. Those members of parliament who have been observers with the delegation feel a high level of statisfaction with the position Canada took at Belgrade. We have not been reticent in denouncing what we regard as basic and direct violations of human rights. We are hoping there will be a successful conclusion to that conference which will lead to other discussions and a general opening up of the entire question of access.

There are four points which I can state quickly. We feel very strongly, in the west, that citizens of a country, whether it be in eastern Europe, Latin America or Africa, should have the right to speak out against their governments or their establishments without the fear of reprisal. That is a very simple and straightforward principle to which most parties subscribe. Also, there should be the maximum amount of movement of people; for example, for family reunification and family visits. There is no reason why this should not be permitted on a worldwide basis with a minimum of intervention by the state.

Some hon. Members: Hear, hear!

Mr. Jamieson: The same is true with respect to the exchange of printed information. We hope our stand, along with the stand of others, will bring about that kind of exchange.

In order to translate the policy declarations, there ought to be exchanges in the educational, scientific and cultural fields without any inhibition or restraint. I am sure many members will speak out on human rights. Among them will be those who are as concerned as I am about the fate of Anatoly Shcharansky. With regard to that particular case, we have indicated to the Soviet Union—as well as in relation to others who may be under some form of detention as a result of their attempts to monitor the carrying out of the Helsinki Act—that we consider any action taken against these people at this time could pose a serious threat to a successful outcome at Belgrade. Also, it could threaten and undermine the whole thrust toward detente.

I am sure hon. members would not want me to end without expressing a few words of great satisfaction at current developments in the Middle East. I cannot imagine anything that could bring to all of us more joy than the dramatic breakthrough of the past few weeks.

Some hon. Members: Hear, hear!

Mr. Jamieson: When I was in the Middle East approximately a month ago, it was clear that there was a significant change of attitude. It had not shaped up at that time. I questioned very much, even for the few days before the decision was made, that either of the leaders genuinely felt they would be meeting in person so quickly. Yet there is no question that the yearning for peace was evident. I do not think "yearning" is too strong a word. Many have asked what we in other countries can do or ought to do at the present time. I have only one piece of advice: we should do the minimum possible to impede the principals in their very strong commitment at the present time; we must give them all the encouragement we can.

Already the hope is realized that the courage of President Sadat will be met by the generosity of Mr. Begin. This is starting to come together. No one should delude himself that there are not any significant, deep-seated, almost Biblically historical animosities and tensions which must be cast aside. Never in our recent history have the signs and the portents been so great for peace.

This is why, among other things in relation to the United Nations, I have expressed criticism about what has been happening at the United Nations in these past weeks with regard to various resolutions which serve no useful purpose in terms of what is being done at the present time, but which will have a detrimental effect by dragging into this very delicately balanced situation extraneous issues and unnecessary complications. Before another year is out, and before this kind of a review takes place, I think it would be good and wise to have once a week—

Mr. McGrath: Do we have to wait another 17 years?

Mr. Jamieson: No, we will not have to wait another 17 years. In any event, I hope next year we will be able to view with considerable satisfaction that at long last, going back perhaps 2,000 years or more, we have seen one of the great historic events of our time occur in one of the troubled parts of the world.

Some hon. Members: Hear, hear!

Mr. Jamieson: In conclusion, I remind hon. members of something which occurred to me in an indirect way the other day. There are two things which sum up the situation as the end of 1977 approaches and we look at this battered planet. As Charles Dickens once said, "It was the best of times, it was the worst of times". In many respects, that fits our circumstances today. On the one hand there is much hope and the prospects are good and bright, yet on the other hand there is much meanness, anger and bitterness. The challenge for us all is to bring these to the point where, as Dickens said, the best of times surmount the worst of times.

As the hon. member for St. John's East (Mr. McGrath) will appreciate, at Beaumont Hamel, the great Newfoundland cemetery, it occurred to me a short time ago, despite everything that has occurred in the period since the Second World War, this is now the thirty-third Christmas we have managed to get by without having a major global conflict. We have had all manner of tragic bush wars, and some, like Viet Nam and Korea, that were massively bigger. At least we have learned enough to move tentatively along this course toward a more lasting and permanent peace. I suppose it can be said that we should be grateful for small blessings, namely, 33 years in which we have not been dumped into a nuclear holocaust. We can all hope that in the thirty-fourth year and beyond we will be able to say the same thing against an even more permanent foundation of true peace in the world.

Some hon. Members: Hear, hear!

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, perhaps I can be permitted, on behalf of all hon. members of the House, to say to the hon. minister that it is the practice of all of us to consider a speech both in terms of its content and its delivery. I think I can say without fear of contradiction that we recognize we have just heard a very well delivered statement.

● (1632)

Some hon. Members: Hear, hear!

Mr. Clark: I would like, also, on behalf of my colleagues and, most particularly, on behalf of my colleague and seatmate, the hon. member for Saint-Hyacinthe (Mr. Wagner), to express our appreciation to the Secretary of State for External Affairs (Mr. Jamieson) for his very generous and deserved words in respect of the hon. member for Saint-Hyacinthe whom we hope to have back in his place in the House as soon as the session resumes in the New Year.

Some hon. Members: Hear, hear!

Mr. Clark: I should say that we have a certain sympathy for the minister because he has been presiding over the Department of External Affairs during a time of uncertainty as to just who is in charge of precisely what parts of the department. The Deputy Prime Minister (Mr. MacEachen) was in active competition for some time with respect to responsibility for matters relating to the north-south conference. Now he seems to have been moved out of that, but he continues to show up as the negotiator for Canada at international pipeline negotiations and other matters which might more normally fall within the terms of reference and responsibility of the Secretary of State for External Affairs.

Then of course, we have the peripatetic Minister of Supply and Services (Mr. Goyer) who we gather has responsibility for relations with Francophone countries—we gather on this side of the House, largely to keep him out of Canada. We can certainly approve of that part of the motive, although we are beginning to worry, particularly as we read more current press reports, about precisely what impact his presence outside Canada is having on our relations with other countries.

Nonetheless, we do sympathize with the Secretary of State for External Affairs. His state of mind after becoming minister of that department must have been like the feeling one would have if one had been invited to a grand dinner and was only served the soup. The minister might claim that that has been good for him. I regret to say that it is not good for the country to have a situation of uncertainty over who is responsible for our foreign policy. It is certainly not good for the morale of those Canadians who work within the Department of External Affairs not to know which minister is their minister and, perhaps more important, not to know what their responsibilities are in relation to the responsibilities of the emissaries that might be sent out from time to time from the office of the Prime Minister (Mr. Trudeau).

So without dwelling on this subject any longer, and without making any personal comments to the minister, let me say that from the point of view of members on this side of the House, we will be pleased when he or his successor as secretary of state for external affairs has the opportunity to exercise jurisdiction over all the department and not have pieces of it crumble away to be dealt with, with various degrees of competence, by other ministers or, worse, by people who are not members of the government of Canada.

Some hon. Members: Hear, hear!

Mr. Clark: There are one or two matters to which I want to make quick reference in response to some of the words of the minister. I will not let pass without comment the generally optimistic, one would almost say sanguine view, that the minister took with regard to the nature of international economic development. It is fine to be optimistic—perhaps it is a condition of this time of the year—but I think all of us recognize that other countries, certainly the U.S.A., evidence much more concern over the direction of the impact upon their own future of some of the developments that we now see in international circles.

Without getting into the matter under the title of this debate, I think it is important for us to make very clear that we on this side of the House are not at all sanguine about the degree of planning or even the degree of analysis, relative to our international economic situation, which has been undertaken by the Government of Canada. We think there is a tendency to talk about problems and avoid the very real and dangerous implications for Canada that are developing now as other countries develop their technology, their productivity, their capacity to compete far more effectively than we have in this country.

I think, also, it would be well for me to make reference, in passing—since the minister raised it—to negotiations relative to the maritime boundaries. We are pleased to hear that they are proceeding well, although I think the minister will agree that his comments are subject to interpretation that those negotiations are now proceeding so well that the negotiators have had to ask for another month in which to complete them. I want to make the point, one that members of this party have made before, that it is very likely true that those negotiations would have proceeded much more effectively had there been much more representation on the Canadian negotiating side from members of the Canadian fishing industry who are themselves knowledgeable about fisheries boundaries and about their importance to the country.

[*Translation*]

Mr. Speaker, judging from the remarks of the public and the media, it seems we are now witnessing in Canada a tapering of interest in external affairs. I believe this is due for a large part to our concern over our serious domestic problems which are related to both the unity of this country and the economic situation in general.

Canada's international dimension has never been more important for our future than it is today. We have played throughout the year a role both important and respected as a medium-sized power in world affairs.

[*English*]

More recently we have had our attention drawn to a number of what can only be called failures in Canadian international policy. Because I think it is an important part of the debate in this House, I want to deal for a moment with some of the failures and some of their causes. Many of our international failures have the same root causes as the failure of this government at home. The first cause is that this government has lost respect by stating high principles and then abandoning them in practice. I intend to come back to a long list of examples, including a new example given to us today by the Secretary of State for External Affairs.

The other cause is the attempt of this government to try to change reality to fit its own theories. That is what went wrong with its management of both the language policy and the economic policy in Canada. It is also what went wrong in the attempt by this government to fundamentally change our defence relations with NATO and our economic relations with the United States. As the House will recall, the Prime Minister for some time had a theory that we could move away from NATO, and for the first six years of his government we did, with very harmful consequences to the morale of our armed forces and to our reputation among our allies. That negative attitude toward NATO has now been suspended, but suspended partly because of the general tactic of this government of changing its positions as elections draw near, and partly because our European allies, quite properly, made it clear that if Canada would not accept obligations in NATO we could not expect co-operation on economic matters.

The second theory of this government which failed was the idea that we could substantially shift our trading relations away from our major partner, the United States. That was manifest in the so-called "third option", the contractual link with the European Economic Community. I was interested to hear today the minister's latest definition of the virtues and values to Canada of the contractual link. It appears that the contractual link now means there is a place where Canada can sit down with other nations and talk. That has happened after a year. The minister says, from across the floor, that it is important. I agree it is important, but it probably would have been less expensive simply to rent a room somewhere.

Some hon. Members: Hear, hear!

Mr. Clark: Even the minister said that the economic consequences of this so-called contractual link and the economic consequences for which the link was formed, are, to use his own word, "slight"—they have had a slight impact. I think that, unhappily, is a generous assessment of the impact of the contractual link on Canada. That was one manifestation of the government's view that they can move away from the United States. The other, much less defensible, was a series of minor affronts to the United States of America. That is a topic to which I intend to return later in the debate because it is a practice that the Prime Minister, sadly, returned to very recently in this House.

● (1642)

Time does not permit a full assessment of the cost to Canada of changing our traditional and necessary policies to suit the theories of the government, but the net effect has been to diminish our reputation and to cause others in the world to think of us as a capricious country, a kind of dilettante among nations, rich enough that we can ignore reality to pursue some kind of whim. That uneasy reputation for Canada was deepened by the practice of this government so often, abroad as at home, of saying one thing and doing the opposite. In terms of foreign policy, we had two instances of that last week and we probably have seen a third instance of it today.

I want to deal a little later, and some of my colleagues will deal a little later, with the references the minister made regarding a pending agreement with countries in Europe concerning nuclear questions. I very much want to see the document which the minister says is available. I am sure that in the interests of this debate being an informed debate, even though the agreement has not been signed and agreed to by the

European partners—but because he has described it as a statement of government policy—the minister would agree that it would be very helpful for us to have it tabled today so that we could study its details and know therefrom precisely what the government of Canada is proposing to do.

Mr. Jamieson: I think I can give you the highlights.

Mr. Clark: The minister says he thinks he can give us the highlights. That would be helpful. We would want highlights which would cover any deal which might cause problems. If the minister would undertake to give us those today, it would be very helpful for my colleagues who want to take part in the debate tomorrow.

In passing, I would like to make one or two comments about this matter. Having listened to the minister, it seems to me that we now have one standard which will apply to nations in Europe and a different standard which will apply to other countries in the world.

Mr. Jamieson: No.

Mr. Clark: The minister says that is not the case. We will want to examine the precise nature of the agreement. I suppose what concerns me and the House most particularly about this kind of thing is that a year ago the government of Canada was prepared to enter into an embargo when it did not hurt, and it was ready to defend principle when it was easy to defend principle. However, now that that principle is tested, the government caves in on the first evidence of its being tested. That is a very worrying kind of concern for all of us.

However, let me go back to some of the other instances in which we have seen too much of this government stating one position in principle and then abandoning it in practice. One instance clearly concerns Canada's relations with the United States. There were several years of calculated indifference to American interests. On one celebrated occasion when the Prime Minister was touring the Soviet Union, he went so far as to suggest that in his view the United States posed a military threat to Canada. After that, and after an unnecessarily provocative visit to Cuba by the Prime Minister at a critical moment when Cuban forces were involved in Angola, the government of Canada used the occasion of the American bicentennial celebrations to advertise a new harmony between our countries. That advertisement was carried on by some of the statements of the Secretary of State for External Affairs this afternoon. However, in the wake of all that last week, gratuitously and deliberately the Prime Minister ended all that talk of harmony with the kind of offhand insult he regularly directs toward some of his fellow countrymen.

What was the reason for that? The reason was that Ambassador Tom Enders of the United States was making speeches about freer trade which incurred the displeasure of the Minister of Agriculture (Mr. Whelan). The fact is that the statements by Ambassador Enders have been much closer to the actual position of the government than the picturesque outpourings of the Minister of Agriculture. Indeed, the statement by the Secretary of State for External Affairs today on the question of freer trade was much closer to the position stated by Ambassador Enders than the position of his colleague in the cabinet. If the Minister of Agriculture wants to be sick and tired of anyone, perhaps he should be sick and tired of his colleagues in the cabinet.

The point here is that this is not a minor debate in parliament. This is a matter which has very important implications for our relations with a country which all of us acknowledge to be the most important ally Canada has. It would have been far more responsible, if the Prime Minister cared about maintaining good relations between Canada and the United States, for him to discipline his own minister, rather than to undermine the credibility and the effectiveness of the ambassador of the United States. As the Ottawa *Journal* wrote the following on Saturday and I think deserves to be put on the record of the House of Commons:

> The issue is whether Mr. Whelan was "speaking on behalf of the government" of Canada when he said he was "sick and tired" of Mr. Enders. Mr. Trudeau's earlier "yes" stands unexplained and unrepudiated.

The editorial continues:

> It is impossible to believe that Mr. Trudeau did not know what he was doing both in giving assent to Mr. Whelan's views and in trying to play an insulting intellectual game in the Commons . . . What he was doing was not in Canada's interest.

The views expressed in that editorial are those with which most of us can agree. Unfortunately, that practice by the Prime Minister is not at all new: it is entirely consistent with the attitude of this government to talk about good relations with the United States and then to act in ways which undermine, unnecessarily, those good relations.

The second instance of the government saying one thing in principle and doing the opposite in practice concerns the arrangements known as the Arab boycott. Fourteen months ago the Secretary of State for External Affairs—new at his job—announced a policy to require Canadian firms to report, and I quote the terms of his own speech, "all instances of their complying with boycott provisions." That was the promise. Now the practice is to limit that requirement to compliance with explicit boycott provisions; in other words, to quote an example which has been attributed in the newspapers to the minister: It is quite all right with the government of Canada for Canadian firms to boycott ships that stop in Israel, so long as the boycott is not an explicit provision of contract.

That is to have no policy at all, which is bad enough. What is worse is the hypocrisy—I would have to call it, looking at its record, congenital hypocrisy—of this government which pretends to oppose all boycotts when in fact it acquiesces in most of them. Again, in January, the government promised to publish the list of Canadian firms which agreed to boycott provisions every six months. That was January. This is December. No report has been published, and another promise by this government has been broken.

Today it appears that the government is backing away from nuclear safeguards. We will have to look at the details, but on the basis of what the minister said it appears that prior to today this country required an advance veto on the reprocess-

ing of spent fuel by consumer countries. However, now, concerning European Community countries, we have abandoned the advance veto and require consultation only. This means that if Canadian rules are broken, our only remedy is to cut off future supplies—and that may well be too late. It will be action taken after the damage is done, because today the Secretary of State for External Affairs indicated his intention to give away our power to act before the damage is done.

The irony of this dilettante record in foreign affairs is that it was accomplished by a government which claimed some special competence in international matters. Perhaps that was part of the problem, because part of what went wrong in foreign policy, as in so many other fields, is that the political operatives in the Prime Minister's office were granted a power which was well beyond their competence, and that caused chaos and confusion in the conduct of international affairs.

[*Translation*]

Mr. Speaker, the worst thing about what the government has done in foreign affairs is that it has destroyed the work of Lester P. Pearson. Our party is committed to regain for Canada the respect of the international economic community, which respect must come from clearly stated convictions and competent leadership. Essentially, foreign policy is the means by which we try to maintain our independence and our liberties. Even though it must reflect our domestic concerns and aim at maintaining our security, it must also reflect the character, values and ideals of our country. As a medium-strength power, we are not called upon to recreate the world in our image. However, Canadian policy can aim at attaining an international context in which we can pursue our own interests and promote our own ideals.

When we look at the world today, we note that there is no lack of serious problems. Some concern specific areas, like the Middle East and South Africa; others concern the whole world. A brief list could include the arms race, nuclear proliferation, food and energy shortages, the widening gap between developed and developing countries, the evolution of China and China-U.S.S.R. relations, and various economic problems, among which are world inflation, unemployment and an unbalanced international monetary situation.

● (1652)

[*English*]

We cannot, as a country, address all these problems on our own, but they can be met through Canada acting in alliance with other nations with which we share common approaches. That should occur not only in the types of arrangement the Secretary of State for External Affairs indicated today, but also through NATO, through the Commonwealth, through the Francophone community.

I think we have to accept—certainly it is the position of this party—that NATO must continue to be seen as a filler of Canadian foreign and defence policy. Our national security is dependent upon there being no war between the super-powers. The key area where the stability of the super-powers needs to be maintained is Europe. We have a role to play here, a role out of self-interest in our own security but a role, also, as a country which subscribes to certain values that are in conflict in the world. We must be prepared to play our part in defending and maintaining those values.

Moreover, as this House knows, Canadian participation in the alliance provides the basic diplomatic infrastructure for more general consultation and economic co-operation between member states. Naturally, sir, we are similarly committed to the principle of continental defence for North America.

In this party, we have always advocated a very active role for Canada in the Commonwealth, a role particularly relating to matters of aid and development, but also in the unique consultative mechanism which the Commonwealth provides based upon the common heritage of its members. Similarly, we think it very important for a country like Canada to continue to pursue efforts to develop links with countries of the Francophone community. That is, perhaps, the most dramatic way in which Canada can give evidence, internationally, of the richness and diversity of our Canadian heritage. There are important opportunities in both the political and commercial areas for Canada to pursue policies related to strengthening our ties with the Francophone world.

I want to speak briefly today about Canada's role within the United Nations. We think our role in that international body must be based upon active participation in the areas where we are competent, such as in matters of food production, the sea, telecommunications, economic development co-operation and international peacekeeping. In order to be more effective, Canada must give more priority to co-ordinating the activities of federal government departments, provinces and non-governmental organizations affected by international decisions.

Certain reforms to the United Nations are essential. I think all of us accept and honour that institution in terms of what it sets out to accomplish. We are blind to reality in the world, however, if we fail to realize it is going to be necessary for us, as a respected nation in the body, to speak of the need for reform in some of the functions of the United Nations. There is growing public skepticism—particularly in the western democracies—about the ability of the United Nations to deal with conflicts which arise daily or to enforce decisions that have been taken.

The minister made a very strong speech, at the General Assembly this fall, highly critical of many aspects of the United Nations. It is fine to make that kind of speech, but he is the minister responsible for the foreign policy of this government and it would be much more helpful if Canada took positive initiatives within the United Nations to help reform the organization.

I should like to suggest to the minister and the government that the following initiatives should be included. There should be strict rules for the giving of United Nations' aid so as to remove it as much as possible from the political arena. In order to maintain the credibility and strength of the organization, we think there has to be a restructuring of the finances of the organization.

We think Canada could take the initiative toward the phasing out of the Committee on Colonization unless that committee is prepared seriously to examine decolonization by various countries which have not undergone sufficient scrutiny in the past, including countries in southern Africa and behind the Iron Curtain.

This party believes it is of fundamental importance to restore respect for the United Nations, particularly in the western democracies. We must make dramatic moves, and we must be among the leaders to move to reverse the growing cynicism toward that world body and to strengthen commitment to the purposes inscribed in the charter.

[*Translation*]

As concerns international development, I believe that for the rest of this century, our greatest challenge will be to establish new relations among wealthy countries and developing nations. Experience has already amply shown that traditional resource transfer methods have not succeeded in creating a true development momentum. Low productivity is at the heart of this problem. In the interests of wealthy and poor countries alike, we must boost productivity throughout the world, and the best way to meet this objective is to stabilize the price of goods, lower tariff barriers, increase capital flow to developing countries and improve technological transfers.

[*English*]

The Secretary of State for External Affairs spoke of some of these problems. I think it important for us to bear in mind that, despite the interest that Canada, both at the government level and among individuals, has indicated in international development in recent years, our performance has been sluggish. Our aid has declined from .56 per cent to .46 per cent of the gross national product in the past year, rather than moving toward the .7 per cent of GNP as requested by the United Nations. Committed Canadian leadership could help significantly to develop better negotiating attitudes in international forums searching for new arrangements in the field of trade, commodities and credit which would lead to an improved sharing of the world's wealth.

Mr. Speaker, I see you are about to rise. I wonder if I might have the consent of the House to continue?

Mr. Jamieson: Carry on.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I rise on a point of order. Because so many members want to speak in this debate, and because there have been certain discussions, I wonder if Your Honour would ascertain whether the House would be willing to suspend private members' hour and allow the hon. Leader of the Opposition (Mr. Clark) to carry on.

Mr. Cafik: Mr. Speaker, it is true there have been some informal discussions in respect of this matter. It would be quite agreeable to this side to suspend private members' hour for this evening.

Some hon. Members: Hear, hear!

Mr. Deputy Speaker: Order, please. I feel I should ask if there is unanimous consent. Is there unanimous consent to suspend private members' hour?

Some hon. Members: Agreed.

Mr. Deputy Speaker: Perhaps, before I give the floor to the Leader of the Opposition (Mr. Clark), I might give notice to the House of the questions to be raised at the time of adjournment.

* * *

[*Translation*]

PROCEEDINGS ON ADJOURNMENT MOTION

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Deputy Speaker: It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Surrey-White Rock (Mr. Friesen)—Royal Canadian Mounted Police—Alleged illegal operations of Bank of Montreal in Vancouver—Request for report of investigation; the hon. member for Vaudreuil (Mr. Herbert)—Manpower—Bilingual positions—Reason some employees do not receive bonus; the hon. member for Montreal-Bourassa (Mr. Trudel)—Canadian Broadcasting Corporation—Reason publicity of federal department not broadcast.

GOVERNMENT ORDERS

[*English*]

EXTERNAL AFFAIRS

CANADA'S RELATIONSHIP WITH OTHER NATIONS

The House resumed consideration of the motion of Mr. Jamieson:

That this House takes note of the present state and future prospects of Canada's relationships with the other nations of the world.

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, on behalf of myself and the Secretary of State for External Affairs, I express appreciation for the indulgence of the House in allowing speeches to be a little longer than usual.

I was speaking about some of the areas in which Canada's committed attitude toward international development could lead to very real improvements. I think we have to recognize that international co-operation in the world today is no longer a matter of wishful thinking; it has become a prerequisite for peace and stability. Economic growth, in this context, must have as its goal the provision of minimum standards for all peoples in the world. We are not merely advocating the redistribution of a static world income. The higher incomes that are sought by some of the poorer countries through commodity arrangements and better access to the markets of

rich countries would signal the potential of significant growth in world economic activity, with the poor nations sharing much more equitably in the increment of that growth. That, in our view, is the basis of a realistic policy for Canada to pursue with a new, integrated international development strategy.

My colleagues and I think there are several important changes which have to be made regarding the operation of the principal instrument of Canadian international trade activity—CIDA. CIDA now has responsibility for over $1 billion a year, and the agency is simply not receiving the kind of administrative or cabinet leadership it requires. For a start—one which we hope will be made immediately—we think there should be an independent management study of CIDA's operation. I wish to emphasize that it should be an independent study.

● (1702)

Some hon. Members: Hear, hear!

Mr. Clark: We also think the government should give the most serious possible consideration to the likelihood that CIDA would be very much improved by having a minister with special responsibilities to supervise CIDA, one who would co-ordinate aid, trade and monetary policies, report to parliament and increase public participation. It is noted with some irony in this House that we have a Minister of State for Fitness and Amateur Sport (Mrs. Campagnolo), but we do not have a minister of state responsible for an agency which is spending in excess of $1 billion a year—and spending it in a way which has caused controversy among Canadians, including those well informed about, and sympathetic to, the needs of international development.

We think, also, there should be modifications to Canadian tax law and other steps taken to encourage Canadian companies to participate in international trade and to form consortia to help develop the economies of third world countries. At the same time, we think those ventures would bring substantial benefit to Canadian industry.

There are several other matters to which I wish to direct attention. Like all hon. members, we on this side welcomed President Sadat's courageous peace mission to Israel and we are following with cautious optimism the discussions under way in Cairo between Egypt and the representatives of Israel. Events appear to be moving rapidly, and it seems that Prime Minister Begin was pleased with the reception accorded him in Washington over the weekend. Now, as he heads for Cairo and his own meetings with President Sadat, I am sure that all members of this House wish him well in these critical negotiations which appear to be proceeding with real hope for a reasonable peace settlement which takes into account all the critical factors in a complex but fundamentally important area of the Middle East.

Some hon. Members: Hear, hear!

Mr. Clark: As the minister did, I want to turn to the question of South Africa. As all hon. members know, this party has consistently opposed apartheid as a profound violation of human rights. In the interests of equality of opportunity within South Africa and peace and security on the African continent, we believe the South African government should move toward the establishment of equal rights and political liberty for all persons, regardless of colour.

There is a great deal to be done in South Africa and through southern Africa generally to institute reforms through peaceful means. Most people living in that part of the world desire evolution, not revolution, in their drive toward freedom and equality. We think it essential that solutions to existing problems be found within South Africa. Nonetheless, the free world must continue to communicate its concern for justice and security in that troubled part of the globe.

In that context, I am pleased to see, and certainly support in principle, some of the steps which the Secretary of State for External Affairs outlined today. Again, we shall have to make the closest possible study of the implication of the measures referred to by the Secretary of State for External Affairs. He indicated he was taking steps to phase out some—I think I am correct in thinking he said "some"—of the government-sponsored commercial activities in South Africa. He said "all of them," but then he made an exception in relation to government offices in Pretoria.

Mr. Jamieson: That is our regular embassy.

Mr. Clark: That relates to non-commercial activity. I am pleased to have that clarification from the minister. It will be important for us to know precisely what the implications of that action are, and I am sure the minister will want to furnish us with the details of those activities. It will also be interesting to us to learn what are the implications of any changes with relation to Commonwealth preference to which he alluded in his speech. As we study these implications, one of those matters to which we will want to pay close attention is to ensure that their negative impact will not fall more particularly upon residents of that country who are black. We think that would be a most counterproductive approach to Canadian policy, as we are sure the minister will agree, and it is something we would want to consider with great care.

With respect to the undertaking concerning Namibia, the extent of the undertaking—unless I am wrong—is to investigate the impact of Canadian activities there. We in my party think that kind of investigation is long past due and we encourage the government to carry on the investigation. Again, we would wish to get the details of any action which the government may undertake in that regard. I believe the minister spoke of establishing a possible code of conduct for Canadian companies which might be involved there. He said there would be extensive negotiation with the companies concerned so there would be some certainty that the code would be a realistic one.

With that reservation and the others I have made, particularly concerning the impact of what has been undertaken here today—specifically with regard to its impact on blacks in that part of the world—we generally support and welcome the

initiative which was announced today by the Secretary of State.

Another matter I wish to raise concerns respect internationally for human rights. The fact is, there is widespread disregard, even contempt, for human rights in many parts of the world today. Amnesty International was awarded the 1977 Nobel Peace Prize. It is reported as follows:

Government-sanctioned torture is still practiced in a horrifying number of states, in spite of the newly adopted United Nations declaration against all forms of tortures.

This degradation of the human spirit is totally unacceptable to most Canadians. Through the right hon. member for Prince Albert (Mr. Diefenbaker)—whose work, by the way, was one of the major factors in generating the first full government-sponsored debate on foreign policy in this House in 17 years—this party and this parliament demonstrated our determination to protect human rights in Canada. I refer to the passage of the Canadian Bill of Rights. We fully support the United Nations Declaration on Human Rights and covenants on social, political and economic rights.

Where religious and ethnic communities are denied civil or political rights, or are refused social, economic or cultural justice, we firmly support their demand for justice, and naturally endorse the human rights provisions of the Helsinki Pact. We also support and endorse the defence by Canada of the relevant guarantees of the 1977 Belgrade review conference. I make the point to the minister, and I am sure he will agree, that it is not enough to defend rights at a conference. Canadian foreign policy must give more priority to the protection and the advancement of human rights internationally. The Canadian government, in its relations with foreign governments, should raise on every possible occasion the question of the reunification of families and the persecution of non-violent dissidents.

The Canadian government should work constantly to ensure that racial and religious groups are fully guaranteed their basic rights, including freedom of emigration and equality of political expression. Finally, there should be no moving away whatever from the Canadian policy of admitting victims of foreign oppression to this country as refugees. We believe that forcing people to live in refugee camps on a continuing basis is absolutely contrary to fundamental human rights.

Some hon. Members: Hear, hear!

Mr. Clark: Now I would speak briefly on the question of arms controls. The spectre of nuclear war is unquestionably the most terrifying potential threat to the world. At least six nations now possess atomic nuclear capability. Two dozen or more are now on the threshold of producing, as a by-product of their energy programs, the starting point for several thousand atomic bombs if they so wish. That is the situation as it presently exists.

● (1712)

Bad as the present situation is, it is bound to become worse as nuclear capacity spreads. The possibility of accidents, misinterpretation of orders, theft of nuclear weapons, nuclear terrorism and blackmail, would be greatly multiplied in a proliferated nuclear world. Moreover, a significant element of unpredictability is introduced into the system of mutual deterrence by the inclusion of many more nuclear powers, each with different geopolitical ambitions and with different military and technological capabilities.

The UN special session on disarmament, in the spring of 1978, provides one more opportunity to make some progress in this fundamentally important area. We in this parliament would be interested in knowing what precise proposals Canada might submit or support at that session. Indeed, I think I can speak for my colleagues here when I say there would be a disposition among the members of this party to be involved in the advance preparation of those proposals. We think the government of Canada has a profound obligation to the people of this country to do everything possible to play a useful role in the arms issue, an issue which affects every individual on this planet.

The minister pointed out—we have all remarked on it—that this is the first time in some 17 years that the House of Commons has set aside two days to debate foreign policy. There have been other debates on particular issues, very often at the instigation of this party in opposition; for it is acknowledged by all of us that this debate today on foreign policy is a very valuable interlude in the affairs of parliament. But the point has to be made, and made very clearly, that international issues should be a much more regular part of Canadian consideration. That would be good for the substance of policy and for decisions to be made of policy, because individual Canadians, as has been shown on many occasions, are much more forthright on issues like discrimination and nuclear limitation than this government and its advisers have proven to be. So not only would it be good for the substance of policy, but it would broaden the frequency of consideration by parliament. I suggest it would also be good for the country.

There was a time, looking back not many years, certainly not as many as 20, when foreign policy in Canada was a major outlet for the idealism of a whole generation of Canadians. People living in different corners of the country who were separated by other matters nonetheless came together as Canadians to deal with matters of international policy and the role that Canada should play in the world. International relations and foreign policy can be a positive, uniting influence among Canadians.

Before that can happen, Mr. Speaker, foreign policy in Canada has to move out into the open. That, unfortunately, is not happening now. It is not simply a matter of debate in this House being limited. There are other signs of too much secrecy relating to development of foreign policy. In his latest report, the Auditor General exposed questionable payments of $508,000 last year made by the Department of External Affairs to landlords in host countries. When my colleague the hon. member for Edmonton-Strathcona (Mr. Roche) tried to seek the names of those countries, the government refused to name them. The government also refuses to release CIDA's country

reports which would enable parliamentarians to judge just how effectively the $1.1 billion of taxpayers' money is being spent. This government's obsession with secrecy has been carried so far that even the Treasury Board study on the effects of CIDA aid, which is tied to the Canadian economy, is withheld from public inspection.

That has to change, Mr. Speaker. One way to change it would be to introduce and to act upon the legislation proposed by my colleague from Peace River (Mr. Baldwin) to open more broadly access to information in this country. But another way—in our view the two should go together—would be to establish a broadly mandated House of Commons committee on foreign affairs. We should extend the mandate which exists now to ensure that there is an opposition vice-chairman for that committee and that the committee has the necessary research and staff support. We think a committee of that kind would have to have a regular mandate to review the annual report of the minister. It should be empowered to hold meetings across the country and to allow the widest possible participation by Canadians who are worried about their world and their country but who today are denied adequate opportunity to express their concerns or to make an impact upon that policy.

The members of this House know that all Canadians have a very vital stake in peace among nations and in the degree of progress which we find internationally. We in this party want to return this country to a position where our role in international affairs can be a great source of pride for Canadians and also a great source of creativity, something which once again challenges the Canadian imagination. We believe if that happens it, in turn, can contribute to greater unity as a nation.

Mr. Andrew Brewin (Greenwood): Mr. Speaker, I should like to commend the Secretary of State for External Affairs (Mr. Jamieson) and the Leader of the Opposition (Mr. Clark) for the interesting, clear and cogent manner in which they have commenced this debate. I am well aware, as I imagine almost all members are, that international affairs do not command the absorbing interest that some other matters do, be it in parliament, in the media or perhaps among the public of Canada. Nevertheless, as has been said, it is a subject of deep concern to the survival of the human race, to the future of our children, grandchildren, and perhaps to ourselves. We must be able to solve international problems and to secure lasting peace. It is, therefore, very fitting that we should devote some of our time to this subject.

There are a number of subjects on which I should like to concentrate. The first of these is disarmament. In her excellent work entitled "The Game of Disarmament", the distinguished Swedish expert, Alva Myrdal, wrote:

> Meanwhile we have to do everything in our power to campgaign for public enlightenment. The present competitive escalation is a flagrant miscalculation and it is endangering the security of all of us. Security can only be found by reversing the trend, by beginning and continuing to diminish vast stocks of arms, both nuclear and conventional, that the nations of the world have.
>
> Such a strategy means, in the first instance, facing the arms race as the major international, moral dilemma of our time.

As she points out, Mr. Speaker, it has been created solely by mankind, but it is at least within our power to solve it. As Mrs. Myrdal says, the world is hovering at the edge of an abyss, driven there by man's own unreason. She refers to the arms race as "global folly". There are few people who know more about it than she, since she has represented her country at innumerable disarmament conferences, international, European and bilateral.

All countries are now buying greater and greater insecurity at higher and higher cost. In her book, Mrs. Myrdal refers to the $300 billion being spent annually on the arms race. Some put this figure even higher, at $400 billion. The amount spent is of the same order of magnitude as the total income of the poorer countries which comprise more than half of mankind.

The Stockholm International Peace Institute, known as SIPRI, represents another type of comparison. Thus, for example, world military expenditure is greater than either world expenditure on education or health: it is 15 times larger than official aid provided to the underdeveloped countries. It is equivalent to the gross national product of all the countries in Africa, the Middle East and South Asia.

● (1722)

Immense scientific skill and research are devoted to building up the power of nations so that, to use the jargon, they may be able to overkill each other many times over. I point out to the House that arms strength is achieved at the sacrifice of social welfare. This applies not only to nuclear weapons but to the so-called conventional weapons which have become more and more sophisticated and more and more numerous through the world, including the poorer sections of the world sometimes known as the Third World. I shall return later to the most recent turn in the armaments race. I think it is a sinister turn. That is, the proposal to produce neutron bombs.

Every government tends to justify participation in the arms race as being necessary to guard its security. But that is an illusion. What makes the arms race a global folly is that all countries are now buying greater and greater insecurity, at higher cost. In fact, the evidence indicates the stepping up of armaments leads to a decrease in safety against attacks. As defence expenditures mount, it becomes harder to obtain financing for civilian purposes such as health, education, housing and other kinds of social needs. Public expenditures for such things would, if well planned, raise the productivity of labour and provide a future remedial course to individuals in society.

There is not only a question of danger and the security of human beings. There is the question of the waste of human resources, the danger that militarization of countries will undermine the morality of people who think in terms of "real politik" entirely outside the realm of moral precepts carried on in terms of power which they use to justify the use of violence and threats of violence together with large-scale spying, bribing and lying in high places. This, surely, must have a debilitating outcome on our social order and respect for ethical rule.

To deal with the super-powers first, Mr. Speaker, an article by an eminent scholar, Jerome B. Wiesner, who is very expert in this whole field, is mentioned at page 28 of Mrs. Myrdal's book. She writes:

> Ever since shortly after World War II, the military power of the United States has been steadily increasing. Throughout the same period the national security of the U.S. has been rapidly and inexorably diminishing... From the Soviet point of view the picture is similar but much worse. The military power of the U.S.S.R. has been steadily increasing since it became an atomic power in 1949. Soviet national security, however, has been steadily decreasing.

There are those who like to make out that the quantitative growth of armaments, conventional and nuclear, has been the prerogative entirely of the U.S.S.R. Our cold war warriors are not slow to remind us of this and to suggest that it is necessary for us to build up the kill-power of the United States and her allies to meet this threat. What these people never tell us is the extent to which the U.S. has already been building up qualitative superiority in weapons of destruction and is continuing to do so.

It is sometimes said that possession or superiority of arms is a necessary deterrent, but it goes far beyond any power necessary for deterrence. However, once those super-powers have the capacity to destroy each other, a further attempt to secure superiority is the building up of an overcapacity. The overkill capacity of each of the super-powers is far beyond enough.

Jules Moch, who for a long time was a leading French spokesman for disarmament, made a striking calculation in his book "*Destin de la Paie 1969*." He said that, taking into consideration how many tons of explosives are needed to kill the average number of people in each square kilometre, stocks of nuclear weapons already then available were sufficient to annihilate the total world population 690 times over. Today, if the U.S.S.R. decided to risk retaliation, they could launch an attack on the United States with intercontinental missiles and bombers. This time, the number of American casualties would be extremely high—100 million casualties are estimated. The situation in the U.S.S.R. is even worse. The question that has to be asked is: What is enough?

We must reduce the forces of the super-powers and their allies. But this is only the first step. What is really needed is the total abandonment of nuclear weapons. It is true that the main responsibility rests upon the super-powers, but all powers have a measure of responsibility: all powers are participating in the arms race, including even the Third World nations.

What is necessary to be done? Some achievements have, in fact, already been made—more particularly, the partial test ban and the non-proliferation agreement. The test ban must become a total test ban. I listened to the minister's account of the safeguards we are going to attach to the export of uranium. I hope he was not being overly optimistic. The non-proliferation agreement must be strengthened. We must pursue our efforts to attract people in governments to recognize their true interests. We must make it clear that the production of arms is not, in fact, the avenue for increased production and employment. This is not the case.

[Mr. Brewin.]

It would, indeed, be perfectly possible for people living in a sensible world to work together to provide alternate useful forms of employment. We must aim at a strategy of limitation and reduction of specific arms. It is useless to talk about general and complete disarmament at this time. If a few hundred bombs are all that is needed for a deterrent, how did it happen that we needed to produce more than this number? The number of nuclear weapons must be drastically reduced. It is not, however, only in the area of nuclear weapons that disarmament is required: there are more and more sophisticated conventional weapons being produced.

A report by the United Nations groups of experts on the social consequences of disarmament in 1972 stated that controls over proliferation have to be improved, strengthened and applied to nuclear facilities in all countries. We have signed treaties—the last one I am aware of is the Geneva protocol of 1925—to prevent the use of cruel methods of warfare. This is something that goes far back in human history. However, we did not carry it out. As I am going to point out, war has become more and more brutal.

● (1732)

In the interests of humanity, chemical weapons and napalm should be banned, along with the bombing of open cities. Biological means of warfare have been outlawed, but the same rules of war have not been applied to chemical means of warfare. They should be. The problems concerning inspection, which made it difficult to secure disarmament before, are no longer insuperable problems because of the far greater means of detection now available to the countries of the world. There is a tremendous need for a great deal more openness in this field.

Some advance has been made under the Helsinki Agreement, whereby military manoeuvres by different powers are attended by the representatives of other powers. It is not to be suggested that this step is a very long one or a very potent one, but it is something to create more confidence and remove fear. It is something which needs to be advanced, expanded, and changed. No doubt there are many other steps which have to be taken, and no doubt the working out of these steps is not a simple or straightforward matter. It is something that has to be done if the fears of mutual destruction are to be removed.

Members of this House are well aware that a special assembly of the United Nations has been called for May or June, 1978. The nations of the world will gather to deal with this question of disarmament. The chances are that the conference will be much improved by the fact that France and the United States are participating in it. They intend to participate fully, so it is to be hoped it will be more effective. I am not sure whether the Chinese will attend. It is possible that country will attend, but every other country in the world will be taking part.

I should like to suggest to the minister and the government that we should not take our participation in this conference lightly. We should talk with like-minded countries, such as Sweden and the Netherlands, in regard to the steps which

should be taken. We should be planning to consult and inform Canadians in order for there to be public participation in the process. For a number of recent international conferences, the Government of Canada has provided for the presence of both parliamentary observers and non-governmental agencies. This is an important aspect in ensuring the conference is taken seriously by Canadians. I commend the hon. Leader of the Opposition for what he said on this matter. It is not just a matter for a few bureaucrats in the Department of External Affairs or any other department. It is something in which conscience, concern and interest in what is being looked at should be understood. The fact that some members of the House attend as observers may not be an ideal setup, but it is a useful one. They cannot go to these conferences without learning a geat deal. The non-governmental agencies should be encouraged to attend, because they are the ones who are idealistic.

An hon. member during the debate today indicated that the younger generation used to have a great idealistic interest in international affairs. It is safe to assure the House that the situation today is the same. Every effort should be made to brief and instruct those who will be attending in various capacities. There is no point in going to the conferences if they are not provided with the necessary information. Often they have an interest, but it cannot be satisfied. Also I hope senior members of the government will be involved in this conference.

Now I should like to turn to a specific aspect of disarmament in which it is necessary for Canada to make up its mind and speak out clearly. I am referring to the proposed production of a neutron bomb. The implication of this new weapon is frightening indeed. President Carter has indicated his intention to consult his allies. I do not know whether that has been done yet, but as recently as August 1 the Prime Minister (Mr. Trudeau) is quoted as saying in an interview in the Toronto *Daily Star* that he has neither analysed the neutron bomb nor discussed it with President Carter.

A short while ago the Minister of National Defence (Mr. Danson) told the hon. member for Victoria (Mr. McKinnon), in reply to a question concerning the neutron bomb that, "As to the neutron bomb I would think that the hon. member knows as much about it as I do." This is an extraordinary thing. This demonstrates the irresponsibility of the Canadian government and almost indicates a degree of incredible indifference to a subject which is in the minds of people across the world, particularly in Europe. We are involved in Europe. We are part of NATO. There are Canadian troops in the very areas where neutron bombs might be used. It is time for the government to make up its mind on where it stands.

The neutron bomb can kill people with radiation, without too much damage to property. Neutron bombs are small, tactical weapons which carry a spray of lethal radiation that is more effective than tactical nuclear weapons. Radiation deaths come quickly if people are near the bomb. If they are within two kilometers, they do not die immediately. They linger around for a week and die slowly with convulsions, vomiting and diarrhoea. The result is that they die in great pain.

Some people think the neutron bomb is a good idea. Senator Stennis of Mississippi said that the idea of having this weapon is the best news in years, although Senator Heinz of Pennsylvania said that it is a weapon which is even more repugnant than usual. The opponents of the neutron bomb argue that it is particularly inhuman. It may save property, but it does not save lives. It is a form of chemical and bilogical warfare which historically has outraged civilization throughout history.

The obvious thing is that if it can be produced by the United States, it can also be produced by the U.S.S.R. The United States Atomic Energy Commission tested the bomb as long ago as 1963. For some reason or another, no production was proceeded with. It is being talked about now, and President Carter will make up his mind after consultation with his allies. An analysis of the weapons program by the United States arms control and disarmament agency found that the production of the weapon would have a deleterious effect on negotiations with the Soviet Union and other countries. The foreign minister of Sweden has indicated that it is an exceedingly cruel weapon.

Professor Linus Pauling, a former Nobel prize winner from the United States, has indicated that he believes the manufacture of the neutron bomb and its deployment are a temptation for military leaders to use it. The employment of such nuclear weapons will almost certainly lead to a world war in which the terrible hydrogen bombs stockpiled in nuclear arsenals will be brought into use.

● (1742)

Professor Eric Burhop of Britain, president of the World Federation of Scientific Workers, has said that the decision to develop the neutron bomb represents a further step in the escalation of the arms race and will make agreement on measures on disarmament more difficult. It is, however, the weapon par excellence to take over the industries of another country because it kills people in other countries and leaves the factories standing.

Lord Chalfont of Britain, who is a military writer, and although a member of the Labour cabinet is now a stronger supporter of the Conservative party in Great Britain, is certainly not an anti-militarist, has said that the effect of the use of the neutron bomb would be to blur the distinction between nuclear and conventional weapons, and that once the threshold is crossed there will be no certainty of control.

Professor Feld of the U.S.A. has said that by contributing to the illusion that nuclear weapons are usable, by eroding the barrier against any first use of a nuclear weapon, and by increasing reliance on them and lowering the threshold of their introduction into possible conflict, the deployment of neutron bombs could greatly increase the chances of a nuclear war.

The *Economist*, which is hardly thought of as a radical sort of paper, says the bomb will kill those within its range and result in a creeping, cruel death for many others. The American writer, Mr. Norman Cousins, introduces another aspect. According to him, the use of the bomb will cause genetic damage to survivors, which means that human beings yet

unborn will pay a fearsome price. These unborn children through genetic degeneration may inherit all sorts of defects.

The neutron bomb poses a moral issue: do we have the right to condemn future generations, and have we the right to use the neutron to declare war against humanity? Military experts differ on this question, and I am not particularly surprised that that should be the case, but I have always imagined that on a matter as vital as this we must think things out for ourselves and not leave them exclusively to the judgment of military people.

There are one or two other subjects that I want to touch on very lightly. I join the others who have spoken in this debate in rejoicing that a serious negotiation is going on and that there appear to be real prospects of a breakthrough. In particular we wish the leaders of Egypt and Israel well in the historic task they have undertaken. We think Canada should make it clear that if Canadian assistance is needed as a buffer, or if our peacekeeping force is needed in establishing stability in that area, we would be ready to participate. Just as continuing hostility in the Middle East would be an incalculable evil, a negotiated peace would be an incalculable gain, not only for the nations involved but for the world as a whole.

I heard what the Secretary of State for External Affairs said on the subject of South Africa. It seemed, although we did not have time to examine what he said in detail, that he has moved a long way toward the point of view we have taken for a long time, namely, that it is hypocritical for us constantly to condemn apartheid or inhumanity, to talk about sanctions, and then to do absolutely nothing about restraining commercial activities between Canada and South Africa. If, as it sounded, the minister has moved to that view, then I think he should be commended. I imagine it was about ten years ago that we started talking about this first, and it shows that if you keep on talking about something worth-while, you finally get some results.

I should like to end with one other reference, one which has already been made, that is, the necessity to participate fully in the development of the new economic order and to take necessary steps to assist nations in the Third World to expand their trade. We appreciate the fact that efforts along these lines have been made in the North-South conference, largely and substantially aided and helped by the former secretary of state for external affairs, but many of the proposals made were found not to be acceptable to some of the countries concerned. However, this new economic order which is tied in with the question of disarmament is one of vital concern to human beings all over the world, and we have, by reason of our high degree of skills and the productive nature of our economy, the opportunity to help. I think it is not much good to say that we cannot do it because we are in trouble ourselves. We have nothing like the trouble, the malnutrition and abject poverty that affect many nations throughout the world. I believe that if we assist in building a more prosperous world through the expansion of a new economic order, we shall help to solve our own problems.

[Mr. Brewin.]

Mr. Frank Maine (Parliamentary Secretary to Minister of Public Works and Minister of State (Science and Technology)): Mr. Speaker, in this subject matter which is so vast I have chosen to deal with a very narrow and specific area and to outline and highlight some of the action being taken so far as development in the Third World is concerned.

In a move toward assisting development in Third World countries through science and technology, the United Nations has decided to hold a world conference on science and technology for development, UNCSTED, in 1979.

A United Nations conference concerning this general subject area was previously held in 1963, (UNCSAT I). Subsequently, in December, 1970, the UN General Assembly requested the Secretary-General to evaluate the implication of science and technology for development, and specifically to assess the results achieved within the UN system since the first conference. The Secretary-General underlined the need to expand co-operation in the field of science and technology. One result of his reply was the proposal to hold UNCSTED in 1979.

This decision in turn reflects the conviction by developing countries that science and technology, in its broadest sense, represents a key factor in their national development strategies. Policy issues, rather than technical questions in science and technology, are to be the topic of discussion at the conference. That is to say, concrete examples of solutions to numerous socioeconomic problems through science and technology will be examined.

The main objectives of UNCSTED are: first of all, to adopt concrete decisions on ways and means of applying science and technology in establishing a new international economic order, as a strategy aimed at economic and social development within a time frame; second, to strengthen the technological capacity of developing countries so as to enable them to apply science and technology to their own development.

● (1752)

The third objective is to adopt effective means for the utilization of scientific and technological potentials in the solution of problems of development of national, regional, and global significance, especially for the benefit of developing countries. The fourth objective is to provide instruments of co-operation to developing countries in the utilization of science and technology for solving socioeconomic problems which cannot be solved by individual action, in accordance with national priorities.

The conference agenda as recommended by the United Nations Economic and Social Council consists of four major parts. The first is science and technology for development, consisting of technology transfer, the integration of science and technology in socioeconomic development, and new science and technology for overcoming obstacles to development.

The second is institutional arrangements and new forms of international co-operation in the application of science and technology, consisting of the building up and expansion of

institutional systems for science and technology in developing countries. It also consists of research and development in industrialized countries, the exchange of science and technology information and experiences, the strengthening of international co-operation in the field of science and technology, and the promotion of co-operation among developing countries.

The third is utilization of the existing United Nations system and other international agencies, and the fourth is science and technology for the future.

Thus far, topics to be discussed will include food, including production, transportation, storage and distribution; energy, with the emphasis on renewable resources; natural resources, including finding, exploitation and development of mineral and fibre resources; industrialization, with emphasis on manufacturing industry; and finally, tropical diseases, primarily from a medical standpoint.

The value of UNCSTED will depend to a great extent upon the preparatory work which is now under way. Thus far the bulk of the conceptual preparation for UNCSTED has been done by the UN advisory committee on science and technology for development, a body of non-governmental experts. Responsibility for the over-all policy direction has been given to the UN committee on science and technology for development, a body of national government representatives. At its first meeting, which was held in January of 1977, guidelines for the conference were set, and Mr. J. F. daCosta of Brazil was appointed secretary-general.

Canada has taken an active part in preparing for the conference. In order to provide direction and co-ordination of the many national activities, the federal government has established two major interdepartmental committees. Over-all policy direction is provided by a policy committee chaired by the Under-Secretary of State for External Affairs. The day-to-day co-ordination is provided by a steering committee chaired by a senior official of the same department. Major support of these committees comes from the Ministry of State for Science and Technology and the Canadian International Development Agency.

One activity now under way is the production of a national paper for presentation at the conference in 1979. Presently under the chairmanship of the Ministry of State for Science and Technology, the paper describes the present science and technology component of Canada's aid programs.

It also focuses on areas of Canadian expertise of potential value to developing countries and illustrates, with selected examples, where and how Canada has applied science and technology to development.

Although UNCSTED will be primarily an inter-governmental conference, contributions of non-governmental sectors will be of vital importance. Contacts are being made with universities, business, labour, the Royal Society of Canada and with SCITEC.

Presently the University of Guelph is involved in eight international projects, and I would like to outline them very quickly. The first is a triticale project in which research is now being done on this new hybrid cereal at the International Centre for Maize-Wheat Research in Mexico. It will be useful in areas of short-growing crop seasons and drought, prevalent in areas such as Iran and Iraq where food scarcity is a major concern. The University of Guelph is presently taking an active part in this particular crop research, working specifically on the winter type of triticale. Our Canadian climate provides an excellent environment for such research.

The second is a tripanosomiasis project. This fatal disease carried by the tse-tse fly is the major factor which limits cattle production in Africa. As protein deficiency is a major problem to the people of this area, finding a cure for this disease will greatly improve the nutritional standards of the area. The University of Guelph is presently involved in this four-year project, training people from Kenya at the university.

The third is the cassava project. Cassava is the major food crop in most tropical regions of Africa and Asia. With the main centre of IDRC in Colombia, South America, the International Centre for Tropical Agriculture, the University of Guelph has now completed its five-year joint involvement in the project. Involving a dozen departments at the University of Guelph, researchers examined worldwide distribution as well as marketing of cassava. The University of Guelph was instrumental in providing unique equipment and expertise.

The fourth and fifth are apiculture projects. Beekeeping projects are now taking place in both Kenya and Sri Lanka. These projects, financed by CIDA, are now in their second successful phase. This establishes not only local enterprises in the areas but also serves to increase food production. Professor Gordon Townsend of the University of Guelph is a world expert in this area.

The sixth is the Ghana project. This five-year project, twinned with the University of Ghana, involves faculty members from Guelph doing research and teaching on site in Ghana. Students from Ghana in turn study at the University of Guelph so that they may return and staff their own areas.

The seventh is the University of Malaysia project which involves establishing a veterinary college at the University of Malaysia. This is a four-year project financed by CIDA.

The eighth project is the Jamaica project. In the Caribbean research and training is being done in the pork and pig industry.

The University of Guelph is now finalizing a project with the University of Campinas, Brazil. This project, financed by CIDA, will involve training of faculty in the food science departments. Mr. Speaker, may I call it six o'clock?

Mr. Deputy Speaker: It being six o'clock, I do now leave the chair until eight p.m.

At 6 p.m. the House took recess.

• (2002)

AFTER RECESS

The House resumed at 8 p.m.

Mr. Maine: Mr. Speaker, as I was saying when I spoke prior to six o'clock, the University of Guelph has been involved with CIDA in several projects illustrating how our country is helping to transfer science and technology for development to the developing world.

In conclusion I should like to wrap up my comments by saying that the University of Guelph is also involved in a host of short-term projects in conjunction with CIDA. Specifically, numerous staff members have been asked to be advisers in several projects in Zambia and the Middle East.

I trust that the appropriate use of science and technology in contributing to the solution of problems in developing countries and in complying with their needs, has now been made evident. In conjunction with people from developing countries, we have aimed at training their people in order that they may return to their own countries and staff their own areas in the near future. In other words, we are helping them to help themselves. Although they were encouraged to do as much work as was possible in their own developing countries, often the highly technical equipment and expertise involved made it necessary that the research be carried out in Canada.

Projects such as those undertaken by the University of Guelph represent what can be done by our non-governmental sector. That is why it is essential that, at UNCSTED, Canada be represented by non-governmental organization delegates as well as governmental delegates. Through the involvement of the Department of External Affairs and MOSST and specific departments such as agriculture and fisheries with the scientific community both directly and through SCITEC, the Royal Society of Canada, and possibly the Science Council of Canada, arrangements can be made for NGO contributions in the 1979 conference. It would be a tragedy—no, a travesty of justice—to see other than the fullest of co-operation between these two communities in this matter.

Some hon. Members: Hear, hear!

Mr. Douglas Roche (Edmonton-Strathcona): Mr. Speaker, our debate takes place at a time when peace initiatives in the Middle East are occurring at a furious pace. The moves by President Sadat and Premier Begin have been called daredevil diplomacy. Now we learn that these daredevils are going to hold their second face to face meeting on Christmas Day. Can there be any greater Christmas present to the whole world than the continued movement forward to peace by these two courageous leaders? If it takes daredevil diplomacy to bring peace to an area that has so long been the reflection of the tragic vision of mankind, let us have more daredevil diplomacy.

To the Arab and Israeli diplomats who are listening to this debate I say it is not my intention to tell you how to solve the vexatious problems of the Middle East; I only want to tell you they must be solved for the good of the world. Take back to your governments the wish, the insistence, the demand of the Canadian people that this fresh momentum for peace not be lost. The courage of Sadat and Begin has inspired the world. Our hopes have been raised that there is a way to extend justice to Jew and Arab alike. Do not allow the promise of this moment to be lost.

Now, Mr. Speaker, we must speak of Canada's responsibility in foreign policy. This debate will be useless if we offer only rhetoric to one another, if we advance impossible proposals, if we use it as a smokescreen to cover the deep divisions at home. Somehow, through this debate, we must strike a note of realism concerning Canada's place in a world that is undergoing great change. We must balance the strength and potential of Canada with the fact that we are divided in so many ways internally. We must balance our good reputation and image abroad with the fact that we are not a major power.

• (2012)

Yet considering all the realities of Canadian existence, there is no doubt in my mind that Canada can do much more than it is now doing to extend peace, stability and justice in the world. In fact this very exertion outwards into a world that is fractured would be of considerable help in revitalizing the Canadian spirit. The government's down-playing of foreign affairs—there was not a word on this subject in the throne speech—appears to be a confession that it cannot advance in the external arena until the internal picture is improved.

I am convinced that reaffirming a constructive role for Canada in the world community can be of considerable help in finding a renewed sense of purpose and direction for Canada. In fact the continued development of our own country demands that we pay greater attention to the role Canada should play in a changing world. This is not a simplistic notion, rather it is a reflection of the profoundness of human nature.

Human beings need goals to find happiness; and nations need goals to discover their unity. Outside the Parliament Buildings, there is a monument that says it well: "If I lose myself, I save myself." What this means, in modern terms, is that a renewed effort on our part to make Canada an international source of human rights and economic growth would be a means to create new bonds among Canadians. The internal strengthening of Canada through greater involvement in the newly-discovered realities of an interdependent world is a challenge of historic proportions to this country.

Can we respond to this challenge? Mr. Speaker, we have no choice but to respond. We do not live alone on this planet. Look at the picture of the earth sent back from space by the astronauts. That picture reveals graphically how the interests of one part of the globe are connected with the interests of all. If foreign policy has always been the pursuit of national aims and interests in the international environment, foreign policy must now strive to secure those interests by promoting the well-being of peoples and nations throughout the world. What is needed, therefore, is a reconstituted foreign policy for the

1980s that can reconcile the traditional needs of independence with the new demands of interdependence.

A policy of enlightened internationalism is a necessity. And that takes political leadership. The government has shown a disinterest in providing leadership to the Canadian people. It is time for members of this House to assert our determination to participate in the construction of a new foreign policy for the next decade. We are the ones who go across this country measuring public opinion and also helping to shape it. In 1977 I spoke in 27 Canadian communities on Canada's international role and I have found that in every community there is a creative minority of concerned Canadians who want a stronger foreign policy and more leadership from the government in this area.

The Standing Committee on External Affairs and National Defence ought to be an ideal instrument in the forming and dissemination of policy. But it is not utilized because of the silly rule that committees can only study what the government allows them to study. Thus this whole fall session has been wasted because the government would not provide a reference to the committee to study aid, or disarmament, or peacekeeping or indeed any of the many items that are opened up in the minister's annual report. All members know that consideration of estimates is not a time for exploring new possibilities. The subcommittee on international development which produced reports on a common fund for commodities and debt management during the past two sessions performed valuable work. Why should that work be suspended? If the government is serious about the motion before us asking us to take note of "future prospects of Canada's relationships with the other nations of the world," then at the very least it would refer the minister's annual report to the committee and let us get down to the serious work of contributing to a foreign policy for the 1980's.

Mr. Speaker, a reconstituted foreign policy should not make the mistake of the past decade—going off in all directions at once, especially when some directions contradict others. It should rest on firm foundations, rather than on a set of stop-and-go experiments. That has been the major flaw in Canada's foreign policy in the 1970s. In this decade the government, discovering interdependence, thought the best response was to plunge into new arenas to the diminishment of traditional relationships; to spend aid money in a plethora of developing countries without stopping to measure whether the aid was effective; to make great speeches at conferences outside Canada without ever explaining to the Canadian people why an enlarged foreign policy is necessary and what the government's plan is. As for Canada's votes in the United Nations, they have been such a strange mixture of yes, no and abstentions, with the emphasis on the abstentions, that they defy analysis.

Also, how are we to analyze the so-called third option policy? What positive gain has it produced? The necessary counterweights to our dependence on the U.S.—the Pacific Rim, the EEC, Latin America—have not materialized. The contractual link has yet to amount to anything beyond mere statements of good will. Moreover, the search for a closer relationship with Europe was undermined thanks to the decision to reduce unilaterally our participation in NATO. The fact that this reduction was made before the conclusion of the foreign policy review made nonsense of the claim that foreign policy would determine defence policy.

Beside the fact that the government's foreign policy has been a failure in that it has accomplished none of the things it set out to do, it is no longer clear how or where our foreign policy is made. The most important agreement of the decade in Canada—U.S. relations, the Alcan Pipeline agreement, was negotiated not by the Secretary of State for External Affairs, but by the government House leader. Our relations with francophone countries, which until recently have been handled adequately by External Affairs, are now being entrusted to another cabinet minister, the Minister for Supply and Services (Mr. Goyer). The reasons for this have never been satisfactorily explained.

In a reconstituted foreign policy for the next decade, I favor a clear statement at the outset reaffirming a spirit of co-operation in Canada-U.S. relations, for the simple reason that our security and trade are inextricably bound up with the United States. And in the past decade a traditionally positive relationship has been strained, often needlessly. Canadians have been left to wonder if somehow Canada was getting delusions of grandeur that we could survive on this continent without the closest attachment to the U.S. A reaffirmation of Canada-U.S. relations at this moment would act as a stabilizing rudder as we steer into new waters.

Second, our traditional ties with the Commonwealth and NATO need to be reinforced. These great and time-tested associations provide a framework for Canada's interests abroad. Yet the government has given the appearance that we could treat old friends in a cavalier manner.

Only when Canadians are reassured that our attachments to the U.S., Europe and the Commonwealth will remain the anchors of a reconstituted policy, will such a new policy be understood and accepted. There must be movement forward into the complex fields of human rights, detente, the development and security of Africa, international development and disarmament. But these steps must be on firm foundations. We should be careful that we do not draw the analogy of Canada's being a bridge too far. For a bridge requires strong footings. Today those footings are not strong because the government has almost totally neglected to explain to the Canadian people whatever it is it is trying to do. No wonder Canadians are bewildered and think that Canada is wandering in a jungle at midnight without a compass.

● (2022)

If any final proof is needed about the confusion of purpose in Canada's foreign policy, Mr. Speaker, let us consider the sorry spectacle of CIDA officials now justifying Canada's aid budget on grounds that it is good for the Canadian economy. Is the Department of Industry, Trade and Commerce so bereft of ideas to promote the sale of Canadian goods abroad that the

government must insist that CIDA become a sales agency? The mismanagement of the economy must be even worse than we imagined if CIDA, an agency that was started to express the humanitarian concern of Canadians for the poor of the world, is now to be used to prop up industry, trade and commerce.

As you know, Mr. Speaker, more than half of Canada's aid budget is spent on Canadian goods and services; this is called tied aid. There is nothing inherently wrong with tied aid, provided that it promotes development. However, given such factors as the high technological content of much tied aid, there is increasing evidence, which I have seen with my own eyes, that it can promote underdevelopment instead. The myth has grown up that tied aid is important to the Canadian economy. How can this possibly be true when tied aid represents only .23 per cent of our gross national product? If the government has evidence to the contrary, let it publish the evidence and stop operating CIDA in such secrecy that a "confidential" label is even put on its country reports.

To have the government now justifying CIDA on business grounds will, in fact, prevent CIDA from implementing the government's own strategy on international development that calls for increased emphasis on rural development of the poorest people.

There is a paradox in this which I will explain in this way. There is little direct commercial return to Canada in the development of health, education and marketing services in the villages where the greatest number of the poor live, and little benefit directly to people in developing countries through our emphasis on bilateral tied aid.

True aid is an investment in the long range development of people. If CIDA persists in explaining itself on grounds of immediate commercial return to Canada—when that return is insignificant anyway—it will seriously jeopardize that substantial body of public opinion that supports CIDA on the grounds that it is actually helping the poorest people.

Note well what I am about to say, Mr. Speaker. It is not the quantity of money that Canada spends through CIDA that is important in helping people, it is the quality. I would accept a cut in CIDA's over-all budget if I could spend the remainder on community development, especially the kind promoted by non-governmental organizations. Such a policy would, on the basis of my experience travelling in the Third World, help more of the poorest people in the poorest countries achieve self-reliance.

My leader today called for an independent review of the whole CIDA operation. I support that review because a fresh, objective examination of CIDA must now be made if the government is to retain the support of Canadians who want CIDA to help make self-reliant, dignified human beings out of the world's poverty stricken millions.

There are benefits to Canada through international development, properly carried out, and we should not hesitate to point them out. Vast new markets will open up through helping to develop a level of self-reliance in the people. Their purchasing power is now so low that they are not considered major markets despite their population size. Their incomes would increase, as the Secretary General of the Commonwealth, Shridath Ramphal, has noted, "from the dismantling of trade barriers and other obstacles and from a sustained expansion of their export income from primary commodities." These increased incomes would inevitably be spent on imports from the industrialized countries.

Developing a level of self-reliance in the one billion poorest people in the world is a long-range investment, and that is the essence of a policy that now ought to be advanced. On the question of measuring aid effectiveness we should thank the new North-South Institute that has analysed the deficiencies in Canada's present role. I quote their conclusion:

> In summary, while Canadians in general, and Canadian policy-makers in particular, like to view Canada as being in (or close to) the vanguard of the industrial countries, this self-image is more flattering than accurate. Canada, on occasion, has taken positions that have put this country among the leaders of the north. However, as far as proceeding with in depth and innovative analyses or offering proposals that could facilitate substantive agreement between the north and south, Canada has neither called upon enough of its resources nor come close to realizing its potential.

In outlining an improved Canadian policy on international development in the 1980s, I would establish these priorities. First of all, more emphasis on fostering self-reliance in the Third World through the satisfaction of basic human needs—sufficient food, shelter, health facilities and education and a job opportunity for all. Those are the basics we are talking about, Mr. Speaker. Second, increased attention to water management and soil conservation. Third, intensified and continuous and two-way technical co-operation with developing countries. Fourth, emphasis on stabilizing the prices of commodities and manufactured goods; and improving access for Third World countries to industrialized countries' markets. Fifth, intensified efforts to help developing countries become more self-sufficient in food production and increased participation in world food programs. Sixth, domestic industrial strategies to enable Canada to produce more high technology goods needed on world markets.

Finally, Mr. Speaker, in a reconstituted foreign policy can there be any subjects more necessary to highlight than stronger Canadian efforts to improve the conditions for human rights and arms control? We are holding this debate almost on the eve of Christmas. We want to celebrate the birth of Christ who came to us in the name of peace. But peace is not merely an ideal. Peace is a practical and immediate necessity arising out of the present situation where men have acquired such immense power that they are now in a position to conquer the stars or to annihilate themselves completely along with the globe on which they live. Peace is not just the absence of war; it is that set of equitable human and national relationships that promote the conditions for human dignity sought by every individual. What we are facing today is a world that is endangered by gross violations of human rights and widespread terrorism, a widening gap between the developed and developing nations, and an arms race that is out of control. That is neither a safe nor an equitable world in which to live.

No, we cannot do everything. But we can raise our voice and increase our work in the world community to root out the causes of disorder and injustices. I believe the Canadian people want their leaders to move in this direction. And we have the duty to provide such leadership through a new, coherent, comprehensive, and convincing foreign policy.

● (2032)

Hon. Herb Gray (Windsor West): Mr. Speaker, this is a general debate on Canada's foreign policy, but what I am going to discuss, the Arab boycott and the federal government's response to it, are as much matters of Canada's domestic policy as they are of its foreign policy.

The boycott touches on our foreign policy because it is a form of warfare by Arab states against Israel. It is as much a part of their effort to destroy Israel as their military warfare since 1948. However, Canada is not at war with Israel or with the Arab states.

Canada's official policy has been to support the existence of Israel as a free and independent state within secure and recognized borders. Therefore, when Arab countries say if Canadian firms want to trade with us they cannot trade with Israel or with other firms which trade with Israel or which are owned by or employ people who are sympathetic to it, they are trying to get Canadian companies to do something which clashes directly with Canada's official policy as a government, as a country.

When Arab countries say to Canadian firms. "If you want to trade with us you cannot have Jewish employees or owners or directors and you cannot trade with Canadian firms with shareholders or employers who are Jewish or who are sympathetic to Israel," then this conflicts directly with our federal government policy on human rights and the approach to human rights of most Canadians. It clashes with our domestic policy. It is understandable, therefore, why the Prime Minister (Mr. Trudeau) said in this House in May, 1975:

> This type of practice is alien to everything the government stands for and indeed to what in general Canadian ethics stand for.

These sentiments were not translated into any kind of concrete policy on the Arab and similar international boycotts until almost a year and a half later on October 21, 1976, when the present Secretary of State for External Affairs (Mr. Jamieson) presented to the House a statement of policy on such boycotts. This statement said the government opposes boycotts which attempt to have Canadians in their commercial dealings discriminate against other Canadians on the basis of origin or belief, or which attempt to have them refuse to buy or sell to countries like Israel with which Canada maintains friendly relations. However, in the statement the only measures the government said it would take to implement this policy were withholding its supporting services from dealings where Arab boycott compliance was involved and having all firms report to it for later publication any compliance by them with the boycott whether or not they sought government assistance.

This policy was not translated into any kind of action until the Deputy Minister of Industry, Trade and Commerce issued guidelines for its implementation three months later on January 21, 1977. These guidelines, however, drew back from the commitment of the policy statement. They said reports would be drawn up only with regard to firms that approached the department for assistance.

No explanation has ever been offered to this House or to the public as to why the guidelines issued by the Deputy Minister of Industry, Trade and Commerce did not go as far as the government's formal policy statement which said all firms, whether they sought government assistance or not, would have to report to the government all requests they received to comply with international boycotts of a kind contrary to the government's policy statement. The guidelines also said a public report of information gathered under them will be made "semi-annually".

This meant the first report should have been made last July. This did not happen, and until questions were asked about it in the House last week there was no indication by the government when such a report would be issued to the public, if ever, and what had been holding it up until that point.

Although the wording of the policy statement and the guidelines at close reading are somewhat ambiguous on this, the press and the public generally interpreted them to mean that the reports, when made, would at the very least name those firms, about which the government was aware, that had agreed to comply with the boycott. In fact this understanding was encouraged by spokesmen for the government. For example, on February 17 of this year, the hon. member for Assiniboia (Mr. Goodale), then the parliamentary secretary to the President of Privy Council, speaking in an adjournment debate in reply to a speech made by myself, had this to say:

> The reporting requirement under which the department would publicize the names of companies or individuals from whom services and support have been withdrawn or withheld for contravening the government's policy on boycotts is a responsible and practical way of reinforcing the government's policy in this area.

I want the House to note the words of the then parliamentary secretary which state clearly that the reporting requirement meant the department would be publicizing the names of companies or individuals from whom services and support had been withdrawn or withheld for contravening the government's guidelines on international boycotts.

As we know, answers given by parliamentary secretaries in adjournment debates are prepared for them by the relevant government departments as the official position of the government, and are presented by the parliamentary secretaries as such. It is understandable, therefore, that there was consternation, if not surprise, to say the least, when the present Minister of Industry, Trade and Commerce (Mr. Horner), as reported by the *Globe and Mail* in its December 17 issue, after telling the Leader of the Opposition (Mr. Clark) during the question period on the preceding day that the list of companies in question was "still being considered" said later, to reporters outside the House, on the same day, and I quote from the press report:

—he had no plans to make the list public and would not even indicate how many companies the department had found signing contracts with boycott clauses.

'You'd be open for all kinds of libel,' Mr. Horner said, because the publicity might hurt the companies' sales.

'That kind of thing when we're trying to promote world trade is something we don't want to get into.'

Here appears to be an even further narrowing-down of the seemingly meaningful policy announced by his colleague, the Secretary of State for External Affairs, on October 21, 1976. One could wonder how naming the companies the government found to be complying with the boycott could ever involve "all kinds of libel". How can it be libel when the government is simply telling the truth, that certain companies are engaging in conduct that the Prime Minister of Canada said is contrary to everything the government stands for, everything Canadian ethics stand for, and what the present Secretary of State for External Affairs later called repugnant and unacceptable?

Most Canadians want, as I do, to see Canadian trade with Arab countries and all countries greatly expanded. However, I do not think they want to see this done, nor do I, on terms which are contrary to basic Canadian ethics and concepts of human rights.

Some hon. Members: Hear, hear!

Mr. Gray: It should be troubling indeed to note the inference of the reported remarks, assuming they are accurately reported, of the Minister of Industry, Trade and Commerce, that discrimination against some Canadians on the grounds of their origin, religion, beliefs, associations or that efforts that harm a friendly country are prices he is willing to pay to expand Canada's trade. If that inference is correct, and I hope it is not, it clashes with the policy of the government of which he is now a member and, more important, with the views of Canadians generally.

The Secretary of State for External Affairs took a somewhat different approach in the House the next day, last Friday. He said in effect that the list in question had not been released because the government had not yet decided how to release information it had received, particularly whether it should release the names of companies which had received requests to comply with the boycott but which had rejected those requests. He implied that there were other unresolved questions of the same order as well. This was when he was speaking to reporters later outside the House. He said that the government had not decided, according to press reports, whether to release the names of companies that had simply agreed not to ship goods on a vessel which stopped in Israel, but did not include a boycott clause in their sales contract.

● (2042)

One could have somewhat more sympathy for the government's position on this, if the policy statement had not yet been issued, or if it had been issued and the government was simply waiting for the guidelines to put it into effect. Almost a year and a half went by from the time the Prime Minister said that the boycott was contrary to everything the government stood for to the time the policy statement was issued. Was there not enough time during this period to make the necessary decisions? During this period we asked when the policy would appear, we were told that cabinet was continuing to study the matter.

Are we to take it, then, that the cabinet spent a year and a half studying this matter and allowed a statement of policy on boycotts to be made, promising a mechanism for public reports, without first deciding on answers to these basic questions as to what information was to be put in these reports? Are we to take it, if this was not done by the time the policy statement was finally made on October 21, 1976, that there was not time for answers to these questions to be developed within the three months between the making of the policy statement and the later issuing of the guidelines in January 1977?

Are we to take it that there was not time to get answers to these questions in close to a year since the guidelines had been issued, even allowing almost an extra six months from the time the first report was due? Certainly, even with the many other matters that validly required the government's attention, I think there was time to reach a decision as to what information should be made public concerning what the government had learned with regard to boycott compliance by Canadian firms. I think the Canadian public should urge the government to get on with this matter and make decisions. Then if the public is not satisfied with those decisions, the government should be able to explain and justify them. Answers to those questions regarding the releasing of information troubling the Secretary of State for External Affairs, the Minister of Industry, Trade and Commerce, and the cabinet, could be worked out in a few hours if it were decided that it had to be done.

I will offer some suggestions on how to proceed, in my usual effort to be helpful and constructive. If the government has learned of firms that simply received boycott requests, but did not agree with them, why should not their names simply be held back and tables would be published showing the number of firms receiving such requests, the nature of the requests, and the industrial sector in which the firms, receiving these requests are found. When it comes to companies that agree to ship goods on vessels not stopping at Israeli ports, the previous minister of industry, trade and commerce, the present Minister of Finance (Mr. Chrétien), seemed to state the government's position on this in a speech in Ottawa last April. At that time he said:

It would contravene our policy to undertake that the goods will not be carried on a blacklisted vessel or insured by a blacklisted insurance company, because that could limit the Canadian seller's freedom with other Canadian companies.

An argument could be made as a result of what the Minister of Finance said at the time when he was the minister of industry, trade and commerce that the names of such firms, along with the information on exactly what was agreed to, should be disclosed. But if a firm had agreed to nothing more, an argument could be made and possibly accepted, it could be put forward as a working hypothesis, that here too only statistical tables be published.

However is there any valid argument that the government should not publish the names of firms which agreed to boycott clauses in the sales agreements they entered into or that the names of firms that agreed to boycott clauses in the letters of credit under which they were to receive payment, should not be published? I am referring to boycott clauses, not to trade with Israel, with firms trading with Isreal, or in which firms agreed to discriminate against other Canadians. Surely not, if the words of the Prime Minister in May, 1975, and the words of the government's own policy statement a year and a half later, can be taken at face value. If the government needed more detailed guidance, surely it could take a look at the regulations on reporting which were made under the new comprehensive United States legislation forbidding all United States companies, whether they sought aid from their government or not, from complying with international boycotts like the Arab boycott.

In spite of earlier predictions, there is no evidence that this new American law is hurting United States trade with the Arab countries, or that it is embarrassing any American companies. Therefore I think the government is now in a position to make the necessary decisions on what to put into reports to be issued under its guidelines without further delay. The government should issue these reports as it has promised.

But let us bear in mind that these reports will tell very little about the impact of the boycott on Canada and Canadians. Even if the government publishes the names of every company coming to its attention that accepted the provisions of the boycott rules in any way, the Canadian people will not be given anything close to a true picture of the boycott implications for Canada. It is clear the government has not carried out its promise contained in the October 21 policy statement. I am referring to the promise to have all firms, whether or not they require government assistance, report their compliance with the boycott. Any report issued under the government's guidelines of January, 1977, cannot give a complete picture of the boycott's implications.

Among the essential tasks of our national government are the protection of our country's sovereignty and the providing of the equal protection of our laws to all residing within our borders. Unless the federal government brings forward all the necessary measures to make fully operative its October 21 policy on the Arab boycott and other international boycotts, it will not be carrying out these responsibilities in the way expected by Canadians generally. What do the guidelines issued by the Department of Industry, Trade and Commerce actually say? Those guidelines indicated that the government would withhold services only after transactions involving boycott compliance were actually entered into and signed. Also it would expect the reporting of boycott compliance by companies only where they approached it for assistance. These measures, in my view and in the views of many other Canadians of every origin, are largely without the kind of impact that is required.

Much government assistance comes in the form of trade promotion activities, circulation of information, the making of contacts and so on, that take place before a transaction is entered into. Companies not requiring assistance from the government could continue as before in their dealings. Many, if not most, would not require such assistance. If they were subsidiaries of foreign firms, they could rely on the banking connections and the resources of their parent companies. If they are larger Canadian companies, they can rely on their own resources and banking connections. They would not be required to make any report of boycott compliance to the government. In fact such firms would not be likely to approach the government for help in the first place.

Ministers of external affairs continue to state their abhorrence and that of the government for the boycott. They continue to confirm that their views, and the views of the government, are that Israel has a right to exist within secure and defined borders.

Words are important. Generally Canadians have welcomed certain of Canada's recent votes at the United Nations, although they continue to be concerned about other votes in the form of abstentions in the United Nations and in certain of its specialized agencies. In situations like this, I would argue that action to implement words of support counts as much, if not more, than the words themselves.

● (2052)

All Canadians welcome the initiative to bring peace to the Middle East of President Sadat of Egypt and Prime Minister Begin of Israel, and all Canadians, I am sure, pray for the success of these initiatives. But a number of Arab states are refusing to take part in these efforts to bring peace to the Middle East. Perhaps part of the reason is that they still hope to bring about the destruction of Israel, if not through military warfare then through economic warfare in the nature of the current Arab boycott. I would argue that a firm stand by Canada against the boycott, a stand based on legislation of general application, is one way that Canada can contribute to the bringing of a peace, fair to all sides, to the Middle East.

To the extent that the rejectionist Arab states realize they cannot destroy Israel either through military or economic warfare, the more likely they are to agree to come to the bargaining table for face to face peace talks with the Israelis, talks of the kind that are presently going on between the Israelis and the Egyptians.

If the government wants to take a step, even though it might appear to be a small one, being that of only one country in the world community, that would help achieve peace in the Middle East, and if the government continues to be serious about what it said in the policy statement of October 21, 1976, then surely it must implement the two measures announced in it in the fullest possible way rather than in the most limited and narrow way. This, I regret to say, in my view is about all that it has done until now. But more important, it must act on recommendations like those of the Citizens' commission report issued early this year. This report demonstrated in particular the impact of the Arab boycott in Canada.

I would argue that the government must put into effect legislation against the boycott applying to all businesses, whether or not they need government support. If it does not do so, as I have pointed out, it is undermining its own policy on international boycotts. It is allowing foreign governments to extend their discriminatory law into Canada. This foreign law, after all, encourages one group of Canadians to discriminate for possible economic gain against another group of Canadians because of their origins and beliefs. This obviously clashes with Canadian standards of morality and human rights. Therefore, a Canadian federal law of general application is required so that no Canadian business would have to make its own decision as to the extent to which it should balance possible profit against ethics. Instead, all companies here would be on the same basis and none would have to fear losing business to a Canadian competitor if they follow the standards of conduct which the government, in its own policy statement, says are desirable and necessary.

Anyway, the evidence is clear that when a company does have the courage to refuse to comply with the boycott, either on its own or because of requirements of its own country's laws, generally the Arabs back down. If the goods or services are of a quality and price they are seeking, they will find a way of completing the transaction. Even if this were not the case and even if there were some marginal risk of economic loss, as I have said, I think most Canadians would want to see the government take a stand in a way that is in accord with the principles and ethics which provide the basis for our country's existence. The United States is finding it possible to do this in spite of much greater economic links with Arab countries than Canada.

General legislation for boycott compliance was adopted by the U.S. Congress earlier this year, and in spite of what those opposing it forecast, there has not been any breakdown as a result; there has not been any loss of U.S. trade with Arab countries as a result. Therefore, the question must be asked; how can Canada do any less if our government takes seriously the words of its own policy as announced last fall?

There are many similarities between the United States and Canada when it comes to social and economic systems. Canada and the United States are also major competitors in world markets. Surely the government can be asked: what is there about Canada that makes it less necessary and possible for it to have general anti-boycott legislation than it is for the United States? The United States already has trade and investment links with Arab countries far beyond anything we have now or contemplate for the future.

Like Canada, the United States is interested in expanding its trade with Arab countries. It is far more dependent on oil imported from them than Canada. As I have said, our two countries have similar systems of economic and social organization. The compulsory requirement in its law which the U.S. has had for some time, but which we do not have, which makes it necessary for firms there to report boycott requests and compliance with them showed a very high degree of such compliance. Therefore, when one bears in mind the high degree of ownership of Canadian business by firms based in the United States, the conduct of Canadian companies, if not requiring government support for trade abroad, is not likely to be very much different.

Also, one can ask whether the standards and ethics of the United States, when it comes to affording its citizens the equal protection of the law against threats to their rights, like those created by the boycott, are higher in the United States than in Canada. I hope this cannot be shown to be the case.

The U.S. legislation is based squarely on the jurisdiction of the U.S. federal government under its constitution over international trade and trade between its constituent states. Our own constitution gives our federal government authority over international and interprovincial trade. There is, therefore, in my view, an equivalent basis under our own constitution for anti-boycott legislation along the same lines as that adopted by the U.S. Congress.

This new American law incorporates the concepts which President Carter said such legislation should have in order for him to give it his support as President of the U.S. In a statement before the law was passed he said that to have his support this law would have to contain, as it did:

> Legislative language which would impose the following restrictions: Prohibit all forms of religious or ethnic discrimination arising out of a foreign boycott—prohibit firms from refusing to do business with a country as a condition of doing business in another country—prohibit firms from acting as enforcers of a foreign boycott—prohibit firms from responding to requests for boycott-related information—prohibit the use of so-called negative certificates of origin within a year of enactment.

Such general legislation against the boycott was recently introduced, in fact just last week, by the Ontario government into the legislature of that province. This legislation indicates commendable intentions and it deserves wide community support. I am certainly not saying that about the government of Ontario in general. In other areas it certainly deserves to be replaced by the party led by Stuart Smith, but surely in this area it deserves wide community support.

Some hon. Members: Oh, oh!

Mr. Gray: The Ontario government, with its free enterprise, pro-business orientation, surely is as interested in encouraging Canadian trade abroad as is our federal government. Surely it would not be presenting legislation to the Ontario legislature that harms prospects of trade with Arab countries by residents of Ontario, whether companies or individuals.

To conclude, let me say that I think Canadians generally would join me in calling on the government for full and meaningful action to put its policy statement into effect in a way that fully protects Canadian civil rights and Canadian sovereignty. In order to maintain our national unity surely our national government must demonstrate that it can provide, and in fact is providing, security in economic and human terms to all its citizens, whether they are English-speaking or French-speaking, and of every origin. Therefore, we and all Canadians as part of this effort must make sure the government takes meaningful action on issues such as the necessisty of preventing threats to that security like the Arab boycott. Such action

must be an important segment of a total priority effort by the federal government to preserve Canada as one, strong, united country serving the best interests of all its people, a country living in security, freedom, and prosperity in a peaceful world community in which Canada plays a full and useful part.

● (2102)

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, reference has been made by previous speakers in this debate, notably by the Leader of the Opposition (Mr. Clark), that this is the first time in 17 years that this House has had an opportunity to have a debate of this length on Canadian external relations. That is a surprising and disturbing fact. In fact I would categorize it as unbelievable, if it were not true, and certainly extraordinary and incredible.

In those 17 years how many matters have been stored up, seeking expression in this House? We have already had, aside from the tours d'horizon of the first two speakers, comments on nuclear proliferation, international aid, international research and development, and the Arab boycott. I myself have a great series of topics upon which I would like to comment, but I promise to be selective.

Seventeen years means that we go back to 1960, a significant date. It is also significant that it took pressure from this side of the House to get this debate going at all. I only hope that it will not take another 17 years before we have another debate on this subject. If I personally, or my party, have anything to do with it, we will not have to wait that long. In my view we should have debates of this length and breadth at least annually, and perhaps even more often.

In addition to the matter of the extended gaps between debates, but perhaps as a function of those gaps, I find it unfortunate that this government should decide to make surprise announcements in a debate of this kind, as it did this afternoon. I refer to the announcement on the subject of South Africa. While the government was at it, I wonder why it did not feel moved to make an announcement about the denial of human rights in Uganda, another part of Africa, where the tyrannical regime of Idi Amin surpasses by an immeasurable degree any goings-on in South Africa. At least profitable employment is being offered to Africans in South Africa, whereas in Uganda there is a tribal tyranny over all other tribes, buttressed by supporters, I am lead to believe, from outside the country. What is our aid package for Uganda? It is not easy to find out, but we should know what our aid package for Uganda is as a matter of course.

In any event, as to unilateral declarations of policy in the foreign field on whatever subject, surely these are matters about which inter-party consultations ought to take place. This is no matter for partisan politics, at least by my standards, but rather one to which a bipartisan or multipartisan approach ought to be adopted.

The government has learned nothing in the years in which it has been in office about the need to be more open in its handling of foreign affairs. I am confident that when the Conservatives are returned to power there will be a disposition to take other parties into their confidence in the development of foreign policy measures. I do not say all matters, but at least in the matter of foreign policy, which is an area in which openness can and ought to be practiced.

We are asked to respond to the exhortations contained in the motion now before us, and I will read it now:

> That this House takes note of the present state and future prospects of Canada's relationships with the other nations of the world.

How can we take note of the present state of our relations with the other nations of the world if we do not know what they are? In this general area of secretiveness I think one of the most outrageous examples of the way in which this parliament and the Canadian people have been treated can be found in the current negotiations with the United States on our maritime boundaries.

This country has no idea of what exactly is being negotiated, although we were assured as recently as this afternoon that, with an extension of another month the two, negotiators will come up with satisfactory results. What kinds of results covering what kinds of problems will they come up with? We should know. It has all been left to government appointees; competent ones, no doubt. One in particular I can speak very highly of; the other I do not know. However, some people have been denied an input, as my leader said earlier today, and those people are the most vitally interested parties, namely, the fishermen themselves.

Mr. LeBlanc (Westmorland-Kent): They are involved.

Mr. Munro (Esquimalt-Saanich): Just about one year ago Canada took a momentous step by declaring Canadian jurisdiction for fisheries management out to 200 nautical miles. What has been accomplished in the intervening year?

Mr. LeBlanc (Westmorland-Kent): A lot.

Mr. Munro (Esquimalt-Saanich): We have adopted, for fisheries purposes, something more than one million extra square miles of sea, equal to about one third of our territorial surface area, yet we have done little to show that we are serious about taking care of our new acquisition or to provide in meaningful terms evidence of our assertion of this extended jurisdiction.

A great number of problem areas has been opened up. A few arrests have been made on both coasts. Negotiations have been going on with our neighbours, but no extra surface patrol craft have been ordered. We only recently concluded arrangements for air patrol craft. We do not really know how much further ahead we are today than we were this time last year or whether in fact we have derived any benefit from the action taken last January.

I would like to put forward this evening some ideas about what I think we should have been doing and what we should now be doing to ensure that we derive maximum benefit from the action taken January 1 of this year of extending out to 200 nautical miles Canada's jurisdiction over fisheries resources. Canada's action a year ago, possibly because it was taken

without too much forethought and planning, has had wide and profound international repercussions with which we have still to come to terms. I suggest that one of the most demanding tasks is working out satisfactory arrangements in a number of areas with our nearest neighbour, the United States, with which, incidentally, we have four complex boundary problems emanating directly from that 200-mile jurisdiction declaration.

I know discussions have been going on with Marcel Cadieux, our former ambassador to the United States, who is heading the Canadian team. We are assured that these discussions are going to lead to satisfactory results and that we will hear about them at the end of January. What are they intended to accomplish and how nearly are they accomplishing the ends? What goals are they setting out to accomplish? We have no knowledge of what matters are being considered in these negotiations, or how broad the discussions are. Do the discussions concern only boundary extensions? What effect are the proceedings going to have on other bilateral concerns?

Uncertainty and the muteness of the government on this matter prompt me to set forth a range of matters on which we should be negotiating, but about which we have learned nothing. The very fact that there is silence about the scope of negotiations, in itself, I suggest, is rather disquieting. On top of this uncertainty there is a positive certainty that oil shipments are coming down our west coast, and a search is being made for a port at which these shipments can be discharged. That is a certainty. In these circumstances it seems to me that a much more long-sighted approach ought to have been adopted and pressed with more energy.

● (2112)

For this purpose I should like to set out what I think ought to be included in any agreement with our United States neighbour, either as an umbrella agreement involving a great variety of matters connected with Alaska oil shipments and related issues, or a series of agreements each related to this wide spectrum of concern. I would suggest that at least the following matters deserve attention in any such agreement or agreements.

First of all, there is the fisheries jurisdiction; then compulsory traffic control including safeguards for fishermen and sportsmen; shipbuilding standards; crewing standards; clean-up facilities; clean-up cost settlement procedures, and finally, patrol. To be effective I suggest all of these should be included in any negotiations now taking place.

The main purpose underlying the extension of our jurisdiction to 200 miles was to gain management control over our fisheries. What we have established, in other words, is a fisheries management zone 200 nautical miles wide off our three coasts. If we had no neighbours nearer than 200 miles such an action would cause no great problem. But we do. Moreover, they have extended their jurisdiction, for fisheries purposes also, to the same width—although they waited two months after the Canadian action to take theirs. By March 1, 1977, however, the two zones were in place.

[Mr. Munro (Esquimalt-Saanich).]

Where we first run into trouble in this double, unilateral action, is the interface between these two zones. Unfortunately there are four such interfaces, each with distinctive problems—one on the Pacific between British Columbia and the state of Washington, where the two extensions push out into the Pacific; the second, also on the Pacific, but this time between British Columbia and Alaska, again where the two extensions bulge out Pacificwards; the third in the Arctic, between Alaska and the Yukon; and the fourth on the Atlantic, between New Brunswick and the state of Maine.

As I have said, the problems posed by the extension of these four boundaries are separate and distinct. A single approach, in terms of agreement of a particular method of extending the boundary, does not seem to be possible—a median line approach may be feasible at one interface, a sectoral approach may be required on another, while an ocean-floor fault—or chasm—may be the best method of dealing with a third. On one, at least, there is already some uncertainty or difference of opinion, as to the meaning of the existing internationally agreed line established through arbitration. On one side it is viewed as a shore line and hence amenable to the creation of a band of a territorial sea; to the Canadian side that line is considered as an unmistakable boundary defining the limits beyond which the other's territory and territorial jurisdiction do not and cannot extend.

I wonder if, in the absence of agreements on these four important interface areas, there has been a chance to look at a bilateral agreement in which the sectoral approach might be applied, that is, applying the pie slice principle, carving out an area whose apex would begin at the internationally recognized seaward point with the two sides of the isosceles triangle or extending seaward for 200 miles, and that within that sector there be a joint jurisdiction exercised over fisheries, both management and take, as well as over pollution control measures.

As I see this approach, it could lead to an agreement under which each country would have an equal voice on the sectoral commissions that might have to be set up, and would give us four pie slices separating our respective 200-mile zones in those four areas where our zones would otherwise meet. In such circumstances the boundary, in its normal internationally accepted sense, between our two areas would subsequently have to be decided without regard to fish and pollution, but be concerned exclusively with other matters. For example, navigation, resource ownership, customs and immigration control, and military or naval matters might be amongst those things that would have to be separated by a single line. To do so, of course, would require explicit agreement spelled out in a bilateral convention—an umbrella agreement, in short, agreeing on the sectoral approach to deal with fisheries and pollution plus accompanying agreements and subagreements defining the boundary for other purposes.

I have already suggested one reason for taking this sectoral approach to the resolution of our differences, namely, the difficulty we are probably having in deciding on a single boundary line to serve all purposes. Another is related to the

matters of common concern within that sectoral area—in particular because fish are no respecters of internationally accepted boundaries. Fishermen in pursuit of their livelihood follow fish migrations, or movements of schools. They might wish to do so across an international frontier and thereby risk getting into trouble with the neighbouring state. If, however, there were a common zone separating two distinctly national zones, and if, in that common zone, fishing practices—quotas, net sizes and so on—were agreed upon in advance, pursuit by the nationals of the two coastal countries into that common or shared zone would not render the fishermen concerned liable to prosecution, at least not until they passed out of it on the other side into the national jurisdiction of the neighbouring state.

That is one area of bilateral concern on which Canada and the United States should seek agreement, and possibly embed that agreement in a bilateral convention.

Since, however, the carriage of potential pollutants over these waters is of concern, because of the danger involved, to the fisheries involved, it is obviously desirable for the two neighbouring countries to reach some sort of agreement on how that commerce is to be carried out—in what kind of ships, with what kind of crews, and following what routes. Shipping standards, crewing standards and traffic control management must obviously be regulated along mutually agreeable lines. Double bottoms and twin screws for tankers might well be part of any such agreement, plus agreed seamanship qualifications for skippers and mates, not to mention mandatory traffic reporting procedures for all commercial vessels travelling into, out of, or through the area.

Another element in any such comprehensive agreement would be the storage of clean-up equipment and, quite as important, the establishment of procedures for dealing with the costs of clean-ups and claims arising from spills. This latter might have to envisage the creation of a fund into which vessel users would be required to pay and from which settlement of claims could be made. Whether a special court would have to be established for the settlement of claims is a matter that would obviously have to be examined most carefully. Whose law would prevail if the spill occurred in the "shared" zone? Would it necessarily be different from that prevailing in either of the national zones?

Finally, who would have responsibility for enforcement of the law set out in the bilateral agreement as it would apply to third nations? In this connection, it will be necessary to lay down specific principles governing patrol and surveillance responsibilities as well as authority to board, arrest, exclude or expel from the jointly administered area for infractions or suspected infractions. This is perhaps a new area of bilateral activity in the international arena but it is one into which we may well have to venture if we want to make the most of our 200-mile zone and at the same time achieve the elimination of a great number of friction points between our two countries. I believe we stand the best chance of maximizing the exploitation of our living respurces only if we proceed in such a fashion, and I have gone to some lengths to set forth my reasoning for holding this belief.

● (2122)

I should like to deal with a number of other topics, but there are a number of other speakers who wish to take the floor. Before I sit down I do wish to underline the comment made just this evening about a drop in morale in the Department of External Affairs over the last several years, and more recently because of the split jurisdiction of the department. Now, there are four or five different ministers—the hon. gentleman over there may shake his head if he likes, but no one in the department knows who is responsible or who has the over-all responsibility—in other words, who is going to muck things up next. That is the problem.

Some hon. Members: Hear, hear!

Mr. Munro (Esquimalt-Saanich): The department needs one minister, that is all; a minister in whom they would have confidence, a minister they can respect. Such a relationship is not possible when there are four ministers—one who speaks about new methods of selling uranium, another who decides on questions concerning francophonie, a third who talks about north-south relations, and a fourth—

An hon. Member: Who is he?

Mr. Munro (Esquimalt-Saanich): I am not sure what he is in charge of. All this has had a substantial adverse effect on morale in the department, and hon. members over there ought not to tell us otherwise. I know, and I am sorry to have to say it. This was a fine department—

An hon. Member: And then you left.

Mr. Munro (Esquimalt-Saanich): And then I left.

Oh, yes. I forgot Ivan Head. I would call it not only quatrocephalia but quinquecephalia.

Some hon. Members: What?

Mr. Munro (Esquimalt-Saanich): We need only one head for this department and another debate on this whole subject. Then, perhaps, we can get on with the business.

Hon. Norman A. Cafik (Minister of State (Multiculturalism)): Mr. Speaker, I am pleased to have the opportunity to speak here in the House of Commons on the question of human rights. I have in the last two and a half months addressed meetings from coast to coast, and on almost every one of those occasions I have spoken on the subject of human rights which so deeply affects Canadians, especially those of eastern European background.

It might come as somewhat of a surprise that a minister for multiculturalism should be dealing with a question of this kind in the House of Commons. However, as I view my portfolio it is not only vertical, in the sense that it deals with the legitimate aspirations and concerns of the ethno-cultural people of

Canada but it is also horizontal, in the sense that a great many of the things done by the federal government, provincial legislatures, and even municipal governments have an impact, positively or adversely on those concerns. The issue to which I intend to refer tonight affects literally millions of Canadians who come from eastern Europe or who are of Jewish origin, and who are particularly affected by what is happening in the Soviet orbit in terms of restrictions upon the exercise of human rights and the way human rights are abused and denied in that part of the world. I think it is important, too, to point out that Canadians of all backgrounds share this concern about encroachments on human rights because we in Canada, having taken our own human rights for granted for so long, do not look very kindly upon the violation of human rights in other parts of the world.

Not only have I spoken to groups across the country, I have listened to them as well and I have heard their cries of anguish and their expressions of frustration when they direct their attention to this subject. Some of them act on occasion as though the Government of Canada had complete control over what happens in foreign states. Obviously, they know this is not the case but in their concern for relatives and loved ones in their former home lands they grow impatient with their government and what is happening around the world. Their concern was very well illustrated the other night, on December 8, when I had the pleasure of speaking to the Canadian Ukrainian Professional and Businessmen's Association of Montreal.

A large number of Ukrainian people were present, but because I was in attendance they took the opportunity to invite some 40 representatives of 15 ethno-cultural groups in the city of Montreal. At the conclusion of that meeting, a large part of which was taken up by questions and answers related to human rights, they passed unanimously, or certainly with a great body of support, a resolution of which I received a copy in the form of a telegram. I should like to read that resolution in order to show the depth of feeling on the subject.

> We the undersigned, being the representatives of various Canadian ethnic communities of Montreal, mindful of the difficult state of human rights in various countries of the world today and especially in Eastern Europe, hereby petition the Canadian federal Minister of Multiculturalism to state openly before the Canadian parliament the following resolution:
>
> "Be it Resolved that the matter of human rights and the freedom of cultural expression shall be actively supported both within Canada and at all international conferences as a matter of Canadian government policy. More specifically and insofar as such rights and freedoms are consistent with our philosophy of the Canadian way of life and in accordance with the above, be it resolved that the Canadian government publicly denounce the official repressions of ethnic cultures and the intolerant treatment of dissidents in Soviet and eastern European countries today and that such a statement be forthwith publicly expressed by Canadian representatives at Belgrade to all nations presently there in international conference in review of the Helsinki Agreement.
>
> Furthermore, be it resolved that consistent with the above the Canadian government take all necessary steps to successfully resolve all outstanding requests for family reunification and for immigration into Canada by persons desiring to make this country their new homeland."
>
> Alexandre Biega, Q.C.,
>
> Canadian Ukrainian Professional and Businessmen's Association.

[Mr. Cafik.]

That telegram, better perhaps than my own words, illustrates the great concern which Canadians from that part of the world feel about the way in which people are being treated in their former homelands. There are people who want to leave their homelands for family reunification purposes, and whose only crime is to stand up and act like free men in their own societies.

● (2132)

Literally thousands of dissidents in eastern Europe who have dared monitor the act which was signed in Helsinki are being persecuted in one way or another, and for a number of reasons, all of which boil down to a violation of their personal liberties and freedoms. These human rights violations, I suppose, exist in many countries of the world, but certainly they exist in overabundance in that part of the world. Now that the Final Act of Helsinki has been signed and we are presently in Belgrade reviewing the provisions of that Final Act, I think we have a new basis from which to speak out on this particular question.

Before making specific points with respect to what we ought to be doing, I should like to review briefly some of the provisions of the Final Act which was signed in Helsinki. It is important to go through some of the history, some of the hard, basic positions adopted in that Final Act, since I believe many Canadians were frustrated when Canada originally signed the Final Act. They were frustrated because they felt that this government and other western governments which signed the Final Act at Helsinki had solidified the existing boundaries of states within the Soviet orbit. That is not really the fact, Mr. Speaker.

The fact is that in that Agreement on Security and Co-operation in Europe there is provision to recognize existing boundaries in the sense that no one would use physical force to change the boundaries. That is quite different from giving some moral sanction to those particular boundaries which, in reading the accord, I do not find directly or even implicitly.

So far as the three Basket clauses of the Helsinki accord are concerned, let me deal first with Basket I. This section deals with ten fundamental principles. Nine of these deal with state to state relations. The seventh of the ten deals with a state's conduct toward its own citizens, namely, the question of human rights. The seventh principle states that participating states will respect human rights and fundamental freedoms: through conscience, religion or belief. It will encourage the exercise of political, social cultural and other rights; recognize the universal significance of human rights and fundamental freedoms as essential for peace and friendly relations among states. States will act in conformity with the United Nations Charter and the Universal Declaration of Human Rights, and will also fulfil their obligations as nations to the International Covenants on Human Rights, dealing with economic, social and cultural rights, and civil and political rights.

Basket II deals with trade, industry, science and technology. It deals with the need to improve trade relations on the European continent. An important area deals with scientific

and technical exchanges involving the improvement of opportunities for the exchange and dissemination of information and international visits, including increased tourism on both and individual and group basis.

Basket III, which has more interest in relation to human rights for many in the west, is a provision which is the touchstone of the Final Act. The inclusion of humanitarian principles involving the freer movement of people, ideas, and information was a prerequisite of Canada and the western nations at the Helsinki talks. Basket III is essentially about international movement—the movement of individuals, information and ideas. Canada's main contribution in this particular area related to family reunification, which is a principle held so strongly by all Canadians.

Item one dealt with family reunification and emigration. Here states agreed to simplify the procedures and conditions for those requesting to leave in order to be reunified with families, and particularly with spouses, living in other states.

Item two dealt with regular family meetings. Here the agreement provides that states agree to attempt to ease the free movement among peoples, especially those who wish to meet with members of their families, and by promoting tourism and exchanges.

Item three was designed to increase circulation of printed, filmed and broadcast information and to improve the working conditions of journalists stationed abroad by freer travel and greater access to sources of information.

Item four dealt with cultural and educational exchanges in order to expand personal and institutional contacts by artists, scientists and scholars, and for access to information and materials.

I have run through those three Baskets in a very brief way in order to establish the background for the comments I will be making later on as to what in fact is happening in the Soviet Union and eastern European countries, so that we can relate those events to the sacred international agreement signed in Helsinki by those very countries. The major issues that I am concerned about are human rights, not only in eastern Europe but in all countries of the world.

The Secretary of State for External Affairs (Mr. Jamieson) has in the past spoken in the House of Commons on the human rights climate in Uganda. There is no question that this is a serious concern and attracts a good deal of the attention not only of members of parliament but of all Canadians. The military coup against the democratically elected government of Chile and the subsequent arrest of individuals associated with, and sympathetic to, that government was another violation of human rights.

South Africa has been spoken of in this debate today. It is quite obvious that its official policy of apartheid is again a violation of basic fundamental human rights.

However, Mr. Speaker, these countries I have just named are not signatories to the Final Act signed in Helsinki. This does not make their violations of human rights any the less significant or any the less important, or indeed any the less deserving of our attention as members of parliament or as Canadians. However, there is a distinction. The fact that they did not sign those accords, while the countries I am going to talk about in more specific terms did, makes a considerable difference. Therefore, monitoring all their abuses and publicly denouncing them, as a government, may constitute an interference with the internal operations of a foreign state.

However, in the case of the Soviet Union and other eastern European nations, they have agreed, by signing the Helsinki Accord, not only to monitor but to be monitored in regard to compliance within their own country of the Helsinki Final Act. Therein lies a very significant difference, because then for this country to speak out in relation to violations of human rights is not to interfere with the internal domestic affairs of a foreign state but, rather, to hold them accountable, as they would hold us accountable under this international agreement.

For this reason, Mr. Speaker, I think it is inappropriate for Canada or any other signatory to the Final Act, to be reluctant to speak out in Belgrade, here in parliament, or elsewhere in the world, in relation to perceived violations of that agreement. The Soviet Union's denial to its own citizens of the right to choose the country of their residence, is, if true, a violation of the Final Act, international agreements, and of the Universal Declaration of Human Rights. The Soviet Union's apparent lack of co-operation and its refusal to allow families to be reunited appears to be an abuse of basic human rights and of its commitment to the various accords and covenants which it signed, not only in Helsinki but in other parts of the world.

The Soviet Union continues to be restrictive concerning visits of relatives between our two countries. I am sure all members of parliament received communications about the difficulty of travelling back and forth between these countries, something which really is guaranteed under these agreements. The majority of those wishing to leave the U.S.S.R. on private visits to relatives in Canada do not appear to be getting out of that part of the world. Canadian tourists complain that travel within the Soviet Union is restrictive. They are not allowed to visit relatives in villages or the resting places of their forefathers at cemeteries.

● (2142)

Basic human rights and fundamental freedoms have been recognized as having universal significance and are the subject of international concern by the United Nations Charter, the Universal Declaration of Human Rights, the International Covenant on Economic, Social and Cultural Rights, the International Covenant on Civil and Political Rights, the Convention against Discrimination in Education, and The Final Act at Helsinki.

The Final Act recognizes the international significance of human rights and the responsibility which all signatories have toward defending these rights and freedoms. By signing the Final Act the Soviet Union recognized that compliance with the human rights obligations is fundamental to security and co-operation in Europe.

With regard to the Belgrade conference, Canada has taken a serious view of what is happening there and of our obligation to speak up in Belgrade in recognition of our obligations as signatories to the Helsinki agreement.

From the opening Canadian statement by Mr. Klaus Goldschlag on October 6, 1977, I will take a few random quotations in order to illustrate the strong and positive position that the Government of Canada has taken in these meetings. I might point out that these are individual quotes and are not to be read in sequence. I quote:

> We cannot proceed on the assumption that relations between states can remain unaffected where respect for human rights and fundamental freedoms is seen to be deficient . . . We cannot agree that such a discussion (on human rights) constitutes an intervention in the internal affairs of participating states. We are here to measure progress . . . The dispositions of the Final Act in the matter of human contacts are of special concern to Canadians. We are a country of settlement . . . (and) have continuing family links in Europe. The Canadian government has pursued a policy that attaches priorities to the reunification of families . . . It is our hope that one of the results of our meetings will be a more generous and humane interpretation of the family reunification clauses of the Final Act, not as an exception but as a matter of general policy and practice . . .
>
> If that were achievable here at Belgrade, it would help more than anything else to lend credibility to our efforts in the eyes of Canadians . . .
>
> Indeed the factor of credibility could be crucial to public support for detente in Canada—

It is quite clear that we have taken a strong position in relation to the Belgrade conference, and we shall continue to do that.

I want to move specifically to cases of problems that have been expressed by many Canadians of violations of human rights around the world. I would first like to talk about what is happening in the Soviet Union and in other parts of eastern Europe as a result of the Helsinki Accords. When the accords were originally signed, I understood the Soviet Union widely distributed copies of them. They felt it would substantiate and support their position at home. When it became widely distributed within the Soviet Union and in eastern Europe, groups of people sprang up to observe the implementation of these accords.

One, the Moscow group, was established on May 12, 1976. Its aim was to promote the observance of the humanitarian provisions of the Final Act by means of informing all heads of state which signed, and the public, about cases violating the articles in Baskets I and III. Prominent members of the Moscow group were arrested, including Yurii Orlov and Alexander Ginzburg. In fact on February 15, 1977, the House of Commons passed a unanimous resolution protesting those particular arrests. Later, Mr. Anatoly Shcharansky was arrested. I understand he was part of that monitoring group in Moscow. He has been held in prison without charge for nine months as of December 15, 1977. I understand the Soviet Union has acted to hold him a further six months without laying a charge.

The Shcharansky case is a very high profile one in which I became involved. On December 10, 1977, I had a meeting in Toronto with relatives of Anatoly Shcharansky who are citizens here in Canada. There are over 30 of them.

Following negotiations with the Department of External Affairs and others here in Ottawa, I went to Toronto to meet with them to see if they would support a proposition whereby we would allow immediate landed immigrant status to Anatoly Shcharansky in order to relieve the Soviet Union of the difficulty they had in this case. His relatives here in Canada supported that proposition so much so that they were willing to provide joint support for any application of landed immigrant status. No official response has yet been received from the Soviet Union. It is time that the government gave consideration to further action in this connection so that the Shcharansky family and all Canadians will know that we in Canada do not take violations of human rights lightly.

Anatoly Shcharansky is but one very important dissident. There was a group set up in Ukraine on November 9, 1976, to achieve the same objective, namely, monitoring the application of the Helsinki Agreement. Prominent members of the Ukrainian group who were arrested included Mykola Rudenko, Oleksii Tykhyi, Myroslav Marinovych and Mykola Matusevych.

A public group was formed in Lithuania on November 25, 1976. Groups have been established in Georgia, in Armenia and, I am sure, in other parts of eastern Europe to monitor the application of the Final Act. These people have been prepared to risk their lives, certainly their freedom, in order to defend the right of citizens in those countries to exercise their basic freedoms.

We have seen from the recounting of the Helsinki Accords that we not only have signed an agreement along with Soviet Union and other countries which allows us to be monitored for any violations of human rights in our homeland, but the right to monitor through the Belgrade conference and through other means the implementation of that agreement. If we have that right as a nation under this agreement, how can we do anything other than support those in countries who are doing that which we have the right to do under international agreements? It is only logical not to interfere in the domestic affairs of another state. In fact, however, we are fulfilling the obligations imposed upon us by being signators of that agreement, by speaking out and by drawing attention to these matters at Belgrade, in this parliament, in Canada, and throughout the world. We are drawing attention to violations that have occurred and that continue to occur within that part of the world.

● (2152)

We have a deep and solemn obligation to speak out on this matter. Canada should not interfere with the domestic affairs of another nation. Those domestic affairs should be respected, but our respect for the domestic integrity of a nation does not mean we have to violate our decent and basic respect for the human rights of citizens in any country of the world.

Some hon. Members: Hear, hear!

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, largely I want to direct my remarks to the coming United

Nations special session on disarmament. I hope the House appreciates this is one of the most important meetings that the United Nations has held since the Second World War.

Before doing so, I wanted to comment briefly on some of the remarks made in this debate today. I listened with great interest to the hon. member for Edmonton-Strathcona (Mr. Roche). I do not think many people in this Chamber could disagree with his very noble sentiments concerning how to move forward to a more peaceful world. I was surprised with one comment he made concerning Canadian-United States relations. He indicated that these relations had been handled adversely by the government and were at an abrasive state. When one looks at that question, one has to look at specific issues between Canada and the United States.

Is the hon. member suggesting that Canada's stance on the negotiation of boundaries should be more co-operative? Is he saying, for example, that on the Garrison diversion project we should have backed off in order to salvage Canadian-United States relations? Should we give up on the interception of salmon in the Fraser River by United States fishermen in order to maintain good relations? It takes two to maintain those relations. Canada has not been aggressive enough in dealing with the United States over cross-border issues, but we have not blown the question of Canada-United States relations.

We are two sovereign nations, and the evidence indicates that we must act in an independent manner. That is particularly the case with regard to the United States, because of the great unequal positions of power there are between the two countries.

I endorse what the hon. member for Windsor West (Mr. Gray) said concerning the Arab boycott. He has expressed the views of the New Democratic Party on that particular subject. He should not get carried away with the question of refugees. There are three million Palestinian refugees in the world as well. I do not suppose he was suggesting that Canada should open its doors to them. Perhaps he was.

There is a real problem in the Middle East. Hopefully progress is being made in regard to that very abrasive conflict at this point in time.

We must stop being selective about human rights. My party supports the release of Anatoly Shcharansky. We would like to see more done in a public way for dissidents such as Daniel Schumacher in the Soviet Union. Also we would like to see an aggressive attitude on the part of this government in support of the victims of totalitarian regimes in Brazil, Chile, and the various other totalitarian states around the world. We cannot constantly deal with one question, the question of the victims of the Soviet Union. We have to look at oppression wherever it exists. Canada cannot be selective on the question of human rights. I am hopeful more and more names will come forward publicly from all over the world.

Mr. Prud'homme: Hear, hear!

Mr. Leggatt: I should like to refer to the United Nations special session on disarmament, particularly in regard to Canada's stance at that important conference. The United States has developed the capacity to destroy the Soviet Union some 36 times over with the amount of nuclear weaponry it now has in its hands. On the other side of that equation, the Soviet Union can destroy population centres in North America some 12 times over with the amount of nuclear capacity that country holds. That has contributed to peace in the world since the Second World War. Any objective observer will come to the conclusion that the absolute insanity and madness of a nuclear exchange has resulted in no nuclear exchange among the major powers. It is called "mutual assured destruction".

Canada should examine very carefully how it can go about not increasing the insanity of overkill and how something positive can be done to persuade other nations in the world, as well as ourselves, to move toward a position of reducing present massive expenditure on world armaments.

As a world power, Canada has a relatively modest defence budget. In fact not many people are concerned about this area of peace, the amount of our national budget which is directed toward matters of defence. My party does not object to reasonable expenditures for improving and upgrading some of the equipment, but we have serious objection to the kinds of equipment and the kinds of roles we are playing. We are concerned with the real question as to how much of our money is spent on surveillance aircraft for the 200-mile zone, and as to whether the F-16 is a useful expenditure for this country. May I call it ten o'clock, Mr. Speaker?

PROCEEDING ON ADJOURNMENT MOTION

[*English*]

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

ROYAL CANADIAN MOUNTED POLICE—ALLEGED ILLEGAL OPERATIONS OF BANK OF MONTREAL IN VANCOUVER—REQUEST FOR REPORT OF INVESTIGATION

Mr. Benno Friesen (Surrey-White Rock): Mr. Speaker, on December 5 I raised a question regarding a constituent of mine, Mr. Larry McHale, as I have done on several other occasions in this House. It is a case that I have followed with some interest and with some deepening concern to make certain that Mr. McHale receives justice.

Approximately two years ago Mr. McHale asked that an investigation be conducted into the activities of the Bank of Montreal and its handling of his account vis-à-vis an organization known as Argon Developments, together with a Mr. Percy. It strikes me that Mr. McHale is not the kind of person who is bent on any kind of wrongdoing.

I do not want to frustrate the normal course of justice in any way, but I want to help bring about justice as speedily as possible. In order to do that, I believe Mr. McHale deserves to be heard as quickly as possible.

● (2202)

Obviously I do not know all the details of the McHale case and I do not even know whether in his dealing, corporate and otherwise, he has been guilty of any kind of civil crime, and I do not pretend to know. But I do know that on the evening of December 7 five members of the commercial crime section in Vancouver spent two hours in the McHale residence and buildings on his yard looking for evidence, apparently explosives, which would implicate him in a conspiracy to do criminal mischief against one of the corporations in Vancouver. They found nothing, but they arrested Mr. McHale. Two days later another officer came with a police dog and conducted a second search. Again they found nothing.

On December 10 I attended a bail hearing in Vancouver to see if bail could be established for Mr. McHale to allow him his freedom. I was struck by the incredibly sloppy work done by the Crown prosecutor at those hearings. His information was not accurate and he made allegations which were completely unsubstantiated and easily disproven. I was also struck by the prosecutor's attempt to link Mr. McHale in a tangential way to a Mr. Jim McCann who allegedly has been indiscreet in his talk and in his actions.

The prosecutor's actions and the arrest warrant based on the word of an informant lead me further to wonder about procedures against Mr. McHale. The informant who gave the information for the warrant is a man who has a criminal record as long as my arm. He has had several charges of breaking and entering and armed robbery, and now is charged in Burnaby with trafficking, and in Vancouver with possession of narcotics. Apparently on the basis of information from this kind of an informant, McHale is now being held without bail, almost totally incommunicado. His wife has not seen him since that day, except in the court room, and three days ago there was a third search of his property, and again nothing was found.

Over the past 15 months I have talked with Mr. McHale a number of times and have never found him to be oriented toward violence but always looking for a solution by means of the court. While he has mentioned some bizarre incidents of harassment in the past, he almost chuckled at them because he knew I would not believe them. Yet, just today I read again the Canadian Bill of Rights which includes:

> The right of the individual to life, liberty, security of the person and enjoyment of property, and the right not to be deprived thereof except by due process of law.

Last night I received a phone call from Mr. McHale's wife, who was alone in the house with their three children. She told me that a brick had smashed through the window. I presume this is one of the bizarre incidents of the kind he had mentioned to me before.

I am coming to some very unwelcome conclusions regarding Mr. McHale's case. It seems to me that one of the unfortunate circumstances is that, while Mr. McHale is in prison without bail, he cannot even pursue the process of justice in his own case. It seems to me that justice is being frustrated there. Here is a man who feels he has been wronged by a major bank and

be has been very vigorous in trying to have his grievance aired and judged. I am now beginning to wonder if he has been singled out for cruel and unusual punishment, both to discourage him and to make him an example to others. Therefore I urge that Larry McHale be given the speedy trial he has requested.

● (2207)

Canada has prided itself on being in the vanguard of civil rights, and I assume that this House and the judicial system in this country would want to see Larry McHale have a speedy trial and to see his case heard as quickly as possible.

Mr. Rod Blaker (Parliamentary Secretary to Solicitor General): Mr. Speaker, I might first respond to the hon. member for Surrey-White Rock (Mr. Friesen) by explaining that the RCMP have indeed investigated the matter and that the resulting information has been relayed to the proper and appropriate authorities at the attorney general's office of British Columbia.

I also want to say that I very sincerely recognize the desire of the hon. member to pursue that principle of any open and free society that justice not only be done but that it be seen to be done. A more recent development of that adage might be that justice be done and seem to be done with reasonable speed.

I recognize the problem the hon. member raises, but I want to explain on behalf of the Solicitor General (Mr. Fox) and his department that once a matter involving a criminal charge has come into contact with a provincial system of administration of justice it would be totally improper if any person on behalf of, or involved with, the Department of the Solicitor General were to intervene. In that connection I am pleased to say that I have had an opportunity to get some better understanding of the situation from the hon. member for Surrey-White Rock and that I appreciate all the more the concerns he has raised.

I am very strictly limited as to the type of involvement I might have, but within that stricture I am pleased to say to the hon. member that if there is any assistance I can give within the limitations I have just described in terms of the administration of justice, I will certainly be pleased to do so. In the meantime the proper answer has been given; that the matter is within the administration of justice, which is a provincial matter. I ask the hon. member's appreciation of the fact that administration of justice is not a federal matter but completely provincial.

MANPOWER—BILINGUAL POSITIONS—REASON SOME EMPLOYEES DO NOT RECEIVE BONUS

Mr. Hal Herbert (Vaudreuil): Mr. Speaker, on December 8 I addressed a question to the Minister of Employment and Immigration (Mr. Cullen) asking about his awareness of a difficult situation which exists in the offices of his department in the Montreal region. I addressed my question to the minister based on a circular which was distributed in September by

the Treasury Board, and I would like to read a few sentences from it as follows:

> The concept of units working primarily in French will be retained but the decision as to where such units will be organized will rest with individual departments . . . The language requirements of positions will be based on the specific and actual work related need for one or both official languages.
>
> Managers will determine the language proficiency required in bilingual positions for each skill (reading, writing, listening and speaking) . . .

At the same time the Public Service Commission issued a communique, and again I will read two sentences from it as follows:

> Modifications to the official languages policies and programs of the federal public service will result in increased responsibilities for departments and agencies.
>
> In the area of staffing, departments and agencies will now be responsible for determining the level of linguistic proficiency required of incumbents of bilingual positions within their jurisdiction.

In the constituency of Vaudreuil we are experiencing considerable difficulties in three departments. Under the Department of Veterans Affairs at the Ste. Anne de Bellevue Veterans Hospital many of the patients are unilingual English and many of the patients are also unilingual French. It is, of course, necessary for the staff to speak both languages. We thus encounter considerable difficulty in that there are apparently certain percentages which are given for the various levels of persons who are to be designated as bilingual and therefore eligible to receive the bonus of $800. It is inevitable in such circumstances that there are people who must use both official languages but who will not receive the bonus paid to their fellow employees. This may create a difficult morale problem at this particular hospital.

● (2212)

Also in the constituency, which is about 50 per cent French-speaking and 50 per cent English-speaking, we are obviously going to run into difficulties in the Post Office where once again service must be provided in both official languages. In the province of Quebec the language of work is French so once again, because of percentage restrictions not all the personnel that must service the public will be designated, and therefore not all the personnel will receive the bilingual bonus. Again, this causes discontent.

My question was addressed to the Minister of Employment and Immigration because of the situation peculiar to the west islands of Montreal where almost the entire population is English-speaking. Because the offices of this department are in part of the greater Montreal area, however, the language of work is French—and quite rightly so—but obviously necessarily the personnel dealing with the public must be able to speak the English language.

The case that I brought to the attention of the minister, asking whether he was aware of it, was typical of that obtaining in many of the offices. Six counsellors worked together, each counsellor being given responsibility for certain trades. The work of the counsellors does not overlap. Thus, depending on the trade of the person seeking employment, that person would be serviced by one of the six counsellors. Since 85 per cent or more of the clients in the office are English-speaking, it is therefore essential that all six counsellors speak the English language. Because of percentage restrictions, however, only five can be designated bilingual. The five receive the $800 bilingual bonus, and the sixth, who is extremely competent and fluently bilingual, does not receive the bonus. This obviously creates inequity and morale problems.

In the same office an individual has been transferred from Toronto. This individual works with English-language clients and is unilingual English. Although the individual is taking the French course and trying hard to speak the French language, certainly at the present time by any stretch of the imagination that individual could not be considered bilingual. Again, the language of work of this office is French so there is no possibility that this person can be designated unilingual, which would have to be unilingual French. This person must therefore fill a bilingual position and becomes eligible for the $800 bonus. Again, one can see the difficulty that has been created.

While understanding what the Treasury Board and its hard-working president has been trying to accomplish, it seems to me that he has effectively passed the administration of the program over to the departments and to the employees of those departments.

I asked the Minister of Employment and Immigration about his knowledge of the situation. In his reply he tended to refer me back to the Treasury Board. I should like to hear tonight whether the document issued by Treasury Board in September which gives responsibility for administration to the departments, is actually in effect. I should like to know whether the employees are responsible and whether in these circumstances they are willing to investigate these particular examples of difficulty that are causing morale problems in my constituency.

● (2217)

Mr. Robert Daudlin (Parliamentary Secretary to Secretary of State): Mr. Speaker, I should like to inform the hon. member that the revised policy on official languages states that the bonus shall be payable to all eligible employees for whom the Treasury Board is the employer, as well as to governor in council appointees, when such employees occupy positions which have been identified as bilingual and the individual employee has been indentified by the Public Service Commission as meeting the established language proficiency requirements for the position.

The government is fully aware that there are cases in which public servants occupy bilingual positions but rarely use both official languages, as well as cases in which people occupying unilingual positions are using both official languages from time to time.

It would seem, notwithstanding the circumstances which the hon. member has described as being very strange, that if in fact there is an instance of one out of six persons in the area which he describes finding himself aggrieved by not having a bilingual position, upon the re-identification process taking place in the department in the hon. member's riding such an

employee could then seek redesignation of his position as bilingual. This would be possible if he were able to show that the position required a bilingual person, and if he could also demonstrate that he was bilingual. Complaints of the same nature arising, say, in the Department of Veterans Affairs or in the Post Office could be handled in the same manner.

[*Translation*]

CANADIAN BROADCASTING CORPORATION—REASON PUBLICITY OF FEDERAL DEPARTMENT NOT BROADCAST

Mr. Jacques-L. Trudel (Montreal-Bourassa): Mr. Speaker, on November 29 last, I asked a question of the Minister of Regional Economic Expansion about the advertising campaign made on private networks in Montreal but not on the CBC. The minister did confirm that such was the case despite the fact that he had asked the CBC to broadcast the paid advertising campaign. On December 16 last, I directed the same question to the Secretary of State responsible for the CBC (Mr. Roberts) asking him specific things: whether he was aware of the matter, if so whether he could advise the House about the result of his dealings with the CBC on advertising not broadcast on that network but on private networks. The Secretary of State answered as follows: Yes, Mr. Speaker, I have raised the matter with the CBC and they are reconsidering the criteria involved.

● (2222)

Since then, Mr. Speaker, I took the liberty of doing some research, and I find that the CBC's drive to exclude paid advertisement from DREE was extended not only to the Department of Consumer and Corporate Affairs, but also to the Post Office and the Department of Employment and Immigration.

Now, Mr. Speaker, I went beyond those three departments and the one referred to in my two questions. I took the liberty of doing some further research, and I found two other departments where that unpaid advertisement had been broadcast by private networks, one case being an ad by the Department of Urban Affairs in Montreal concerning a project in our area that will certainly cost close to $1 billion.

The Department of Urban Affairs announced that another phase was being brought up to $63 million, to provide for water purification plants or network for greater Montreal. This was broadcast by private stations. Since then, Mr. Speaker, another minister, the Minister of State for Fitness and Amateur Sport was in Montreal to attend an event that was non-political in my view, namely the Grey Cup Game. This got more than one hour's coverage time on private TV networks, but nothing on the government's network.

What concerns me deeply, Mr. Speaker, is that private networks are profit-making organizations. The Crown corporation is costing us over $500 million each year, and they are selective in their advertising. I wonder if the parliamentary secretary could be somewhat more precise than the minister, and answer those questions that are relevant in the current context. Canadians and certainly I myself would like to have some explanation that would shed some light on the situation, because this goes much beyond the first question I put forward in the very specific case of one department. As I just suggested, this extends to six departments and, if I can follow up on my research, I am certain I will stumble on a good number of other cases.

Mr. Robert Daudlin (Parliamentary Secretary to Secretary of State): Mr. Speaker, I take cognizance of the two questions put by the hon. member, and I would like to state that DREE's original message was rejected because the advertising copy went beyond the scope of straight information material and did more than present the department's expansion program for the Montreal area. However, Radio-Canada lately amended their policy concerning the acceptability of advertizing material and DREE's message was then considered as a simple documentary on the effects of the DREE expansion program in the province of Quebec.

All DREE texts have now been approved. The corporation has established standards for the programs stating views and the controversial texts which forbid it to sell broadcasting time for any advertising which professes opinions or leads to controversy. The only announcers which are acceptable are those who have definite goods or services to offer and the content of the advertising message must normally deal only with those goods and services offered. Any advertising originating from departments or federal organizations must present fact or information; it must not present questionable issues, nor engage in political proselytism, nor contain politically oriented comments or opinions.

Before this last revision of the commercial policy of the corporation, the clause which required that the message only contain facts or information was interpreted in the narrow sense as applying to the effective mechanisms of a particular program of action and not to the incidental benefits that might result from it.

The frame of this policy has now been enlarged to take into account the various types of government messages submitted to the CBC. There are for instance those messages broadcast to announce program or particular services, there are those texts containing persuasive material, there are reports showing attitudes and there are announcements of a more general character.

This broadening of the policy allows the presentation of programs, services and functions in a broader frame. However, the CBC notes that government advertising must still be free from any controversial opinions or any statement which would give support to a given economic, social or political view. Furthermore, messages originating from the government must not openly proclaim the achievements of the various departments of the government.

Mr. Deputy Speaker: The motion to adjourn the House is now deemed to have been adopted. Accordingly this House stands adjourned until tomorrow at 2 p.m.

Motion agreed to and the House adjourned at 10.25 p.m.

HOUSE OF COMMONS

Tuesday, December 20, 1977

The House met at 2 p.m.

● (1407)

ROUTINE PROCEEDINGS

[*English*]

NATIONAL DEFENCE

CFB OTTAWA NORTH—REQUEST FOR REPORT ON ALLEGED MISAPPROPRIATION OF FUNDS—MOTION UNDER S.O. 43

Mr. Tom Cossitt (Leeds): Thank you, Mr. Speaker. I rise on a matter of pressing necessity further to a situation I raised in the House on December 8 with respect to misappropriation of public funds at Canadian Forces Base, Ottawa North, Rockcliffe and as a result of additional information I have received in the last several days, including the fact that the Royal Canadian Mounted Police has now been called in to investigate. I therefore ask leave to move, seconded by the hon. member for Winnipeg South Centre (Mr. McKenzie):

That the Minister of National Defence make a detailed statement outlining the situation, specifically, that he explain the removal from the base last weekend of thousands of dollars of allegedly improperly purchased musical and electronic equipment, that he state details of an attempt by one of the officers involved to pay back to the government a large portion of stolen funds and, finally, that the minister guarantee that all charges which may be laid will be dealt with by civil rather than military courts.

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

Some hon. Members: No!

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VETERANS AFFAIRS

PROPOSAL TO RESTORE BASIC DISABILITY PENSION TO COMPOSITE LEVEL—MOTION UNDER S.O. 43

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, under the provisions of Standing Order 43 I rise on a matter of urgency, a matter of deep concern. It relates to the announcement made by the Minister of Veterans Affairs to the effect that a 7.2 per cent increase in the rate of the war disability pension will come into effect in January. This increase, already provided by law, does not restore the basic rate to the composite level established in 1973, a level which the minister agreed was one which should be maintained. I therefore move, seconded by the hon. member for Humber-St. George's-St. Barbe (Mr. Marshall):

That this House calls on the government to authorize the Minister of Veterans Affairs immediately on the reassembling of the House of Commons on January 23, 1978, to introduce legislation to restore the basic rate of the war disability pension to the average take-home pay of the five categories of federal public servants designated in 1973, it being the view of this House that anything less represesents a failure to keep faith with the veterans of this country.

Mr. Speaker: Such a motion for discussion, pursuant to Standing Order 43, requires unanimous consent before it can be put. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

● (1412)

SOCIAL SECURITY

SUGGESTION SPOUSES' ALLOWANCE BE RETAINED FOLLOWING DEATH OF MARRIAGE PARTNER—MOTION UNDER S.O. 43

Miss Flora MacDonald (Kingston and the Islands): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. Given the spirit of goodwill and generosity which normally exists at this time of year, and given the Scrooge-like approach of the former minister of national health and welfare was best exemplified by the letters that went out annually to some 2,500 Canadians who, upon the death of their spouse and in their bereavement, were suddenly deprived of the benefits of the spouses' allowance, I move, seconded by the hon. member for St. John's East (Mr. McGrath):

That this House request that the Minister of National Health and Welfare, in the spirit of Christmas and as a New Year's resolution, take a minimal first step to redressing the hardship of some 100,000 single, divorced and widowed Canadians between the ages of 60 and 65, most of whom are women, by undertaking to end the practice of curtailing the spouses' allowance upon the death of the partner in marriage, thus assuring that at least those who are presently in receipt of the spouses' allowance will not have to face, on the death of their partner, the added tragedy of economic deprivation.

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

Some hon. Members: Agreed.

Some hon. Members: No.

Regional Economic Expansion

FINANCE

PROPOSAL TO OBTAIN ASSISTANCE FOR MINISTER—MOTION UNDER S.O. 43

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, I rise on a matter of urgent and pressing necessity pursuant to the provisions of Standing Order 43. As the Minister of Industry, Trade and Commerce (Mr. Horner) confirmed yesterday, our present Minister of Finance (Mr. Chrétien) cannot do two things at once. The minister said: "The Minister of Finance cannot work in his department and concentrate on new measures at the same time as attending the House". As former ministers of finance have been able to do just that, even the hon. member for Rosedale (Mr. Macdonald) guided 13 bills through the House in a few months last session, I move, seconded by the hon. member for Selkirk (Mr. Whiteway):

That this House recommend that a trio be formed of Mr. Edgar Benson, Mr. John Turner and Mr. Donald Macdonald, being three former ministers of finance under the present Prime Minister, to assist poor Jean who appears to have floundered so badly with the passage of but one Bill C-11.

Mr. Speaker: Order, please.

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REGIONAL ECONOMIC EXPANSION

REQUEST THAT PROVINCES BE CONSULTED PRIOR TO CHANGE IN POLICY—MOTION UNDER S.O. 43

Mr. J. M. Forrestall (Dartmouth-Halifax East): Mr. Speaker, I rise under the provisions of Standing Order 43 to move a motion which arises out of the continued uncertainty with respect to the future of DREE policies. This requires the assurance of the House that in fact no changes will be made to that program without an adequate prior process of consultation with the provinces. Therefore, I move, seconded by the hon. member for St. John's East (Mr. McGrath):

That this House direct the appropriate ministers not to proceed with the development of new application policies for DREE programs until the fullest consultative procedures have been adhered to with the provinces aimed at identification of procedures which would have the effect of reducing the alarming high levels of slippage and having the result of assisting in the realization of permanent, rather than temporary employment, in such areas as those of our primary sectors.

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

Some hon. Members: Agreed.

Some hon. Members: No.

[Mr. Speaker.]

ENERGY

PROPOSAL FOR DISPOSAL OF NUCLEAR WASTE—MOTION UNDER S.O. 43

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, I rise under the provisions of Standing Order 43 to ask for the unanimous consent of the House to deal with a matter of urgent and pressing necessity. In view of the recent proposal by Falconbridge Nickel Mines to the Department of the Environment to fill up some of their closed mines in the Sudbury basin with Canada's nuclear wastes; and in view of the fact that this mining company, and even some government documents, have suggested that it would not be unhealthy to have a radioactive waste heap in their backyard, and that it might be good, at least economically, I move, seconded by the hon. member for New Westminster (Mr. Leggatt):

That this House instruct the government to investigate the possibility of using the swimming pool at 24 Sussex Drive as a nuclear holding tank, and that it also investigates the possibility of sinking shafts for radioactive disposal at the homes of the executive and directors of Falconbridge Nickel both here and in the United States.

Mr. Speaker: Order, please.

ORAL QUESTION PERIOD

[*English*]

EXTERNAL AFFAIRS

REQUEST FOR STATEMENT OF POLICY ON COMMERCIAL RELATIONS WITH COUNTRIES WITH WHOSE PRACTICES CANADA DISAGREES

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, I have a question for the Prime Minister concerning government policy relating to commercial dealings with other countries. As the Prime Minister would know, yesterday the Secretary of State for External Affairs announced a new commercial policy toward South Africa which would include the withdrawal of all Export Development Corporation's support. That was done "in response to those actions which at recent times have been undertaken in South Africa to which we in Canada take the strongest possible exception". Approximately 90 minutes earlier than that, the Minister of Industry, Trade and Commerce in the House yesterday indicated that the government would do nothing about Export Development Corporation activities in Chile because "it is not really for us to judge the moral commitments of a country". Those positions are utterly opposite. They were stated on the same day by two different ministers.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Paproski: That is not unusual with this government.

Mr. Clark: I regret to have to do this for the second time in a week, but I should like to ask the Prime Minister which minister was stating the policy of the government? Which of these two, who took absolutely opposite positions, was stating the policy of the government concerning commercial relations with countries with whose practices we disagree?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, if the hon. Leader of the Opposition refers to the speech made by the Secretary of State for External Affairs, he will understand why in the case of South Africa we are having a particularly restrictive approach to trade with that country. This approach does not apply to other countries, with whose ideology we disagree.

Mr. Clark: Mr. Speaker, in light of the statement made by the Minister of Industry, Trade and Commerce who said that no moral commitment at all would bear on the commercial policy of Canada—

Mr. Horner: I did not say that.

Mr. Paproski: Yes, you did.

Mr. Clark: —perhaps the Prime Minister would remind the House of Commons precisely what distinction he and his government claims exists between the position taken by the Secretary of State for External Affairs and the position taken by the Minister of Industry, Trade and Commerce.

• (1417)

Mr. Trudeau: I agree with the Minister of Industry, Trade and Commerce that he has been badly quoted by the Leader of the Opposition.

Some hon. Members: Hear, hear!

An hon. Member: But it is in *Hansard*.

Mr. Trudeau: The position expressed by the Minister of Industry, Trade and Commerce is that it is not the business of EDC to make political judgments of the kind that the Tory party is obviously unable to make or to make a moral judgment. Under the EDC Act passed by this Parliament the role of EDC is to make judgments on credit worthiness. Overall, political judgments are made by the House and by Cabinet. I see the hon. member for Halifax enjoying this particular one.

Some hon. Members: Oh, oh!

Mr. Trudeau: I invite the hon. member for Halifax and the Leader of the Opposition to indicate to us their preference and I will do my best to respect their preference. Do they want us to cut off—

An hon. Member: Just answer the question.

Mr. Trudeau: —cut off trade with Chile, or do they want us to resume trade with South Africa?

Some hon. Members: Hear, hear!

An hon. Member: Tell us what your policy is.

Mr. Clark: I concede to the Prime Minister that the quotation of the words of the Minister of Industry, Trade and Commerce might have been a bad one, but it was an accurate quotation of his words, exactly as the Prime Minister of Canada just now did not do.

Some hon. Members: Hear, hear!

Mr. Clark: I would assume that the distinction on which the Prime Minister and his government seek to rely is a distinction referred to in some desperation by the Secretary of State for External Affairs when he said that in South Africa's case discrimination is built into the structure of the country and the minister said, I think, that South Africa stands alone in that regard. If that is the basis of distinction for the Government of Canada for the policy decisions opposite being stated by two ministers of the Cabinet yesterday, is the Prime Minister really saying that the Government of Canada is prepared, in terms of its commercial policy, to say that murder and torture—because murder and torture are alleged by Amnesty International and other bodies to have taken place in Chile—are all right but codified discrimination is not all right? Are these the criteria that guide the Export Development Corporation?

Mr. Trudeau: No, Mr. Speaker, these are not the criteria.

An hon. Member: Horner, you blew it!

An hon. Member: And how!

Mr. Trudeau: There are many countries in the world with which Canada and Canadians engage in trade. We disagree with the ideology of many of them, many of them have non-democratic systems, indeed probably many of them practice murder, terror and torture.

An hon. Member: And you approve.

Mr. Trudeau: I do not think even the Tory opposition is suggesting that we should cut off trade with all the countries with which we disagree. We deal with South Africa in a different and specific way for a reason that even the Tories should be able to understand if they remembered that it was under their leader, the Right Honourable George Diefenbaker—

Some hon. Members: Oh, oh!

An hon. Member: Get it straight, it's John.

An hon. Member: You've got a heck of a memory.

An hon. Member: You need that ski holiday.

An hon. Member: George lives in Kitchener, it is John who is here.

Mr. Trudeau: Mr. Speaker, the right hon. gentleman for Prince Albert has two forenames, one is John and one is George.

An hon. Member: You are coming along.

An hon. Member: That is pretty good. You are getting smart.

Mr. Trudeau: The opposition has many leaders. They have various names, and I do not think that is relevant to the argument I am making.

● (1422)

Mr. Speaker: Order, please.

An hon. Member: Sit down.

Mr. Hees: Do the splits, Pierre.

Mr. Baker (Grenville-Carleton): You are making a fool of yourself, sit down.

Mr. Speaker: Order, please. I wonder if the Prime Minister might be permitted to conclude his answer briefly.

Mr. Trudeau: Mr. Speaker, it was under the Conservative government of Mr. John George Diefenbaker—and as he said, under his initiative—that South Africa was excluded from the Commonwealth. This must mean that in the minds of some Tories in this House South Africa is in a special position, and I wish the present Leader of the Opposition would learn that distinction from the master.

Some hon. Members: Hear, hear!

Mr. Clark: Mr. Speaker, the Prime Minister referred to the right hon. member for Prince Albert as having two names. This government has two policies on the same subject, one stated by the Secretary of State for External Affairs and an opposite one stated by the deflowered Minister of Industry, Trade and Commerce.

Some hon. Members: Hear, hear!

Mr. Clark: What the official opposition is suggesting is that there should be some criteria set by the Government of Canada which guides the activities of the Export Development Corporation, and what this House wants and needs to know—now that there has been this confusion of two policies stated by two ministers—is what precisely are the criteria which are set by the Government of Canada to guide the activities of the Export Development Corporation. Perhaps those criteria could be tabled in the House or stated by the Prime Minister. There are two policies. The Prime Minister has refused today to say in which one he believes. What are the criteria? If the Prime Minister cannot state them here, will he publish them in a way which will ensure at least that his two ministers say the same thing on this one matter?

[Mr. Trudeau.]

Mr. Trudeau: Mr. Speaker, that was the subject of my first answer when I indicated that the EDC operates under policies established by law passed by this House and under direction from the government. One of those directions is not to make political or moral judgments but to make judgments on the credit worthiness of the countries whose exports are financed. That is exactly the position taken by the Minister of Industry, Trade and Commerce.

On the question of South Africa, even if the government did not issue specific policy guidelines, as indeed we did in the case of the Arab boycott, the role of the EDC would not be to make political or moral judgments. It is because the EDC was given specific directives under the law by the government that it is making this distinction in the case of South Africa and, indeed, in the case of the Arab boycott, and the reason we are doing it for South Africa relates to the particular abhorrence we on this side have for policies based on race and colour characteristics which are part of the policy and philosophy of the government of South Africa. I repeat that this was understood as long ago as 17 years by the right hon. gentleman for Prince Albert when he took the initiative of excluding South Africa from the Commonwealth.

Mr. Clark: Is the Prime Minister telling us that to this government murder and torture are less abhorrent than the codification of discrimination? What we want to know is what are the criteria which guide the policy decisions of the government and which caused one decision to be taken in relation to the EDC in South Africa and not in other countries. Is it really and truly the position of this government that it finds murder and torture to be somehow more acceptable than the codification of discrimination?

● (1427)

Mr. Speaker: Order, please. That in its precise language is an exact repetition of an earlier question.

REASON FOR LOAN TO CUBA IN VIEW OF FACT CUBAN TROOPS ARE IN ANGOLA

Mr. Bill Kempling (Halton-Wentworth): Mr. Speaker, my question is for the Prime Minister and concerns the general area of economic sanctions and boycotts. Bearing in mind the economic and commercial sanctions against South Africa which were announced yesterday, could the Prime Minister explain the double standard when the Canadian Government feels it is quite moral and ethical to offer a $100 million loan to Cuba through EDC to finance a stainless steel mill when that country has troops in Angola and several other South African countries and supplies arms to guerrilla forces in Africa?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I hope you will give me a bit of time to answer this question because it is in three parts. The first is that Canada believes in freedom of trade. It believes in its businessmen—

Mr. Stevens: Except in South Africa.

Mr. Trudeau: Not except in South Africa. Mr. Speaker, we are making no legislation to prevent Canadian businessmen trading in South Africa if they so desire. There is absolutely no restriction on the issuance of passports for them if they want to go and trade or play tennis or practice sports. It is the policy of this government that Canadians are free to move wherever they want, whenever they want. We do say that the federal government will not encourage or subsidize such movements in the case of South Africa. We went even further in the case of Rhodesia. Businessmen can move there if they want to, but we will not in any way permit or authorize the trade of goods with that country because under the United Nations Security Council resolution there is an embargo on trade with South Africa.

In the case of South Africa, Canada had an embargo on the sale of arms long before the Security Council adopted this resolution. We were away ahead of the United States and the Security Council on this matter but now this is also the policy of the Security Council that there should be no trade in arms with South Africa. There is therefore a certain limit on trade in arms with South Africa. The United Nations did not go that far in the case of Chile, in the case of Cuba, in the case of China, in the case of the Soviet Union, in the case of Czechoslovakia, in the case of Rumania or in the case of a devil of a lot of other countries who do not have democracy and who do not have ideologies in which we believe but in which case not only businessmen are free to trade and move there but in each case our government services, trade commissions and so on, are prepared to assist them in passage of this trade. We believe that as a general rule, trade between nations is a good thing. It is not only good economically but it is also good in terms of human relations between the peoples of these countries.

Some hon. Members: Hear, hear!

Mr. Kempling: A supplementary question, Mr. Speaker and I want to thank hon. members opposite for their applause. Given the fact that the stainless steel mill for Cuba designed by SMC in Montreal is a copy of an existing stainless steel mill in Canada and noting that there is considerable overcapacity in the world supply of stainless steel and that industry sources estimate Cuba could only use about 10 per cent of the production internally, is this the best use that the Government of Canada can find for $100 million? Could we not use it domestically to help our secondary industry? Could we not use it in Sudbury or some such place?

Mr. Speaker: Order, please. We have been very close to argumentation ever since the question period began and I think the last question falls in that category.

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INDUSTRY

NICKEL—REQUEST FOR MEASURES TO PREVENT LAY-OFFS

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, I have a question for the Prime Minister. The Conference Board of Canada predicts that unemployment in 1978 will rise to 8.4 per cent. The board's prediction for 1977 was very low. They predicted it would be 8.1 per cent and it is 8.4 per cent. They were not taking into consideration in 1978 the massive layoffs in the mining industry. In view of the predictions of very high unemployment, will the Prime Minister advise the House if he will bring in on the first sitting day in 1978 a plan to prevent the layoffs of any of the nickel industry work force as part of an overall commitment to reducing unemployment in Canada.

● (1432)

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, it is not possible, not only in economic theory but under the law, for the government to prevent nickel from laying off employees if it wants to lay off employees. The hon. member should know that the government has no legal recourse at its disposition to do that. Therefore, the suggestion by the hon. member is not only not legal and impossible, but it would not be constitutionally possible if the House wanted to adopt a law to that effect.

NICKEL—SUGGESTED STOCKPILING TO AVOID LAY-OFFS

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, I have a very practical suggestion for the Prime Minister. In addition to the French and soon to be announced American examples of stockpiling minerals, nickel in the French example and soon to be announced copper stockpiling in the United States, I draw the Prime Minister's attention to the rationale behind his government's uranium stockpiling program, and I quote very briefly from the 1973 report—

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

Mr. Rodriguez: In view of the stockpiling which took place in the uranium industry in order to save the community of Elliot Lake, is the Prime Minister now prepared to recommend to cabinet a stockpiling program for nickel in order to save the economic integrity of the Sudbury basin and all other nickel producing communities across this country? That is the best Christmas present he could give to the nickel base industry.

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, in his preamble the hon. member seemed to indicate that a lot of countries are beginning to do what Canada has been doing for the past 12 months. INCO has been stockpiling for, I believe, 12 to 14 months. They have stockpiles at hand for a value of some seven months' sales. Therefore, the hon. member is really only catching on to what has been done by INCO and presumably what is being done by other countries as well.

NICKEL—PROPOSED TARIFF ON IMPORTS

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, I will direct my final supplementary to the Minister of Industry, Trade and Commerce. Last week I asked the minister about

the possibility of an import tariff on imported raw nickel into Canada when we have, according to the Prime Minister, a seven months' supply of nickel stockpiled. At that time the minister told me he would look into the question. That was over a week ago. Has he now looked into the possibility of an import tariff on raw nickel and, if so, what decision has he reached?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, the import tariff on raw material would only increase the cost of manufacture in Canada and the opposition wants to certainly increase manufacturing in Canada.

Some hon. Members: Oh, oh!

Mr. Rodriguez: That is a stupid answer.

An hon. Member: It was a stupid question.

* * *

[*Translation*]

EXTERNAL AFFAIRS

INQUIRY WHETHER CANADA WILL CONTRIBUTE TO CONSTRUCTION OF RAILWAY IN VENEZUELA

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, my question is directed to the Secretary of State for External Affairs.

Since the Quebec city area is deprived of information because a newspaper has been on strike for a long time, we are restricted to information given on radio and television. In view of broadcast information concerning the participation of Canada in railway construction in Venezuela and considering the benefits which Canada would obtain, could the minister tell the House whether Canada will contribute financially to the construction of that railway and if so to what extent?

[*English*]

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, the role of External Affairs in this has been to coordinate the effort in terms of the foreign relations impact, but the actual negotiations have been carried out by the Department of Industry, Trade and Commerce. I am glad that the government was able to put this package together. I suspect that my colleague, the Minister of Industry, Trade and Commerce, could provide more of the details than I am in possession of at the moment.

[*Translation*]

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

Considering the minister's answer, could I also ask him to advise his colleague and make the information public as soon as possible, because it is advisable that Canadians be aware not only of the financial participation of Canada in that country but also of the benefits which it could derive?

[*English*]

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, I am very pleased to inform the hon. member and the House that through EDC and the government accepting a liability clause, Canavan, the Venezuelan railroad, did go ahead. A contract will be signed with Bombardier for $40 million for the construction of railway locomotives. Sydney Steel Corporation in Nova Scotia will receive a $40 million contract for rail and Hawker Siddeley of Nova Scotia will receive a $45 million contract for the building of railway cars.

Some hon. Members: Hear, hear!

* * *

THE CANADIAN ECONOMY

REQUEST PRIME MINISTER STATE REASON FOR INVESTOR CONFIDENCE

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, my question is for the Prime Minister who at a press conference yesterday stated:

> If you have confidence in the future, you invest in the future. You put your money in it and you build something and then you say the future is going to be good.

Would the Prime Minister indicate to the House why he feels investors should have such confidence today when if they had bet on the Prime Minister in April 1968 when he took power and invested $1,000 in composite Toronto stock exchange securities, the buying power today would have fallen to $628, a 37 per cent plunge since the Prime Minister took power.

Right Hon. P. E. Trudeau (Prime Minister): Yes, Mr. Speaker. I think the hon. member is forgetting to take into account the capital gains that were made during that time.

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FINANCE

DATE OF INTRODUCTION OF EMPLOYMENT TAX CREDIT BILL—POSSIBILITY OF BUDGET IN JANUARY

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, the Prime Minister must realize that what I am talking about is loss of capital, not capital gains. In the absence of the Minister of Finance, the first Acting Minister of Finance and the second Acting Minister of Finance, I will put my supplementary to the Prime Minister. On December 7, the Minister of Finance stated:

> I will be able to come to the House with a statement seven days after Bill C-11 is passed.

That was with respect to the employment tax credit bill. This is now the seventh day since Bill C-11 was passed. Will the Prime Minister indicate who will be making the statement to the House with regard to the employment tax credit bill?

Right Hon. P. E. Trudeau (Prime Minister): It will be the Minister of Finance, Mr. Speaker.

Mr. Stevens: Will the Prime Minister indicate when the Minister of Finance will be making the statement? Also, will he indicate whether we can expect a budget upon our return in January?

Mr. Trudeau: Mr. Speaker, the answer is soon and the answer to the second question is no.

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CANADIAN NATIONAL RAILWAYS

REQUEST FOR EXPLANATION OF ALLEGED SAVINGS THROUGH PASSAGE OF BILL C-17

Mr. Don Mazankowski (Vegreville): Mr. Speaker, I wish to address a question to the Prime Minister. Yesterday the Prime Minister challenged the opposition to co-operate and pass the CNR revision bill in all stages, stating that it would result in a saving of $100 million to the government. Can the Prime Minister explain to the House and the country how the elimination of an $808 million debt by the government of Canada and the loss of interest revenue to the government on that amount of money will result in an immediate saving of $100 million, which I believe the Prime Minister suggested would be used for job creation.

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, if the House leader and the other parties want to call the bill immediately, we will give the answer to that.

Mr. Baker (Grenville-Carleton): Answer his question.

Mr. Trudeau: I can tell him now but it means making a speech. I do not think that would be permitted under the rules. However, if second reading is called today and if there is an undertaking to go to all stages by the end of this sitting day, we will gladly give an answer to the question that has been asked.

● (1442)

Mr. Mazankowski: A supplementary question, Mr. Speaker. That is a very weak explanation, and I must say that the paper transaction has more the appearance of an act of desperation than a sound decision. Given the fact that the cancellation of the $808 million debt will result in the loss of interest revenue to the extent of $65 million to $70 million on an annual basis, and given the fact that it has been said in some quarters that the actual saving to the government will be something in the order of $25 million to $30 million annually rather than the $100 million which the Prime Minister floated yesterday, I ask the Prime Minister whether this is part of the deviousness in which this government is engaged in fooling the people of Canada? Are we to expect the parliament buildings to be offered for sale as the next step on the part of this government?

Mr. Trudeau: Mr. Speaker, we are very happy that the hon. member is beginning the debate. I just challenge him and his party to call the bill—

Mr. Mazankowski: Answer the question.

Mr. Trudeau: The hon. member wants us to answer the question.

Mr. Clark: You misled the House, admit it.

Mr. Trudeau: If hon. members want the answer, let them call the bill for second reading. We will give them the answers and we will vote on the bill tonight, but they are afraid to do that.

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MANPOWER

CANADA WORKS PROGRAM—CONSULTATION WITH PROVINCES PRIOR TO CHANGE IN POLICY

Mr. James A. McGrath (St. John's East): Mr. Speaker, I should like to direct a question to the Minister of Employment and Immigration who, to one million unemployed Canadians, is the "Grinch who stole Christmas". My question is prompted by the reply given my colleague the hon. member for Humber-St. George's-St. Barbe yesterday when the minister said, as reported at page 1988 of *Hansard,* that "we are contemplating a slight change; we are considering using some of that money for the creation of more permanent jobs". That is a commendable objective. Given the projections by the Conference Board and others that the ratio of job vacancies to unemployed persons in the Atlantic provinces will grow by a ratio of one to 40, and given the fact that we already have a serious unemployment situation, does the minister intend, before making this fundamental change in the only make-work program that we have, to meet with the provinces before putting that change in place; and in view of the fact that the change should be in place by January, will that meeting take place soon?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, my memory of the story of the Grinch who stole Christmas was to the effect that eventually Christmas was given back by the Grinch; so I would expect, with the programs I have had, that I would not be considered the Grinch but the one who went looking for Christmas.

In all seriousness, Mr. Speaker, I have already discussed this matter at some length on a one to one basis with my provincial colleagues. There seems to be the general feeling that we should be looking to more permanent job creation of the kind I indicated yesterday, such as the Gull Island project, the spruce budworm harvest and things of that nature. It seems to me that this is the kind of initiative that we could be taking. I would not see that as a significant change; it is part of job creation, but with a slightly different, and I think better, emphasis.

Mr. McGrath: Mr. Speaker, a change in the government is the only way to restore Christmas to the unemployed of this country. Obviously, the policies required are not coming from this government. As a supplementary question, Mr. Speaker, given the fact that this is the only job creation program which we have, and given the fact that we support the minister's desire for more permanent job creation, is the minister prepared at least, in the Atlantic provinces where unemployment is so critical, to sit down and discuss with the provinces, and indeed the municipalities, job ventures so that maximum use can be made of money under Canada Works to create the largest number of jobs which are permanent?

Mr. Cullen: Mr. Speaker, first of all the hon. member is wrong in his facts; this is not the only job creation program of this government, or even of my department. Certainly, there are job creation programs which are initiated by the provinces. So far as sitting down with the municipalities and having discussions with them is concerned, we get the reading very plump and plain from the provinces that they do not wish us to operate in this area since it is their jurisdiction.

As for coming forward with projects, there has never been any shyness on the part of the provinces to suggest the manner and the ways in which this money could be more appropriately and effectively used for permanent job creation, and we are prepared to listen to this type of representation.

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AGRICULTURE

SOYBEAN MEAL—POSSIBILITY OF GETTING SHIPMENT OUT OF TORONTO BEFORE FREEZE-UP

Mr. Walter Smith (Saint-Jean): Mr. Speaker, I have a question for the Minister of Transport, but in his absence I will direct it to the Minister of Agriculture. I am informed that there are about 14 tons of soyabean protein meal in the harbour in Toronto, and I should like to know whether the minister can advise the House if that shipment has a chance of getting out of the harbour before the freeze-up of the seaway?

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, the day the question was asked the boat was loaded, and I understand that today it is going through Montreal harbour. It was loaded at the time the question was asked. I believe you could say that it was a "loaded question".

Some hon. Members: Oh, oh!

* * *

HEALTH

LIQUID PROTEIN—MEASURES TO CONTROL SALE

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, I want to direct a question to the Minister of National Health and Welfare but in her absence I will direct it to the acting minister in charge of sports and physical fitness. It concerns the controversial liquid protein diet that has been linked with some 39 deaths in the United States and is being widely promoted to overweight Canadians as a safe substitute for normal food. Although this diet is believed to be risky even under strict medical supervision, it is readily available over the counter to people who embark upon a crash diet. Therefore, is it the intention of the government to restrict sale of this product to prescription holders? If not, has the government in mind any other way or means of controlling this liquid protein diet?

Hon. Iona Campagnolo (Acting Minister of National Health and Welfare): Mr. Speaker, the government does not intend to make this a prescription drug because the products in themselves are not harmful. However, by mid-January we will have a new regulation under which it will be required to use a label which indicates that the product is not to be used for weight control alone or for weight reduction, and is not to be used as the sole source of nutrition. Any food, even meat, eaten exclusively would be detrimental to a person's health, but this is not detrimental in itself.

* * *

CONSUMER AFFAIRS

LIQUID PROTEIN—ALLEGED MISLEADING ADVERTISING—REQUEST FOR INVESTIGATION

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, may I direct a supplementary question to the Minister of Consumer and Corporate Affairs. I have with me a typical advertisement for this product which appeared in the Saskatoon *Star-Phoenix* and says that "the Progo diet is one of the most effective, superior and safest weight loss systems ever devised". I should like to ask the minister, since the FDA in the United States is now investigating this type of diet because of the 39 deaths which have been linked to it, whether he would take the advertisement and investigate to see whether or not it is indeed misleading advertising?

Hon. Warren Allmand (Minister of Consumer and Corporate Affairs): I would be pleased to do so, Mr. Speaker.

INCREASE IN COST OF INSULIN—ACTION TO PROTECT DIABETICS

Mr. Paul Yewchuk (Athabasca): Mr. Speaker, I should have liked to direct a question to the minister of health also, and since she is not here I presume the acting minister will answer for her. In view of the fact that there has been an alarming increase in the cost of insulin in this country, thereby creating hardship to diabetics, would the minister explain why this what appears to be unjustifiable increase has occurred and what action the government is taking to ensure that the interests of diabetics in Canada are protected?

Hon. Iona Campagnolo (Acting Minister of National Health and Welfare): Mr. Speaker, I will be pleased to convey the hon. member's question to my colleague.

* * *

BILINGUALISM

GOVERNMENT MEASURES TO REGAIN TRUST OF FRANCOPHONE MINORITIES OUTSIDE QUEBEC

Miss Flora MacDonald (Kingston and the Islands): Mr. Speaker, my question is to the Secretary of State and concerns the announcement made earlier today outside the House regarding official language minorities. Given that we have seen the implementation of the bilingualism policy, a noble idea endorsed by all parties in this House, bungled by the government to the point where it has caused needless dissension in all parts of the country, and given that the minister announced today new measures for official language minorities, the implementation of which is already causing concern among the very groups that it is designed to assist, so that we are in danger once again of repeating the misunderstandings of earlier programs—

Some hon. Members: Question.

Miss MacDonald: —would the minister say how he plans to regain the trust and confidence of the organizations representing Francophone communities outside Quebec, the organizations which boycotted the earlier meeting today, so that they can play a meaningful role and participate in these programs?

Hon. John Roberts (Secretary of State): Mr. Speaker, the hon. member has a peculiar and particular view of the effectiveness of the official languages program, a view, for instance, not shared by the former official languages commissioner, Mr. Spicer, who declared clearly that he felt at least 80 per cent of our effort under this program had been successful.

[*Translation*]

Mr. Speaker, to answer the second part of the hon. member's question, I must say that I personally met representatives of the Federation of Francophones outside Quebec Saturday last and that we have spent three hours discussing the program which I have announced today. I have also discussed that matter with hon. members on many occasions and I hope—I should say I believe—that we will obtain cooperation from representatives of provincial associations and from the Federation of Francophones outside Quebec. With our efforts I strongly hope we will succeed.

● (1452)

[*English*]

Miss MacDonald: The report of the minister with regard to that meeting is quite different from that given by the president of the Fédération des Francophones de Québec. In his announcement earlier outside the House, the Secretary of State said: "The principles governing our approach are not different but the ways and means of implementing them remain to be settled." It is obvious the hon. gentleman did not agree to any commitment with the Francophone community at the meeting last Saturday. Since the ways and means are still to be settled, what initiatives does the minister intend to take to meet the wishes of this group?

[*Translation*]

Mr. Roberts: Mr. Speaker, I must say that I have an advantage over the hon. member because I was present at that meeting last Saturday while she was not. I can assure her that there was a very constructive discussion indeed and for that reason—even though we are going to receive positive criticism I hope—I expect to have very successful relationships with that association.

Mr. Speaker, I am deeply sorry that the hon. member who had been invited could not attend this very important meeting this morning.

* * *

[*English*]

REGIONAL ECONOMIC EXPANSION

REQUEST FOR CONSULTATION WITH PROVINCES PRIOR TO CHANGE IN POLICY

Mr. J. M. Forrestall (Dartmouth-Halifax East): Mr. Speaker, I have a question I should like to direct to the Prime Minister. It relates to a matter which was raised by the hon. member for St. John's East with the minister responsible for employment and it has to do with the creation of permanent jobs in the Atlantic region as well as with the problem of "slippage", to which I shall refer in a few moments. Bearing in mind the concern expressed at the recent meeting of the Council of Maritime Premiers about the future of the DREE program, can the Prime Minister give the House and the country his assurance that there will be no revolutionary changes with respect to that program until there has been consultation with the Atlantic premiers and the premiers of other provinces affected with the object of permitting them to contribute their ideas on the subject?

Right Hon. P. E. Trudeau (Prime Minister): The question of regional development was raised with each one of the premiers I have seen in the past few weeks and we undertook to meet this particular problem head on when the federal conference of first ministers meets. I understand the premiers of the eastern provinces are preparing themselves to deal with this subject. We on this side have been getting ready on an extensive basis to indicate the benefits of DREE and the reasons for which it should be continued.

Mr. Forrestall: Our concern, as representatives of regions where there is serious and chronic unemployment, is that the DREE program and the program put forward by the Minister of Employment and Immigration have in some cases resulted in 60 per cent or even 80 per cent slippage in terms of the funds which go into those regions for the development of infrastructure and the creation of jobs. The money does not

stay in our region. The question is, whether in its planning, either for the federal-provincial conference in February or with respect to the future of DREE, the government has given serious consideration to programs which might assure a more permanent location for the dollars and cents and for the level of support so that our people may benefit from permanent employment rather than transitory jobs.

Mr. Trudeau: The hon. member realizes, I am sure, that under the DREE arrangements, primary responsibility for the economic development of a particular area in a province is a provincial matter. This is why much of the operation, all of it, I would say, is subject to federal-provincial agreement related to the objectives of particular regions. For this reason, the choice the hon. member suggests is really that of the provinces. As to the matter of what he calls slippages, or what one might call leakages, it is a factor which is present in all economies. Even in Canada, monetary and fiscal policies result in some leakage because Canada is such a large trading nation and it will always be the case that a dollar spent in one part of the country will not benefit that one part of Canada alone but will also have an effect in other regions.

* * *

SMALL BUSINESS

POSSIBILITY OF PROGRAMS TO PROVIDE INCENTIVES

Mr. Otto Jelinek (High Park-Humber Valley): Mr. Speaker, my question is directed to the Minister of State responsible for small business. It is now over three months since the minister assumed his new role and inherited a ten-point program from his predecessor which he attempted to pass out as government policy on small business. In view of the fact that in reality this program merely expresses the need for further studies in this regard, though studies have been going on, now, for a number of years while inflation and unemployment continue to increase by leaps and bounds perhaps affecting small business more than any other sector, I should like to ask the minister what specific incentive-oriented programs related directly to small business he has in mind, if any, and when he proposes to introduce them—or does he intend to merely sit on the ten-point program?

Hon. A. C. Abbott (Minister of State (Small Business)): Mr. Speaker, I am grateful to the hon. member for asking this question. As he may be aware, a good deal of concern has been expressed about the operation of the Small Business Loans Act. The government has undertaken to make this program more attractive to small businessmen. I was able to announce this morning, after meeting yesterday with officers of the Canadian Bankers Association, that we shall be increasing the interest rate on small business loans under the act to one point above prime which, together with the amendments to the legislation of last June and the warm support of the banks, make the benefits far more easily available to small businessmen. This is a major point in our ten-point program. We are taking a number of further steps and I hope to announce positive measures in the near future.

[Mr. Forrestall.]

* * *

GRAIN

WHEAT—DATE OF ANNOUNCEMENT OF MINIMUM PRICE

Mr. Jack Murta (Lisgar): Mr. Speaker, my question is addressed to the Minister of Agriculture. It concerns the whole subject of the two-price system for wheat and the expected increase in the minimum price payable under that system. The minister has indicated that a decision will be made on this important matter before Christmas. Has a decision yet been made and, if so, at what level has the minimum price of wheat been set?

Hon. E. F. Whelan (Minister of Agriculture): No final decision has yet been made. There will be further discussions later this week.

Mr. Murta: Will the minister give the House an assurance that an announcement will be made before Christmas with respect to the minimum price. Will that price be significantly higher than at present?

Mr. Whelan: The hon. member knows I cannot give such an assurance about price at this time. As to the other question, it all depends on how fast our work proceeds in this House and how much time is available to discuss the other topics before us.

* * *

THE ROYAL ASSENT

[*Translation*]

Mr. Speaker: I have the honour to inform the House that a communication has been received which is as follows:

Rideau Hall
Ottawa

December 20, 1977

Sir:

I have the honour to inform you that the hon. Wishart F. Spence, O.B.E., Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate chamber today, the twentieth day of December at 5.45 p.m. for the purpose of giving Royal Assent to certain bills.

I have the honour to be,
Sir,
Your obedient servant,
Edmond Joly de Lotbinière
Administrative Secretary
to the Governor General

• (1502)

ROUTINE PROCEEDINGS

[*Translation*]

CRIMINAL CODE

AMENDMENT TO ESTABLISH OFF-TRACK BETTING

Mr. Fernand E. Leblanc (Laurier) moved for leave to introduce Bill C-413, to amend the Criminal Code (off-track betting).

Some hon. Members: Explain.

Mr. Leblanc: Mr. Speaker, this bill permits the operation of off-track betting establishments to enable the provinces to advance funds for athletic, recreative, cultural and other purposes. Furthermore this would provide the province of Quebec with a supplementary source of income for the Olympic deficit, and the other provinces with revenues other than taxes.

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

* * *

[*English*]

CANADA OIL AND GAS ACT

MEASURE TO REGULATE DISPOSITION AND DEVELOPMENT OF OIL AND GAS RIGHTS

Hon. Allan J. MacEachen (for the Minister of Energy, Mines and Resources) moved for leave to introduce Bill C-20, to regulate the disposition and development of oil and gas rights.

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

* * *

PETROLEUM ADMINISTRATION ACT

MEASURE TO AUTHORIZE IMPOSITION OF LEVY ON DOMESTIC PETROLEUM AND IMPORTS

Hon. Allan J. MacEachen (for the Minister of Energy, Mines and Resources) moved for leave to introduce Bill C-19, to amend the Petroleum Administration Act and the Energy Supplies Emergency Act.

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

Order Paper Questions

TRANSFER OF OFFENDERS ACT

MEASURE RESPECTING TREATIES ON TRANSFER OF PERSONS FOUND GUILTY OF CRIMINAL OFFENCES

Hon. Francis Fox (Solicitor General) moved for leave to introduce Bill C-21, to implement treaties on the transfer of persons found guilty of criminal offences.

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

* * *

STATUTE LAW (METRIC CONVERSION) AMENDMENT ACT, 1977

AMENDMENT TO ANIMAL DISEASE AND PROTECTION ACT RESPECTING METRIC CONVERSION

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce) moved for leave to introduce Bill C-22, to facilitate conversion to the metric system of measurement.

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

* * *

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are marked by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today: Nos. 29, 37, 188, 191, 194, 303, 395, 434, 463, 535 and 677.

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

[*Text*]

CONSOLIDATED COMPUTER INC.

Question No. 29—**Mr. Dick:**

1. On what date was Consolidated Computer Incorporated (CCI) incorporated?

2. Is CCI under a federal or a provincial charter?

3. Did the government make any loan to CCI and, if so, on what date did it first make a loan?

4. Was the first government commitment a loan guarantee and, if so, who loaned the money at the time?

5. Has CCI defaulted on payment of such loans?

6. Is the government's financial commitment to CCI presently in the same form as the original financial commitment and, if not, what steps has it gone through from the original commitment to the present commitment?

7. Does the government expect to recover its financial commitment to CCI and, if so, in what manner?

8. Has the government ever made a financial commitment of a similar nature, in excess of one million dollars, to any other computer, data processing or electronic manufacturing company and, if so, what is the name of each such company and what percentage of the equity was owned by Canadians?

9. Is Central Dynamics Ltd. a federally or provincially incorporated company?

Order Paper Questions

10. Who are the executive officers and the directors of Central Dynamics Ltd.?

11. What percentage of the shares of Central Dynamics Ltd. are beneficially owned by Canadians?

12. Is Central Dynamics Ltd. involved in purchasing equity in CCI and, if so (a) what are the financial arrangements (b) what are the principals involved in the financial arrangements?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): I am informed by the Departments of Consumer and Corporate Affairs and Industry, Trade and Commerce as follows: 1 and 2. Consolidated Computer Inc. was incorporated under the laws of the Province of Ontario on June 21, 1968.

3. The Federal Government made direct and insured loans to CCI under the General Adjustment Assistance Program (GAAP). The first loan insurance was extended on July 24, 1970, while the first direct loan was made on December 28, 1973.

4. The first government commitment to CCI was in the form of a loan insurance under GAAP. The lender was the Ford Motor Credit Corporation.

5. CCI defaulted on such loans in 1972, and the company went through a major financial reorganization shortly thereafter. Since that reorganization, CCI has not defaulted although on occasion GAAP has provided assistance to CCI without which assistance the company could have been technically in default.

6. The Government of Canada's present financial commitment to CCI is not in the same form as the original commitment described in answers 3 and 4 above. As a result of the 1972 reorganization of CCI, the Government of Canada, through GAAP, and the Ontario government, through its agency the Ontario Development Corporation (ODC) acquired a controlling equity interest in CCI and certain debt instruments. Thereafter, GAAP and ODC, on a joint effort basis, provided other assistance to CCI in the form of direct or insured/guaranteed loans until December 1976. A second major financial reorganization took place in December 1976 which resulted in the conversion of the total indebtedness of the Government of Canada and ODC sold to Fujitsu Limited (Fujitsu), a Japanese company, 3,300,000 common shares of CCI in consideration for the undertaking and commitment by Fujitsu to provide CCI with technical, manufacturing, financial and marketing assistance and manufacturing and distribution rights and a reduction in royalties payable to Fujitsu. As a result of the December 1976 reorganization, the present shareholding of CCI is as follows: Government of Canada 53, per cent; ODC, 16 per cent; Fujitsu, 23 per cent; The Public, 8 per cent. In addition, GAAP provides insurance with respect to lease financing of the products manufactured by CCI, and provides assistance to CCI under the industrial assistance programs of the Department of Industry, Trade and Commerce.

7. The government expects to recover its commitment in CCI by the sale of equity it owns in CCI. As a result of the reorganization, CCI's credibility has been significantly improved in the marketplace. This is being reflected by a better acceptance of its products and by an improvement in the company's financial performance.

8. The government has only made such loan insurance commitments under the General Adjustment Assistance Program (GAAP) to three other Canadian-owned computer, data processing and electronic companies. The amount of loan insurance to these companies totals approximately $5.5 million. The government does not publish the names of firms receiving such loans from private financial institutions, since this is considered to be commercially confidential information.

9. Central Dynamics Ltd.—Centre Dynamique Ltée was federally-incorporated on March 21, 1958.

10. Executive Officers and Directors: (i) Officers—Sources: Annual Report—Year ending March 31, 1976: Russel C. Scrim—Chairman of the Board of Directors; Earle W. Wallick—President and Chief Executive Officer; Leslie K. Sellmeyer—Executive Vice-President; Kenneth P. Davies—Vice-President, Product Planning; Robert Mee—Vice-President, Engineering; Laurent Nadeau—Vice-President and Secretary Treasurer; Louis Harvey—Vice-President. (ii) Directors—Source: Annual Summary as at March 31, 1977: Russel C. Scrim—Mount-Royal, Quebec; Earle W. Wallick—Beaconsfield, Quebec; Laurent Nadeau—Dollard-des-Ormeaux, Quebec; Arden C. Boland—Town of Mount-Royal, Quebec; William A. Grant—Montreal, Quebec; Gerald D. Sutton—Montreal West, Quebec; Alex G. Lester—Montreal, Quebec; Jean M. Paris—Outremont, Quebec; Jean D. Vincent—Pointe-Claire, Quebec.

11. The 1975 CALURA return of Central Dynamics Ltd. indicates that 2,775,262 of the 2,821,280 common shares issued, were held in Canada.

12. Central Dynamics Ltd. explored the possibility of purchasing equity in CCI but withdrew. The names of the principal shareholders and the details of the financial arrangements are given in (6) above and appeared also in Vote L37B of the Supplementary Estimates (b), 1976-77.

CHEESE

Question No. 37—**Mr. Cossitt:**

1. Is it a fact that there are approximately twenty-seven kinds of cheese produced around the world and that twenty-one of these can or are being made in Canada?

2. What is the total amount (in pounds) of cheese imported in each of the past four years by types of cheese manufactured in Canada and specifically, has the import quota been raised and, if so, on what dates?

3. What import duties are applied to foreign cheese similar to types made in Canada and is any consideration being given to raising them or to lowering the import quotas in order to assist the Canadian producers?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): I am informed by the Departments of Agriculture and Industry, Trade and Commerce as follows: 1. There are more than 400 different varieties of natural cheese manufactured in the world at present and these can be grouped into basically 18 types or kinds of cheese. These are grouped based on their distinct characteristics, meaning that the details of

setting the milk, cutting, stirring, heating and salting are varied to produce characteristics that are peculiar to each type. At present, Canada produces 15 of these basic types.

2. Canada manufactures 66 varieties of cheese and imports over 200 varieties. Statistics Canada do not break down imports or domestic production for each variety. An analysis was undertaken on Canadian market disappearance (including imports/domestic production) in 1975. Top six varieties were:

Variety	Market	Production	Imports
Cheddar	176,600,000	176,000,000	600,000
Mozzarella	41,100,000	40,000,000	1,100,000
Brick	12,100,000	12,100,000	—
Colby	6,500,000	6,500,000	100,000
Gouda	5,100,000	800,000	4,200,000
Parmesan	4,400,000	3,100,000	1,300,000

The reason that the Colby and Gouda amounts do not add up in total is that the department rounded the figures off to the nearest 100,000 and that accounts for the discrepancies. A global import quota of 50 million pounds of all types of cheese was established on June 6, 1975. There has been no increase in the quota size since that time.

3. The general duty rate is three and a half cents per pound with the exception of the British Preferential—three cents and New Zealand—one cent (Special Agreement). Duty rates are being reviewed as part of the MTN preparation and will be a topic for discussion during the GATT round of negotiations. The global cheese quota is reviewed annually, however, no decision has been taken yet as to its size or structure for the 1978-79 Dairy Year.

NUMBER OF PERSONS UNDER CONTRACT TO CANADIAN COUNCIL ON RURAL DEVELOPMENT

Question No. 188—**Mr. McKenzie:**

1. What is the total number of persons under contract to the Canadian Film Development Corporation and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Hon. John Roberts (Secretary of State): I am informed by the Canadian Film Development Corporation as follows: 1. Four persons (no public servant).

2. 1975: $75,361; 1976: $7,105. (No public servant.)

NUMBER OF PERSONS UNDER CONTRACT TO CANADIAN GOVERNMENT PHOTO CENTRE

Question No. 191—**Mr. McKenzie:**

1. What is the total number of persons under contract to the Canadian Government Photo Centre and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Hon. John Roberts (Secretary of State): I am informed by the National Film Board as follows: 1. There are two persons now under contract to the Canadian Government Photo Centre; neither is a retired public servant.

2. (a) In 1975/76 the total amount paid to persons under contract to the Canadian Government Photo Centre was $6,030; this sum was paid to one retired public servant under contract for a three-month period immediately following his retirement date. (b) In 1976/77 the total amount paid to persons under contract to the Canadian Government Photo Centre was $5,277.75; none of this total was paid to a retired public servant.

NUMBER OF PERSONS UNDER CONTRACT TO CANADIAN LIVESTOCK FEED BOARD

Question No. 194—**Mr. McKenzie:**

1. What is the total number of persons under contract to the Canadian Livestock Feed Board and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Hon. E. F. Whelan (Minister of Agriculture): In so far as the Canadian Livestock Feed Board is concerned, the answer is: 1. Five—There are no retired public servants under contract.

2. (a) $18,128; (b) $22,801.

DOMINION FIRE COMMISSIONER—PERSONNEL OBTAINED FROM PRIVATE EMPLOYMENT AGENCIES

Question No. 303—**Mr. McKenzie:**

1. Has the Dominion Fire Commissioner obtained (a) part-time (b) full-time employees from private employment agencies in (i) British Columbia (ii) Alberta (iii) Saskatchewan (iv) Manitoba (v) Ontario (vi) Quebec (vii) New Brunswick (viii) Nova Scotia (ix) Prince Edward Island (x) Newfoundland and, if so, in each case, how many?

2. Are such employees paid from supplementary estimates and, if not, from what estimates are they paid?

3. By province, what was the (a) average hourly rate paid to employment agencies (b) average hourly rate paid to employees (c) total amount paid by the Dominion Fire Commissioner in (i) 1975 (ii) 1976?

Hon. Judd Buchanan (Minister of Public Works and Minister of State for Science and Technology): 1. The Dominion Fire Commissioner has not obtained any part-time or full-time employees from private employment agencies in 1975 or 1976.

2. Not applicable.

3. Not applicable.

NUMBER OF PERSONS UNDER CONTRACT TO ROOSEVELT CAMPOBELLO INTERNATIONAL PARK COMMISSION

Question No. 395—**Mr. McKenzie:**

1. What is the total number of persons under contract to the Roosevelt Campobello International Park Commission and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Order Paper Questions

Mr. Maurice Dupras (Parliamentary Secretary to Secretary of State for External Affairs): The Roosevelt Campobello International Park Commission did not have anyone under contract in 1975. In 1976, the Commission had one firm install fire alarm systems in three of the cottages. The total amount paid to them was $8,800, and the individuals in the firm were not retired public servants.

LOANS, BY PROVINCE, FROM FEDERAL BUSINESS DEVELOPMENT BANK

Question No. 434—**Mr. Laprise:**

For each year since 1970 to date, by province, did the Industrial Development Bank or the Federal Business Development Bank grant loans and, if so (a) how many (b) what was the average amount involved (c) what was the percentage of loss?

Mr. Bernard Loiselle (Parliamentary Secretary to Minister of Industry, Trade and Commerce): Yes, the annual report of IDB/FBDB shows the following data for the Bank as a whole:

Year Ending September 30	(a) Number of Loans Approved	(b) Average Amount Approved	(c) Bad Debts Written Off, Net
1970	3,584	$46,000	$ 847,000
1971	4,449	44,000	758,000
1972	5,889	45,000	1,269,000
1973	7,859	44,000	1,387,000
1974	9,712	48,000	2,260,000
1975	9,461	42,000	3,631,000
1976	10,088[1]	45,000[1]	1,599,000[2]
1977	9,311[1]	46,000[1]	3,932,000[1]

[1] 12 months ending March 31.
[2] Six months ending March 31, 1976.

The information requested under parts (b) and (c) is not available by province. The number of loan approvals by province (a) is as follows:

	Fiscal Years Ending September 30					Ending March 31		
	1970	1971	1972	1973	1974	1975	1976[1]	1977
Newfoundland	81	87	149	197	245	314	346	304
Prince Edward Island	34	33	46	83	77	57	65	66
Nova Scotia	116	136	186	260	262	369	435	428
New Brunswick	85	112	142	224	284	286	341	345
Quebec	601	654	1,085	1,383	1,652	1,459	1,721	1,725
Ontario	978	1,216	1,568	1,789	2,391	2,507	2,629	2,505
Manitoba	101	156	151	179	248	208	222	204
Saskatchewan	112	138	140	178	246	205	226	271
Alberta	330	430	436	646	1,067	957	1,033	963
British Columbia	1,094	1,428	1,928	2,835	3,159	3,019	2,979	2,446
Yukon	23	43	42	47	40	29	30	25
N.W. Territories	29	16	16	38	41	51	61	29
Total	3,584	4,449	5,889	7,859	9,712	9,461	10,088	9,311

[1] Covering 12-month period April 1, 1975 to March 31, 1976.

FEDERAL EXPENDITURES IN CONSTITUENCY OF NEW WESTMINSTER

Question No. 463—**Mr. Leggatt:**

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

Mr. Maurice Dupras (Parliamentary Secretary to Secretary of State for External Affairs): Statistics are not available as departmental expenditure records are not maintained by region or municipality. However, as the Department does not maintain an office in the constituency of New Westminster it is estimated that expenditures are negligible.

CANADA'S INDUSTRIAL OPERATING CAPACITY

Question No. 535—**Mr. Howie:**

Approximately what percentage of Canada's industrial operating capacity was utilized in the first quarter of (a) 1974 (b) 1976 (c) 1977?

Mr. Bernard Loiselle (Parliamentary Secretary to Minister of Industry, Trade and Commerce): Statistics Canada produces capacity utilization rates for the Canadian Manufacturing sector. The capacity rates for this sector are as follows: (a) 1974, first quarter, 93.24; (b) 1976, first quarter, 84.09; (c) 1977, first quarter, 84.09.

INCOME TAX ARREARS OF NATIONAL AND MULTINATIONAL CORPORATIONS

Question No. 677—**Mr. Laprise:**

1. As of March 31, 1977, were income tax arrears still owing by national and multinational corporations and, if so (a) in each case, what was the amount (b) at what rate of interest, if any?

2. For each year 1973-1977 to date, what was the (a) number (b) amount of outstanding arrears?

Hon. Joseph-Philippe Guay (Minister of National Revenue): 1. (a) As of March 31, 1977, there were 28,654 corporation accounts outstanding for a total of $289,908,577. Information is not available to categorize these accounts by "National" and "Multinational". (b) The rate of interest on arrears is 6 per cent per annum.

2. Year	(a) Number of Accounts	(b) Amounts
*1975 and Prior	4,881	$ 94,930,563
1976	12,546	$ 89,594,752
1977	11,227	$104,383,261

* Statistics are not maintained in such a manner as to permit a further breadown of these figures.

GOVERNMENT ORDERS

[*English*]

EXTERNAL AFFAIRS

CANADA'S RELATIONSHIPS WITH OTHER NATIONS

The House resumed from Monday, December 19, 1977, consideration of the motion of Mr. Jamieson that this House takes note of the present state and future prospects of Canada's relationships with other nations of the world.

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, as I indicated last evening, most of my remarks on this interesting debate will be directed toward the coming United Nations conference on disarmament. Before commencing to deal with that particular subject, I want to respond to the proposal made by the hon. Secretary of State for External Affairs (Mr. Jamieson) yesterday in regard to South Africa. As the hon. member for Greenwood (Mr. Brewin) indicated, we welcome that particular initiative. Actually, we consider it to be approximately ten years late.

We should like to look at the pig in the poke because we are not sure what it means. Perhaps the Secretary of State for External Affairs will flesh out this proposal. The Secretary of State has suggested that Canada will develop a code of ethics for Canadian companies which deal with South Africa. That is all very well, but unless we know what are the sanctions to be applied to those who violate the code, to a large extent that statement is meaningless.

In regard to the response of the Leader of the Opposition (Mr. Clark), I have concern about the statement he made as reported at page 2007 of *Hansard* dated December 19, 1977, which reads as follows:

As we study these implications—

Perhaps this statement is an indication of the Conservative policy. I hope it is not. When the Leader of the Opposition referred to "implications", he was referring to implications on the proposal of South Africa. Perhaps other participants in this debate may correct what appears to be a rather naive statement. It continues:

As we study these implications, one of those matters to which we will want to pay close attention is to ensure that their negative impact will not fall more particularly upon residents of that country who are black. We think that would be a most counterproductive approach to Canadian policy, as we are sure the minister will agree—

If any member of this House believes that we should not exercise sanctions against a country with a largely black population, on the ground that it will hurt the black population, he does not understand what the black populations of those countries want. If members consulted with the leaders of the black communities in South Africa, I am sure they would discover that these sanctions have not gone far enough. While there may be some short-term economic loss to blacks, those people welcome initiatives on the part of western industrial countries in order to move their country forward to a civilized and democratic system.

This House has heard a long debate regarding the question of which countries should be singled out for these particular sanctions. It is not a simple question, nor is it a simple issue. Moral decisions have to be taken. I suggest to the Minister of Industry, Trade and Commerce (Mr. Horner) that when South Africa is isolated as a special case, Chile also should be isolated as a special and separate case. As far as Chile is concerned, western industrial countries assisted in the subversion of the democratic elected government of that country. Surely, that places Chile in a special category. The moral arguments the government is making in regard to South Africa should apply to Chile, even though it is a different case. These judgments are made subjectively.

Mr. Breau: What about Cuba?

Mr. Leggatt: My hon. friend asks me about Cuba. If aid in the world is to be examined, we must examine who is receiving the aid and how much of it is being directed to people who need it. If you use that as your moral judgment, you will continue to have good relations with Cuba because Cuba is one country that has taken aid. No matter how much we may disagree with their regime, you will find that the aid which has gone to Cuba has in fact gone to people who need it. That should be the criterion all around the world. When we aid countries in Africa and Asia, we should make sure that aid is going to the poor and starving who need it, certainly not to monuments growing up to a totalitarian dictator, as has happened so often with aid. That is not what is happening in Cuba.

• (1512)

Mr. Breau: What about human rights?

Mr. Knowles (Winnipeg North Centre): What about a speech?

Mr. Leggatt: If the hon. member would like to rise to his feet and make a speech, he can do so. However, I do not mind responding on the question of human rights. As I said yesterday, we should stop being selective about human rights. We must remember that there are other countries beside the Soviet Union which mistreat their citizens. If there are people being tortured in Cuba, we should be on the floor of the House calling out their names, just as we do in any other regime around the world. So the idea that we keep throwing the names of countries back and forth at each other, on the

assumption that somehow this party is only interested in human rights in certain countries, or that party is only interested in human rights in certain other countries, is simply a *non sequitur*; it is simply irrelevant.

I should like to get back, however, to what has really happened to this country over the past ten years, particularly the image of this country in international affairs. I have had the opportunity to attend every Law of the Sea Conference since they began, and it is the general consensus around the world that this country's reputation as a peacemaker has suffered very seriously since the days when Lester Pearson was conducting the foreign affairs of this country.

There are a number of reasons for this, but one of the major ones has been our slavish acceptance of any policy in this world promoted by the United States state department. So long as this country continues to take a satellite position in world affairs, its reputation will continue to suffer. I should like to remind hon. members of some of the things this country has done in the past which has won it the reputation of being an aggressive peacemaker. They are: the Canadian refusal to support the U.S. boycott of Cuba; Canada's strong disapproval of the Anglo-French-Israel invasion of Egypt of 1956; the Prime Minister's visits to China and Russia; and the disapproval by this country of the massive bombing of Vietnam. These are all foreign policy matters in which Canada stood up and was independent on the side of peace, and it was because of those policies that we gained a reputation as peacemakers.

But our reputation today is no more that of a peacemaker. We have not engaged, in the international sphere, with the kind of aggressiveness, originality and initiative that our diplomats and our governments once had. Surely, at this time, we should have entered into these kinds of initiatives. Another initiative was taken by the right hon. gentleman from Prince Albert (Mr. Diefenbaker), who I see here today, who established that kind of independence in foreign policy with the initiative he took at the Commonwealth conference to exclude South Africa from the Commonwealth.

Here, again, was a foreign policy initiative where Canada stood up and said something independently and differently. If there is anything this country needs, it is to have independence. It needs a sense of nationhood. It can have that sense of nationhood through such a foreign policy. But what has been the record for the last ten years? The record has been a slavish, following whatever policies happen to be adopted at the time in the United States.

So long as we see our role as merely that of a satellite or supporter of the United States, we are not doing ourselves credit and we are not contributing to our own relationships with the United States. Nor are we contributing to peace in the world, because the United States is entitled to have us as an objective friend and to have from us the kind of advice which may be different from the advice they have been receiving their own bureaucrats. That has not been the case. In the United Nations we have simply been slavishly following the United States example in one motion after another.

[Mr. Leggatt.]

In the province of British Columbia there is very real concern about the establishment of the Trident nuclear submarine base in Bangor, Washington, which is some 60 miles south of the city of Victoria. It is not an easy issue, but when I wrote to the Secretary of State for External Affairs and the response may as well have come from the U.S. government—there would have been hardly any difference.

Let me just quote the response, to give a little background. There has been real concern among some scientists that this particular weapon was being developed as a first-strike weapon because of the technical facility that was available to target the nuclear warheads right on the sites of the silos of Soviet missile sites, thereby at least providing some temptation for a first-strike capacity. That issue was never addressed by the Secretary of State for External Affairs, who is the present government House leader. He said this in response to my letter:

> The Trident submarine programme is being undertaken by the U.S.A. in the development of its strategic deterrent. Because the programme does not form part of the Canada-U.S. arrangements for the joint defence of North America and the proposed base at Bangor will be built on U.S. territory, there is no requirement for the U.S.A. to consult Canada with regard to this matter and we have not made any representations to the U.S. authorities on the subject.

Here is a matter which intimately affects the safety and future of people all over the world. Surely we could at least expect enough interest on the part of this government to determine at least what kind of weapon it wants on our doorstep and what effect that weapon will have on the mutually assured destruction theory which many people tell us has kept the peace. There is merely a slavish adoption of the U.S. foreign policy. Why is the UN disarmament conference so vital, not merely to this country but to the whole world?

In 1973, the world spent $240 billion on armaments. It went up from $160 million ten years previously. If we were to take 10 per cent of the saving on the world armament bill, here are some of the things we could do: we could eliminate all illiteracy in the world by the turn of the century, simply by spending $1.5 billion of that money. We could feed the hungry of the world at the rate of $4 billion a year, and there would be no more hungry children in the world.

We could provide a family planning program of some $2 billion a year which would once and for all begin to tackle the major problem in this world, which is overpopulation. We could provide a worldwide medical care scheme at the rate of $4 billion a year. We could treble our foreign aid at $3.5 billion, and we could provide a permanently funded peacekeeping force at $1.5 billion a year. That is by simply reducing the expenditure of the world, on armaments, by 10 per cent. It is growing at a faster rate than 10 per cent. By simply reducing it to 10 per cent, we would at last tackle some of the global problems.

● (1522)

How do we go about moving this question forward? How do we, as a country, go to the United Nations disarmament conference and do something in terms of stating that we have a commitment to the principle of disarmament? There is not

much point in going there talking out of both sides of our mouths, selling arms around the world and then suggesting that we cut back. There is not much point in saying we believe that action is needed to reduce the proliferation of nuclear weapons while selling the dangerous CANDU reactor around the world to every unstable regime that is willing to buy one with a set of safety standards which is becoming a laughing-stock in terms of scientific research into the risks inherent in the CANDU reactor.

In my view, what we have to do is take some unilateral action. It takes courage to act alone in these matters, but we are in a rather unique position. We can make unilateral decisions which will not adversely affect us and which may move the world forward in terms of disarmament. There is ample precedent for this. There is a treaty which controls the use of bacteriological warfare. That treaty came about because of the actions of former President Nixon of the United States, who acted unilaterally in saying that the United States would end its continuing moves toward bacteriological warfare. When he acted unilaterally, the Soviet Union joined the United States, and there is a treaty. Canada also acted unilaterally in forgiving some $254 million of debts of the poorest countries of the world. That act of generosity spurred Sweden forward, and Sweden did exactly the same thing. That did not come about as a result of a continuing dialogue which took forever. There has to be a break in the log-jam.

I suggest that in three areas we can move this country forward in a very significant way and make a significant contribution to the world UN conference. Right now, Canada ranks sixth in the world in terms of sales of weaponry to other countries. Those sales amount to about $355 million a year. Over a ten-year period we sold about $78 million worth of hardware to Peru, $49 million to Brazil, and $45 million to Iran. My hon. friend was wondering about Cuba. We sold none to Cuba. We sold $25 million worth of weaponry to Malaysia and $1 million to Chile. Of course, that was subsequent to the change of regime in Chile. We are making a pretty hefty profit in arms sales around the world. Surely in order to move to a position of less hypocrisy on this subject at the UN conference we should make a unilateral declaration that we will suspend for one year, while the conference is on, our sales of arms abroad and invite other like-minded countries to join us.

The second, and perhaps the most important unilateral act we could take, would be to abandon our nuclear role in the world. I know that our nuclear role is very peripheral. We have some storage of nuclear weapons at two or three bases in Canada, but my information is that the abandonment of our nuclear role would not in any way affect the capacity of the United States in terms of the defence of the North American continent. To abandon that peripheral role would be an important step forward. More importantly, abandoning our sales of the CANDU nuclear reactor abroad is absolutely vital.

In the world there are two kinds of proliferation, horizontal proliferation between major countries, and vertical proliferation of atomic weaponry—the more dangerous. As surely as we are sitting in this House, terrorist groups will get hold of a nuclear weapon. The Japanese Red Army received $6 million from the government of Japan not too long ago in a hijacking. As a world community, surely we must ask ourselves how we are to stop the inevitable from happening. We cannot stop it by wringing our hands. First, we have to study the way we are securing our airports. It is still most unsatisfactory. More importantly, we have to take a careful look at the way we are proliferating peaceful nuclear technology around the world and making more and more of the byproducts of the CANDU reactor available to terrorist groups.

The day a terrorist gets a nuclear bomb and blackmails a major city or country will be the day of Canada's shame, because that is the day Canada will have contributed to that act. The very real risk of war and the risk to the human race now is the risk of terrorism and the risk of terrorists obtaining a nuclear weapon.

We have abandoned the role of peacemaker because we have made compromises. We have gone ahead and sold nuclear materials regardless of the cost because of pride in our technology and the bureaucracy, the business and the labouring people who work in that industry. Altogether, it is a kind of self-fulfilling prophecy. The ball is rolling. The momentum is there, and this government has never been strong enough to stop it. What we need is a government which has the guts to stand up to its bureaucracy and say, "No more sales of nuclear weaponry and nuclear technology abroad". The day we do that we will make a significant contribution to peace and to this particular conference.

Last, but not least, we have abandoned the question of peace research. War and peace are both subject to scientific study. The amount we spend in terms of contributions to war is massive. In terms of peace research, I suggest we give nothing. We should commit 10 per cent of our military budget to peace research and to approved peace study groups. Sweden has done this for many years. We no longer have that reputation. I want to mention one group, the Canadian Peace Research Institute, which has been struggling on a very small budget and with no help whatsoever from this government for a very long time. Surely we should be moving forward in terms of world peace.

I want to conclude on an optimistic note. Most disarmament conferences work only under pressure. I do not believe the United Nations itself would have been formed without the memory of the agony of the Second World War. So we have to ask ourselves what pressure is now on the delegates who will attend the conference. There is pressure because of nuclear weaponry and because of the very real risk that it will get into the hands of either a terrorist group or a small and unstable country.

Canada has done almost nothing—in fact, less than nothing—to prevent that weaponry from going to unstable parts of the world. I believe we could make a positive contribution if we were to, in a unilateral way, move the conference forward; but if we simply go with the same hypocritical attitude we have had for the past ten years, Canada will not only not be listened to but will not have any impact on the conference.

● (1532)

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I have followed this debate with a great deal of interest. I have read everything that was said yesterday in my absence, and I have listened to the speech of the hon. member for New Westminster (Mr. Leggatt) who always commands attention when he speaks in the House.

I welcome the opportunity to discuss international affairs. This has been a closed shop since the present Prime Minister (Mr. Trudeau) took office. The day I asked the Deputy Prime Minister whether consideration would be given to setting aside a couple of days for discussion of external affairs, I knew in advance what his answer would be. He is one who through the years has dedicated himself to parliament. I often think he must feel lost sitting among those who today are in the same cabinet and who seem to regard parliament as an institution of little or no consequence, realizing in advance, as they do, that whatever stand they take, a supine majority will ensure passage of legislation regardless of whether it is for the benefit of Canada.

Over the years, under the Right Hon. Mackenzie King, the Right Hon. Louis St. Laurent and under my government, whenever there was a request for a debate on external affairs it was granted. The present minister, too, shares the appreciation of the assistance which parliament can give to a government when members speak freely concerning matters with which they are conversant and of which they have knowledge.

There were times in the past when I represented Canada at various conferences both before and after I became prime minister. Since 1963, for some reason I have never had the opportunity of going to any conference even in a minor capacity. I can only conclude the reason is that I do not have those qualifications which other members of the House have.

On this occasion I will discuss a number of matters which I believe deserve to be considered. I am not surprised—I have become inured to it—that whenever I am about to speak, or am on any list to speak, the Prime Minister always finds that some other call takes him from the chamber. Were he here, I would be able to make some personal references because he chose to forget my Christian name today. I can understand any relationship to anything Christian he might find discomforting having regard to the degree to which he has so often in the past been able to secure his inspiration from non-religious sources. I regret, too, with the minister and the Leader of the Opposition (Mr. Clark) the fact that the hon. member for Saint-Hyacinthe (Mr. Wagner) is not here to speak. This House has, for him, that feeling of respect which comes to those who, regardless of whether one agrees with his political views or not, is recognized as one who is prepared to speak as he feels.

I must say that I am very much interested in what has been decided in connection with South Africa, to which I intend to make reference later. One thing that strikes me about this government, however, is the abiding affection that is shown to Castro and to Cuba. Whatever offence is committed in that country is covered up, concealed, approved or at least connived. These are things that are difficult to understand. Canada does not want to be "Castronated".

Some hon. Members: Hear, hear!

Mr. Diefenbaker: Canada does not support any nation or national leader whose objective is civil war and launching it in other parts of the world.

Mr. Jamieson: Hear, hear!

Mr. Diefenbaker: The minister says, "Hear, hear." I hope he will say "Hear, hear", when opportunities come to determine that Castro and his works are taboo in this country.

Some hon. Members: Hear, hear!

Mr. Diefenbaker: Castro has gone all over Africa launching civil wars. Castro has American republics deeply concerned over what he has been doing to undermine their governments in favour of communist governments or far left institutions. In Great Britain, in the United States, in France and in West Germany I have spoken to the leaders of those countries. They cannot understand the close and abiding relationship that prevails between the Prime Minister of Canada and Castro. An international brigand—that is what he is—who has his forces destroy freedom in African countries, is endeavouring to undermine democratic governments in Central and South America. Yet he is Canada's pet. It is beyond my understanding.

Mr. Speaker, I repeat and underline that Castro is engaged in exporting revolution to Africa and inciting revolution in the Americas. People cannot understand why the government of Canada kowtows to Castro. The Prime Minister went to Cuba on an official visit. He said, "Castro, you wonderful fellow," while at the same time Castro had 10,000 or 12,000 troops in Africa undermining legitimate governments and spreading revolution. Today, if you speak to leading Americans both in and out of the administration, the first thing they will say is, "Why is Canada so close to Castro? Do you not know what he is doing?"

I will say no more about Castro except this: the fact that Canada's Prime Minister has placed Canada's arms around Castro is causing a deep sense of suspicion against Canada and its objectives all over the western world. I pass on to another example, France. France owes much to Canada. Its survival in two world wars is in very considerable measure due to the sacrifice of other countries and the soldiers of other countries. The treatment given to the government of Canada by the present administration of France is as unjustified as it is reprehensible. The French government encourages separation of Quebec from Canada.

● (1542)

Why has that been Canada's attitude? Why does Canada permit, without strong disapprobation and public disapprobation, the fact that the government of France and the administration in that country does everything they can in a subterranean and sometimes very open way to bring about the separation of Quebec from the Dominion of Canada.

What treatment has Canada received? Does this government fall in line with the present administration of France? The Hon. Gérard Pelletier was appointed Canadian ambassador to France. Normally, within a matter of a few days, an ambassador presents his letters of accreditation. What happened to him? He was in Paris for days and days. He wandered around the city of Paris and sometimes went out in the country. Since the minister made an observation a moment ago that I could not hear, I ask him whether he approves of the treatment given by France. Three weeks went by, almost four, and finally the government of France, the administration, accepted Pelletier with his letters of accreditation.

What happened to the Prime Minister of Canada? He went to Paris following the celebrations in London. He was invited to lunch with the President of France. That is a normal thing. How long did he have to wait? He was invited for lunch on a certain day. The President of France found he could not accommodate him that day and the date was postponed. That was an insult to Canada. I do not agree with the Prime Minister very often, but I found it difficult to understand the humility with which he was prepared to accept that insult, and yet the degree to which his sensibilities are aroused in the House of Commons if anyone in the opposition says anything even remotely critical of him.

Then Premier Lévesque arrived and was met with pomp and circumstance. While Canada's practice for years has been that no foreign decoration be received by Canadians without the consent of the Canadian government, the President of France took Lévesque in his arms and announced that he had been awarded the prestigious senior decoration, the Legion of Honour No. 1. He did not get the consent of the Canadian government.

What did the Canadian government do? Instead of taking objection the Prime Minister tried to laugh it off. From now on the rules respecting awards to Canadians by foreign governments will not require the consent of the Canadian government. Canadian after Canadian has had honours turned down from foreign countries. Surely France has not forgotten the tens of thousands of Canadians who gave their lives in two world wars.

What happened in this case was an insult to Canada, regardless to whom it occurs, and I will always take strong objection to it. The Prime Minister, in effect, said there was nothing Canada could do. Lévesque did not wait for any consent: he started to wear it even before he got it.

Some hon. Members: Hear, hear!

Mr. Diefenbaker: We pass on from there. These are just indications of the degree to which this nation internationally is falling behind. I think of the announcement yesterday concerning South Africa. There was a tremendously courageous announcement! I was condemned because I took a stand at the Prime Ministers' Conference of 1960 and 1961 when an application was made by South Africa to rejoin the Commonwealth. The Prime Minister said today that I pushed South Africa out. He knew that statement was not true when he made it. South Africa withdrew. It said it was through with the Commonwealth.

In 1960 I brought before the Prime Ministers' conference the proposition that if any country within the Commonwealth became a republic, but if later it decided that it wanted to be a member of the Commonwealth, to rejoin was not automatic. Such country should at least follow reasonably carefully those common dictates that activate men and women who believe in freedom. The debate, went on. I shall always remember it. I said to the Prime Minister of South Africa that all we ask is that South Africa shall not disfranchise 12 million or 13 million blacks. Under Botha and Smuts it was otherwise. The black and coloured had members. Those members were abolished. I said that I do not ask that you give man and man equality, but I ask you to restore the constituencies in the parliament of your country that prevailed for blacks or coloureds during the days of Field Marshal Jan Christian Smuts and General Botha. On and on went the argument.

In the passing years, the criticism of the stand I took has disappeared. Had I not taken that stand, the only white prime minister to take the stand at the Commonwealth, and had there been a vote, that would have been the end of the Commonwealth itself.

● (1552)

I was then criticized in this chamber. And holy of holies, the Liberal party was shocked into speech. They condemned me and said it was terrible. I always dislike missing observations which pass between outstanding and distinguished members of the government, and I am sorry that I missed that which passed just now between the Deputy Prime Minister (Mr. MacEachen) and the Secretary of State for External Affairs (Mr. Jamieson)—because it must have been good.

Mr. McGrath: The Deputy Prime Minister was writing speeches then.

Mr. Yewchuk: He wrote the speeches condemning you.

Mr. Diefenbaker: I know he wrote one or two. I always enjoyed those which he wrote because they followed a common pattern. The identification was there without attribution.

Then the criticism of that day ceased in light of the recognition that had we had a vote in the Commonwealth at that time, that would have ended the institution. An announcement is now made in a rather surreptitious way. The government has a habit of doing this. Yesterday the Secretary of State for External Affairs enunciated the government's policy toward South Africa. The minister normally does not assume the garland of self-imposed piety. I was not here yesterday, but having read what he said I thought he was a little apologetic. What of Canada's attitude? The western world has stood back and let Angola fall. Castro marched, or marched through others. Angola had the world's second largest diamond mines, diamonds which are so necessary today to modern production. We are now going to cut off South Africa, or at least go so far as we can. It has the world's largest production of diamonds, manganese and chromium.

This brings me to the situation today in Rhodesia. Rhodesia produces 14 per cent, I think, of the world's supply of chromium. If Rhodesia falls, the U.S.S.R. or its sycophants will control 93 per cent of the world's chromium. Are we going to cut off trade with South Africa? No, Mr. Speaker. Today the Prime Minister did a mental somersault and said we are not going to do that. What we will be doing, Mr. Speaker, in effect, is driving South Africa, by isolation, more and more into the Russian orbit. The course that the government announced yesterday in such evanescent terms is to me a major policy blunder. Russia needs industrial diamonds. Russia now has access to Angola's wealth in this regard, but it is not sufficient. She will now find herself in the position of getting the necessary diamonds which she does not have now.

Why are we slapping South Africa in the face? In 1960 and 1961 the government was condemning me. Satan was spiritual compared to the description given of me for what I had done by taking a stand on behalf of freedom. Their memories have not failed them, Mr. Speaker. They remember the awful picture painted of the right hon. member for Prince Albert destroying the Commonwealth.

What is the situation today? All of the major supertankers, in their tripping from the Middle East, South Africa or North America, must use Capetown or Simontown for watering purposes. These are the two largest naval bases which can serve these major tankers. The United States navy uses the Simontown base for its submarine flotillas which patrol the bases there. These shipping routes are critically important. If they fall under the aegis, directly or indirectly, of the U.S.S.R., this is extremely dangerous to the survival of freedom not only there but throughout the world.

I make the appeal to the government to reconsider this question. I have not heard any hallelujah choruses from other parts of the world among our great allies. The course which was taken so cavalierly yesterday is one which is fraught with terrifying danger to the future of freedom everywhere in the world. I know the government will laugh it off. It will end up by saying that it has not done such a thing, that what it has done is for the benefit of South Africa or for some other country.

An hon. Member: For Castro.

Mr. Diefenbaker: Castro does not come into this, but you would think he had been the government's adviser.

I turn now to another matter. What has the government done on behalf of the millions and millions of people who love freedom as you and I, Mr. Speaker, love it? I speak of the Ukrainian people, the Baltic peoples and other peoples of smaller population than those two? Has it ever protested the treatment being handed out to the Ukrainians and to others in the United Nations? Never a word has been spoken since 1960. Why is that? Is that the way to establish world leadership—to be afraid to speak out?

Mr. Paproski: Just before elections.

Mr. Diefenbaker: Somebody suggests the government will speak out just before elections. Well, the government has an awful lot of speaking to do if it thinks it is going to survive. Canada has not spoken out since September, 1960, when on behalf of the nation, with Khrushchev present, I protested strongly against denial of freedom in the Ukraine. And do not tell me that protests are ineffective. The Kremlin does react to international criticism. I call as my witness in that behalf Cardinal Slipyj, who for many years, I think 17, was a prisoner often in solitary confinement in labour camps in Siberia. He was in Canada three years ago and was asked about the protest that was made by the former prime minister of Canada, John Diefenbaker. He said, "I have been in solitary confinement for more than 19 months, and others who loved freedom as I do are in the same position." Suddenly, one day in late September, 1960, we found that an amelioration took place. The U.S.S.R. does react to criticism. It did in that case.

● (1602)

What about the United Nations today? It seems quarantined against adopting protests and resolutions concerning the denial of fundamental freedoms and the tyranny being practised at this very moment toward freedom-loving citizens under the control of the U.S.S.R. No action can be taken in that forum. I call as my first witness at this point the Ukrainian Committee, a body which has made a tremendous contribution to freedom over the years. In 1970, 1971 and 1972 they got in touch with the Secretary-General of the United Nations concerning the terrible injustices being done to Ukrainians—and this applies to 50 million others who are behind the Iron Curtain. The protest was not even submitted to the assembly. But the Kremlin does feel criticism. It does react. I hope that the heart of this government will be moved even now to protest against the awfulness of the tyranny being perpetrated against these people.

Some hon. Members: Hear, hear!

Mr. Diefenbaker: Or does freedom know double standards? Is the standard of this government the standard of Canada? Not at all. I go across this country and one of the major criticisms I hear is this: the government is frozen in its own image of self-importance and refuses to do anything internationally unless forced to do so. Mr. Speaker, I fear for the continuance of the United Nations. I do not see how it can stand up having regard to some of the things it has done or failed to do in the last year or so. I believe I am the only member of this House who was in San Francisco in 1945. I sat two seats behind that great tribune Field-Marshal Smuts, the only person there who had been a member of the original League of Nations. He said, "I wonder if this organization will go the way of the League of Nations." I see the United Nations today becoming dominated by small individual states who are united by only one thing—a common desire to achieve their own objectives. I fear that unless one of the great nations like Canada speaks out, the United Nations is on the road to suicide.

What of the millions who are in the camps? I saw the statement made the other day by the Prime Minister. He said he was disturbed by the fate of these millions. What about the thousands of freedom-loving dissidents who, like Valentyn Moroz, are imprisoned over there and held without evidence whatever? What about the tens of thousands who have been in prison camps and mental hospitals? Although unidentified, they belong to the immortals in freedom's lexicon.

Mr. Speaker, I am told my time is almost up and therefore I want to pass on to just one other observation. I want to deal with the general situation as I find it. Here we are, meeting in this chamber in complete quietness and calm. How few today have spoken out against the overwhelming power in military terms and the growing threat presented by the Soviet ballistic-missile navy? This is an hour of peril. Admiral Douglas Boyle stated recently that there are 32 missiles at sea in Soviet submarines in the Atlantic within range of Chicago, 24 within range of the whole of North America, and 32 in the Pacific within range of American missile sites in the west. According to the Admiral, the Soviets will have 30 of their Delta-class submarines in commission before the U.S. Navy equivalent Trident-class boat is launched. Mr. Speaker, we are living in a period of calm similar to that which characterized Europe during the period from 1934 to 1939. Only Churchill then spoke out. He was regarded as a pariah. He was a voice in the wilderness. I heard him speak on two occasions: the House emptied. He said the war was coming, but nobody paid attention.

On March 24 of this year General Alexander Haig said the Russian offensive build-up was "unimaginably" greater than had been expected. Major-General George J. Keegan of U.S. Air Force Intelligence said that for 25 years the U.S. Secret Service underrated what was happening. Yet here we are, doing nothing, living in a fool's paradise. Everywhere, all over the world, the U.S.S.R. is marching—not with its own troops but with those of other nations. The only warning from one of the great powers has come from the Chinese. They warn that the Russians plan the military take-over of western Europe and go on to say it could be completed within 21 days without serious damage to western industry. South Africa and the Middle East would then be taken over in a matter of days.

Some may ask me: Why has Russia not struck? Mr. Speaker, I have read every work which had been published on this subject in the last ten years. Most conclude with that question. I think the answer is this: the Kremlin is afraid of its own dissidents. The United States cannot understand Canada's attitude. Indeed, to a very great extent today the United States does not trust the government of Canada.

Mr. Jamieson: Ridiculous!

An hon. Member: Why should they?

Mr. Diefenbaker: I heard someone say "Ridiculous". Oh, it is all right to laugh it off.

Mr. Dupras: Is that what you want?

Mr. Diefenbaker: The interruptor at the back there is fully qualified by his lack of intelligence. I make that statement advisedly. Why has Canada carried on as it has with Castro? Did the United States approve? It was and is deeply concerned.

• (1612)

Mr. Duclos: Oh, oh!

Mr. Diefenbaker: The hon. member is qualified by his ignorance to keep quiet.

Mr. Duclos: What do you mean by that?

The Acting Speaker (Mr. Ethier): I regret to interrupt the right hon. member for Prince Albert (Mr. Diefenbaker), but his allotted time has expired. Nevertheless, he may continue if there is unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Mr. Duclos: No.

Mr. Diefenbaker: The hon. member for Montmorency (Mr. Duclos) has no knowledge of the subject at all, yet he said "No". One member can do that in this House.

Mr. Duclos: The hon. member should not have insulted the minister.

Mr. Clark: It is a shame the hon. member for Montmorency (Mr. Duclos) is such a child and cannot accept some criticism in this House. He should be sent back to the Department of External Affairs.

Mr. Munro (Esquimalt-Saanich): No, that cannot be done.

Hon. Mitchell Sharp (Eglinton): Mr. Speaker, although I follow the right hon. member for Prince Albert (Mr. Diefenbaker) in the debate, needless to say I will not follow him in his style nor in his convictions in certain matters. I listened with great interest to the right hon. member. It was one of his more entertaining speeches. Occasionally I wondered whether the right hon. member was dealing with the issues from the point of view of self-justification or whether he was dealing with the issues as they appear in the world today.

Particularly I was struck by his references to South Africa. The right hon. member spent a good deal of his time talking about the moral stature which Canada ought to have in the world. Also, he indicated that Canada ought to be interested in the grievances of Ukrainians and the Balkans. He felt Canada should stand up for the rights of people throughout the world. I agree entirely.

Some hon. Members: Hear, hear!

Mr. Sharp: But when the right hon. member referred to South Africa, his standards changed. I hope he will look carefully at the words he used in the debate today. He seemed to indicate that Canada should not participate with other

countries in disciplining the government of South Africa which is engaged in an abhorrent policy.

An hon. Member: Just like Uganda.

Mr. Sharp: I do not intend to follow this line. I am grateful to the right hon. member for suggesting a debate on foreign affairs. However, I am surprised he did not deal with some of the more fundamental issues facing the world, rather than personally attacking the Prime Minister (Mr. Trudeau). This debate provides me with an opportunity to congratulate my successors in the office of the secretary of state for external affairs, the hon. Secretary of State for External Affairs (Mr. Jamieson) and his predecessor, the Deputy Prime Minister and President of Privy Council (Mr. MacEachen). If the Deputy Prime Minister was not such a superb House leader, probably he would still be the secretary of state for external affairs.

Some hon. Members: Oh, oh!

An hon. Member: How does that make you feel, Don?

Mr. McGrath: As a Newfoundlander, I resent that.

Mr. Sharp: The Deputy Prime Minister was disappointed when the Prime Minister asked him to revert to his old job as House leader. But I realize I speak for everyone in the House when I say that those who take an interest in foreign affairs are full of admiration for the manner in which the Deputy Prime Minister brought his great talents to bear in the field of Canada's external relations. The best evidence of his judgment and skill in this field was how he handled the co-chairmanship of the north-south dialogue. It was agreed, had it not been for his patience and negotiating skills, that the conference probably would have been a total failure. Second was his selection, as Canadian negotiator of the northern pipeline agreement with the United States, which is one of the most important agreements in our generation.

The hon. Secretary of State for External Affairs has talents of a different kind. Those talents stand him in good stead. I am happy this man is the Secretary of State for External Affairs. He has taken over his responsibility with skill and imagination. On many occasions I have listened to him answering questions posed by members opposite, and I have admiration for the way he commands his department and is knowledgeable of this intricate field. I am sure all hon. members wish him well. He has a balance of common sense which derives from his origin and his background. He has a sense of idealism which will stand him in good stead in the turmoil of this rapidly changing world.

When I was the secretary of state for external affairs, I proceeded on the premise that a foreign policy should, as far as possible, be non-partisan. I believed then, as I do now, that Canada can achieve its external objectives most effectively if there is a broad measure of agreement among all parties. This does not mean that the opposition should agree at all times as to how the government proceeds to achieve its objectives. There is plenty of room for criticism, even if there is broad agreement on objectives.

I have listened to the various speakers who have participated in this debate, as well as reading their speeches. I should like to make some remarks to illustrate how much agreement exists on the basic element of Canada's foreign policy. No one has questioned Canada's membership in NATO, nor the presence of Canadian troops in Europe. Speakers for the official opposition have urged that we should support NATO more. No one has questioned Canada's responsibility to provide development assistance. The criticism is that Canada is not doing enough.

Party spokesmen vied with one another in their commitment to the defence of human rights throughout the world. Doubts were expressed about the implementation of the third option in our relations with the United States, as well as the contractual link in relation with the European community. But no spokesman has disagreed with the purpose of these policies or principles. The Commonwealth, which our Prime Minister has done so much to sustain, is still considered to be a useful instrument for the promotion of international understanding. All parties voiced approval of the additional measures announced by the minister to show Canada's disapproval of apartheid in South Africa, with the exception of the right hon. member for Prince Albert, who apparently does not speak on behalf of his party in this case.

All members joined the minister in welcoming the recent dramatic moves for peace in the Middle East. Whatever differences there may be about the details of nuclear safeguards which Canada is attempting to apply, there is no difference among the parties on the essentiality of preventing the geographical proliferation of nuclear weapons. On that we are all agreed. If I may say so, this is not surprising. Canadian foreign policy is not an ideological matter, it is not the product of the imagination of particular foreign ministers who happened to be in office at the time the foreign policy of Canada is derived from certain basic and unalterable facts. The first of them is our geographical position in the world. I can remember on one occasion being in the Canadian embassy in the Soviet Union when the then foreign minister, Lester Pearson, was making a speech. He was thanking our Russian hosts for their hospitality. We had made our first visit to the Soviet Union at the beginning of the fall, and he was addressing three of the big five who were then in office.

● (1622)

He said that Canada is not a big country, that we have a lot of geography, we do not have many people and we do not have a long history, but we occupy a strategic position in the world, located as we are between the United States in the south and the Soviet Union in the north, and therefore are subject to pressures from both sides, to which Mr. Kaganovitch—who was then one of the Russian leaders—rose and said that so far as the Soviet Union is concerned, it is friendly pressure. Mr. Pearson then replied—and I am sure the right hon. gentleman would agree with him in that respect—that the strongest pressure he knew was friendly pressure.

So it is our geographical position in the world that has a profound effect upon Canadian foreign policy. The second is

our history, and particularly our peaceful evolution to independence. Not many countries can say they have not had major wars or revolutions in their territories, but we can say that and it has a strong influence on our foreign policy. Our dependence for domestic prosperity on trade, which arises from our resources and our position in the world, is another fact which influences Canadian foreign policy. Another is the origins of the people who make up this country, drawn from all over the world, and our full commitment to democracy and freedom.

These facts have led all governments, the government under the right hon. member for Prince Albert (Mr. Diefenbaker), the government of Mr. Louis St. Laurent, the government of Mackenzie King, the government of Mr. Pearson and the present government, to very similar conclusions. I was very interested to find, when I was listening to the right hon. gentleman, that he never dealt with any of these fundamental issues. He dealt, in a very entertaining and striking way, with what were really the superficial aspects of Canadian foreign policy and I think he missed a great opportunity, but of course that is his business.

May I now turn for a few minutes to a particular application of the principle of a non-partisan approach to foreign policy which I think is important, that is, the relation to the activities of members of parliament when they go abroad on interparliamentary visits. As hon. members are aware, there are now innumerable interparliamentary gatherings, and I understand from Mr. Speaker that there are others waiting to be formed. For the first time in my experience in the House of Commons, I had the honour of co-chairing the Canadian side of one of these interparliamentary bodies, namely, the Canadian European Parliamentary Association. This has given me a new insight into some of the problems and opportunities associated with these institutions, even though as secretary of state for external affairs I had some knowledge because I was consulted about them from time to time.

Their most beneficial aspect is the opportunity to exchange views on problems of common concern, and this exchange can be superficial or it can be in depth, depending entirely on the personnel on both sides of these discussions and their willingness and ability to participate. My first observation arising from this recent experience is that although there has been in recent years a considerable improvement in the preparedness of Canadian parliamentarians to participate at these interparliamentary meetings, we can do much better. We still do not take these contacts seriously enough, to the detriment of Canada's position in the world and Canada's relations with other countries.

One reason for this is that Canadian parliamentarians, unless they have ministerial experience, parliamentary secretaries or active members of committees concerned with external affairs, do not become very expert in the subjects on which they are talking to parliamentarians from other countries, except of course in domestic matters on which they may be truly experts. I know that briefings by officials are helpful, but there is not the continuity sometimes that is desirable in these contacts.

The school for members of parliament in external relations should be the Standing Committee on External Affairs and National Defence, but I regret to say that recently it has not been fulfilling that role, a role which I think would be very useful. When I was secretary of state for external affairs I found it very useful to refer matters of importance in foreign policy to that committee, but more recently, for reasons that I do not quite understand, there has been considerable devolution in the activities of that committee.

I have in front of me a list of inquiries that were undertaken by the Standing Committee on External Affairs and National Defence, beginning in 1968. There was one inquiry in 1968, one in 1969, and six in 1970, there were four in 1971, one in 1972, four in 1973, two in 1974, and in each of the last three years only one. I am excluding the consideration of the estimates. What I am talking about are full-scale inquiries arising out of the estimates, or out of a reference of a piece of legislation. It seems to me that it would be very desirable that this committee be reactivated and given more work, because I cannot believe that there are no problems that could be referred to the committee.

Mr. Lambert (Edmonton West): May I ask the hon. member a question? Would he not agree that combining national defence and foreign affairs with some of the problems that have existed in national defence since the so-called unification has tended to put external affairs questions somewhat on the back burner?

Mr. Sharp: I do not know that I agree altogether with that. I would have thought there are some questions that could have been discussed in that committee, such as some that were discussed in this debate, where there might have been a better opportunity for an exchange of views, for bringing in people to bring testimony, and so forth, purely on questions of external affairs and not only on national defence. In making these comments, you will see that I am following the tradition of being non-partisan. I do not mind raising questions of this kind which I think are important to the functioning of this institution.

Another reason for the relevant ineffectiveness is that the Canadian side of interparliamentary associations, or at least the elected members from this side, do not report to anybody, either to the House or to a standing committee. Recently I had the experience of being co-chairman of the Canada European Parliamentary Association which underlined the curious position of the Canadian side. With the approval of Mr. Speaker, a subcommittee was formed to examine more closely relations between Canada and the EEC with respect to nuclear energy.

• (1632)

At the conclusion of our subcommittee discussions which took place first in Brussels and then in Ottawa, the European side insisted upon the preparation of a communique or a report which they wished to make to their parent body, the European parliament, so we agreed to the preparation of a report—but I had nowhere to send it. I gave it to Mr. Speaker, who was the

only authority I could find who could receive this report. I sent copies for information purposes to the committee, which is now defunct but one will understand the problems which arose. This was an important report which should have been referred to a standing committee for discussion. At least it ought to have appeared in print. As it is now, it resides in Mr. Speaker's hands and in the hands of the members of the committee for their information, but I have no machinery for its transmission.

Mr. Lambert (Edmonton West): Mr. Speaker, I point out that when I was co-chairman of the Canada-U.S. delegation some years ago, along with my successor as Speaker we were able to convince the then Mr. Speaker Lamoureux to table the report so that it would appear as an appendix to *Hansard*. This was done as a result of my insistence, so the precedent is there. I wish the hon. member well in his efforts to get those printed as appendices. The hon. member should just try it and see how far he gets.

Mr. Sharp: I thank the hon. gentleman. That does not solve all the problems, however, because in this particular case it was a subcommittee; it was not the committee as a whole. There might have been greater ease in getting the House to agree to publish the report of the committee, but this was the report of a subcommittee and this multiplied the problems. However, I thank the hon. gentleman. I think his heart is in the same place as mine, he wants to see these procedures improved.

When Canadian parliamentarians meet their counterparts from other countries, they are not participating in negotiations. That is the function of the governments of Canada and the other countries concerned, but by such activities Canadian parliamentarians are engaged in promoting understanding, and this requires them, on the one hand, to be as fully aware as possible of the policies of the Canadian government. On the other hand, they must be able to report their activities and conclusions to the body from which they were selected. After all, these meetings have a purpose other than educating individual members of parliament. I therefore suggest that at an appropriate time we ought to look at our standing rules.

At one time the idea that there should be a report to the House was put forward. I am not quite sure whether I would think that desirable, because I think it would be resisted very strongly by those who have the responsibility for organizing the work of the House. However, I see no reason why the report should not be referred automatically to a standing committee and provide the basis for further discussion if that is desired.

Mr. Knowles (Winnipeg North Centre): Hear, hear!

Mr. Sharp: At least the reports would then have a place to appear.

I hope the hon. member for Winnipeg North Centre (Mr. Knowles) is listening when I say I think our friends in the other place have better facilities and do a somewhat better job than we do in this field. These reports are usually printed in *Hansard* for the other place. The standing committee on foreign affairs of the other place prepares excellent reports on Canadian-European relations and Canadian-American relations. We have not yet been able to match those reports in thoroughness or in quality, and I as a member of the House of Commons somewhat resent the fact that I have to admit to the co-chairman of my committee that he is in a better position to handle these matters than I am as the co-chairman from the House of Commons.

In concluding these very general remarks, I would like to make some suggestions. I suggest that Canadian external policy should continue to be non-partisan in character, or at least as non-partisan as it can be; that the Standing Committee on External Affairs and National Defence be encouraged to become more active by suitable references moved by the ministry; that care be taken in the representation of the House in interparliamentary groups and in the briefing and preparation for meetings; and that reports from parliamentary meetings be referred automatically to the Standing Committee on External Affairs and National Defence or to any other standing committee which may be appropriate.

Mr. Baker (Grenville-Carleton): Mr. Speaker, I rise on a point of order. I listened with great interest to the excellent speech of the hon. member for Eglinton (Mr. Sharp). I am reminded of a question I asked the government House leader yesterday with respect to possible activity in the coming period of the Standing Committee on Procedure and Organization. I understand that some discussions were to take place. I know this was on the mind of the hon. gentleman who has just spoken. Have those discussions taken place?

Mr. Sharp: No, not yet.

[*Translation*]

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, I am pleased to take part in this debate on external affairs. Although not an expert in the subject, since my early childhood I have always been interested in what may happen throughout the world, and this passion has not diminished since I have been elected. When we travel throughout the world and see how people and citizens of the various countries welcome Canadian delegates, I can tell that it is heartening to be a Canadian, with the consideration we receive everywhere in the world.

The very quick advent of communications had the effect of reducing the size of the earth and of bringing closer, at least theoretically, the peoples and the nations. Today we cannot ignore the problems faced by some nations and individuals several thousands of miles away from our home. Not only should we become aware of these problems but it is also our duty to react and give if necessary, while respecting the sovereignty of each country, the help and the support, and in this regard the action of the Canadian Armed Forces in the peace force of the United Nations is exemplary. On the other hand, we cannot help regretting that such a measure is always followed by a conflict, that it comes always too late in reality. Prevention is better than cure. I think a peace policy should

always be oriented in a preventive direction. It is obvious that intervention after the facts is not bad in itself if it is the only solution. I am sure that with a little foresight and courage we could prevent some conflicts.

● (1642)

It is not a secret for anybody that for over 30 years the world has been divided into two, a Russian camp, and an American camp. Nearly all other countries are following behind either of these superpowers and, unfortunately, Canada is no exception. The so-called non-aligned countries are trying more or less successfully to maintain some sort of neutrality, but silence is sometimes more eloquent than a flow of words.

As far as Third World countries are concerned, it is clear that we are witnessing the emergence of a new political force in the world. Its current lack of unity and cohesion, however, prevents it from playing its legitimate part on the world scene, but this is only temporary and is likely to change entirely the rules of the game. As I was saying, for all practical purposes the world is divided into two camps. China, in spite of its recent opening to the outside world, is an unknown quantity which remains quite mysterious. There are no conflicts in which its two adversaries are not fighting one another through third parties. Up to a point, this is a good thing, for a direct confrontation between them would certainly mean the end of civilization on earth. On the other hand, it is revolting to see the great powers manipulating and encouraging countries and people in conflict in order to consolidate their zone of influence. It is the duty of Canada impartially to denounce such practices by great powers.

One of the areas where Canada could play the part of a watchdog is that of armament sales. It is mainly by this means that the great powers keep alive the disputes of the small countries. A recent article of the *Monde diplomatique* dealing with the delivery of weapons to foreign countries was very revealing on this point. In 1976, the United States sales of armaments abroad came to $9.5 billion. This is 25 per cent of the national income of Canada for the same year. But what is even more alarming is that nearly $8 billion of these $9.5 billion were sales to developing countries. Perhaps the United States did not force these countries to buy arms, but then they did not dissuade them either. In any case, had the United States not responded to their requests, these underdeveloped countries would have turned towards the U.S.S.R which would have been eager to satisfy them.

We must admit that these countries very often have dictatorial or repressive regimes and that they play the game called by the great powers which take advantage of their servility. Meanwhile, the people of these countries still live in poverty and are deprived of genuine freedom. That is what Canada must denounce, not to achieve a comfortable place for itself but to bring about respect for individual liberties. During this year of "the political prisoner", the subject of individual liberties has been talked about very often. But talking about it is just not enough; we must take steps to ensure that every individual in every country has an equal opportunity to live these liberties and above all, to understand them. It is well known that the Helsinki Conference has been used by the U.S.S.R. as a smokescreen of good will so it would be put to better use within the Russian frontiers. This year, the surveillance group established in May 1976 in Moscow with a mandate to seek respect for human rights has been destroyed in the repression. In Czechoslovakia, for instance, the signatories and supporters of "Charter 77" who only asked for the implementation of the Helsinki Final Act provisions were subject to harsh repression. This repression took the forms of arrests, questioning, layoffs and even legal proceedings. Most western countries have categorically although very politely condemned such actions which are simply undermining a little more the bases of an already very precarious freedom. Surely enough, in such cases governments are bound to adopt a very diplomatic approach because we maintain important trading relations with them. Besides, the sovereignty of countries over domestic problems is unquestionable. However, there are cases where we must rise and protest as strongly as possible because this principle is a basic right and as such we are collectively responsible for it.

But the serious situation in eastern countries should not lull us into forgetting human rights in other countries which are under American control. In countries like Chile and Argentina, the freedoms of expression and thought are hardly better respected than in the U.S.S.R. Let us not forget that it is thanks to the help at the U.S. that a democratically elected government was defeated in Chile. Let us not forget either that the police forces of these countries which are known for their very liberal use of torture and unexplained disappearances have been trained in the United States.

As far as South Africa and Rhodesia are concerned, the situation speaks for itself. Under the cover of advanced countries, these two nations maintain some of the most repressive regimes in the world. If our foreign policy were to be fair, we should condemn every threat to individual freedom, no matter in what country such repression takes place. Our credibility towards all the people under the yoke of oppression is at stake.

Mr. Speaker, the particular situation of Canada as opposed to the countries of the Third World is a matter of opinion. On one hand, Canada is among industrialized countries because of its geographical situation, its standard of living and its culture. On the other hand, however, being an exporter of raw materials, it also finds itself on the other side of the fence, among underdeveloped countries.

Just like the Third World countries, Canada is under the economic domination of the United States in the sense that it exports its raw materials towards that country which returns them as finished products. As in the case of the underdeveloped countries, large American multinationals exploit our natural resources and make huge profits out of them, and as one speaks of economic dependency, one implies a political counterpart, so that we are finding ourselves pretty well in the same situation as these small countries. So it seems to me that a particular link should unite Canada to these countries since to some extent we experience the same problems. As I was just

saying, the Third World will undoubtedly soon become a major international political force.

The day when underdeveloped countries will decide to ask a fair price for their materials which developed nations need so badly, we will witness a drastic reversal of the situation. We must open our eyes and our minds to examine thoroughly these issues so as to realize that we must take right here in Canada all available means to promote a better understanding between governments and nations of the world, so that one day we do not find ourselves at a disadvantage.

● (1652)

We do not want to have situations we could not accept and not take steps to try not to impose such situations on other countries as well. This movement I just mentioned is already shaping up, and all it lacks to go is unity, a coherence that it does not have now; they are still divided, but they will manage to create that unity overnight. They have created a very powerful economic and political force in the world and let us hope that we will not be the target of the oppression movements against the peoples that they now consider as not helping them but working against them.

We can certainly not rely on the great capitalistic powers to consolidate that movement. They have too much to lose. On the other hand, a country like Canada in the privileged situation it occupies can provide that leadership. To do that, it must clearly take sides with the small people, those who are tired of external domination and want to take their destiny in their own hands without any interference from the great powers.

Miss Bégin: There are always some of those.

Mr. Lambert (Bellechasse): What we must aim for—and I will answer the minister—is a fair and equitable redistribution of wealth at both international and national levels. This does not mean we must declare war against the capitalist countries but quite simply that they—and Canada, to a lesser extent—will have to pay the fair price for what they take. Situations change in the world. So let us be careful and enlightened and realize that that situation could change at any moment. In any case, even if Canada does not take part in that movement, it will happen sooner or later. Canada's participation can only make it happen faster. The balance will be reset one day or the other, and Canada should take part in that movement instead of being caught off-guard. Mr. Speaker, I will say that Canadians can be rather proud of Canada's external policy. In general, whatever the government, Canada's external policy has been one of conciliation and generosity toward underdeveloped countries—

Mr. Loiselle (Chambly): The Liberals have been here for a few years!

Mr. Lambert (Bellechasse): I would not want the hon. member for Chambly (Mr. Loiselle) to believe that that is the financial contribution of the Liberal Party, for that is the contribution of the whole nation. So, it does not matter if that was under the Liberal or the Progressive Conservative government. That might have been the same also under a good Social Credit government, for the nation does not belong to any party and the parties must serve the nation. That is how I see politics.

Mr. Loiselle (Chambly): That is what we are in power for!

Mr. Lambert (Bellechasse): The hon. member for Chambly says: That is what we are in power for. Do you want to show that you are in power? You have the majority, as I have said time and time again, you have the majority of the seats, but the real power is outside the House. It is in the hands of national and international high finance. You are nothing but servants of financiers.

Mr. Speaker, since Canada is not a great power, it is listened to with less cynicism than the other developed countries. All of that is to its benefit and it should take advantage of the situation to promote a more equitable order around the world. Canada can and must play a middle-man role in the various conflicts. It must also entertain a favourable attitude toward disadvantaged countries. When as a delegate of this Parliament I had the opportunity of travelling officially to Cyprus for instance and visiting parts of that island including Nicosia and other towns, I noticed that among the UN Forces present there, it is toward the Canadians that the population felt most respect. It was also in the occupied sector patrolled by Canadians where things were more peaceful and where the fewest incidents ever occurred.

So in my opinion Canada is meeting its obligations in this role. It also plays a crucial role in trying to preserve peace in these areas. Yet Canada is capable of doing more. It can set a good example by participating in all conferences in order to bring about a better understanding in the world about the riches which God gave the earth and which are at the disposal of all nations. It is the duty of every government to see to it that their population benefits from economic and social policies which will provide for a better distribution throughout the world so as to better satisfy human needs, thereby fostering a spirit of conciliation among nations. So much the better, Mr. Speaker, if this can be achieved. One must not forget that before any armed conflict, before any war is declared, there are economic wars being waged. There is a continuing economic war for the conquest of markets and it is now going on since every industrialized country wants to export its surpluses outside so as to ensure a steady production and provide employment for its residents. You just have to read the newspaper reports, especially those from Europe. We are confronted by a situation that has been experienced before the 1939-45 war and those who write the history of their people remind us about these issues that these armed conflicts have always been provoked and preceded by an economic war for the conquest of markets.

I am convinced that this debate has been carried out quite objectively, despite the few incidents that took place and the odd rivalries between the various ministers who have to preside

over the destiny of our country in the field of foreign affairs yet, over all, this has been a time for reflection.

[*English*]

PROCEEDING ON ADJOURNMENT MOTION

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Turner): It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Ottawa-Vanier (Mr. Gauthier)—Energy—Possibility of program to conserve non-renewable energy; the hon. member for Provencher (Mr. Epp)—Manpower—Canada Westinghouse advertising in Britain for workers—Inquiry as to authorization—Adequacy of training programs; the hon. member for Nickel Belt (Mr. Rodriguez)—Industry—Nickel—Request for measures to prevent lay-offs.

It being five o'clock p.m., the House will now proceed to the consideration of private members' business as listed on today's order paper, namely, public bills, private bills, notices of motions.

Order No. 2, the hon. member for Matane (Mr. De Bané). Shall the item stand?

Some hon. Members: Stand.

The Acting Speaker (Mr. Turner): Stand, by unanimous consent.

Order No. 4, the hon. member for Egmont (Mr. MacDonald). Shall the item stand?

Some hon. Members: Stand.

The Acting Speaker (Mr. Turner): Stand, by unanimous consent.

Order No. 8, the hon. member for Assiniboia (Mr. Goodale). Shall the item stand?

Some hon. Members: Stand.

The Acting Speaker (Mr. Turner): Stand, by unanimous consent.

Order No. 10, the hon. member for Ottawa-Vanier (Mr. Gauthier). Shall the item stand?

Some hon. Members: Stand.

The Acting Speaker (Mr. Turner): Stand, by unanimous consent.

Order No. 13, the hon. member for Kootenay West (Mr. Brisco). Shall the item stand?

Some hon. Members: Stand.

The Acting Speaker (Mr. Turner): Stand, by unanimous consent.

Order No. 15, the hon. member for London East (Mr. Turner). Shall the item stand?

Some hon. Members: Stand.

The Acting Speaker (Mr. Turner): Stand, by unanimous consent.

Order No. 16, the hon. member for Halton-Wentworth (Mr. Kempling). Shall the item stand?

Some hon. Members: Stand.

The Acting Speaker (Mr. Turner): Stand, by unanimous consent.

PRIVATE MEMBERS' PUBLIC BILLS

[*English*]

BROADCASTING ACT

MEASURE TO AMEND

Mr. Dan McKenzie (Winnipeg South Centre) moved that Bill C-217, to amend the Broadcasting Act, be read the second time and referred to the Standing Committee on Broadcasting, Films and Assistance to the Arts.

He said: Mr. Speaker, as this will be one of the last pieces of major legislation to be debated in the House in 1977, I hope that it receives approval from the government and is allowed to go to committee. Canada's educators, the universities and schools, have been fighting this for some eight years. We hope some headway will be made today.

I speak on behalf of six million students in Canada in schools and universities and 250,000 teachers and school trustees who have been pressing for some action on this bill for the past five years. We hope the government has its heart in the right place today, seeing it is Christmas. This will be an opportunity to wish Canada's six million students a very merry Christmas and 250,000 teachers and school trustees a happy New Year by passing this bill and sending it to committee.

● (1702)

In retrospect, perhaps the wording of the bill should have been different. The bill provides that only school boards, as opposed to any publicly-supported educational institution, be given access to CBC productions. The bill also provides that any material deemed to have educational content be made available free rather than at a nominal or specified charge. In spite of these two oversights, however, the rationale behind the bill is clear. If there are any technical or legal aspects to be dealt with, they could be attended to in committee.

The current situation with regard to the accessibility of CBC broadcast materials is incredible. Network materials, often so splendidly produced and so useful for educational purposes, lie buried in vaults. Canadian educators should be able to take CBC educational materials obtained through the library service of the CBC or its commercial outlet, Visual Education Centre Inc., or obtained directly off the air from radio or television at the time of the broadcast, or taped off-air from radio and television for use at some other time, either free of charge or at minimal cost. These materials would be used in schools and universities only on a strictly non-profit basis.

In October, 1975, the then secretary of state announced that CBC programs would be available for post-broadcast use. This is only a partial solution to the problems with which my bill deals. There is very limited value to post-broadcast films.

The present Broadcasting Act is outmoded and inapplicable to today's technological and educational process. Teachers are inhibited by the present Broadcasting Act from fully realizing the potential of the technology available to them and to their students. Public school systems constitute a distinct and identifiable group within which access to materials can be planned and accounted for. Teachers and students should have access to as wide a range of materials as possible in order to ensure the highest quality of education. Copying and duplicating should be allowed for, subject to suitable safeguards to protect the legitimate interests of the creator and publisher.

In the case of broadcast programs of an educational nature, there should be recognition of the need to record these for playback within a limited period. In this situation, the tape recording may be used to meet timetabling contingencies without royalty payment. Transmission of copyright material through closed circuit television systems should be subject to reasonable royalties and fees in terms of the specific target audience. School boards and teachers have experienced distress in recent months because of current inadequacies in legislation and agreement at the federal level. Threats of legal suit have been made. While I am aware of the complexity of what is involved, meaningful action at the federal level is needed.

As for control, teachers' associations and school boards have stated that they would control the use of productions considered educational, and that the school board would determine what productions are educational. They would do so upon the recommendation of their teaching staff. The school boards would be prepared to report to the CBC productions used for educational purposes. Basically, all they are asking for is in the interests of the six million children and young people in the schools of this country. We must not forget, Mr. Speaker, that they are the future. They are the future MPs, MLAs, the future creators of intellectual property, the future CBC staff and officers, the future teachers and trustees. They are important people.

I received a letter from the Association of Canadian Television and Radio Artists, based in Toronto, forwarding to me for information regarding education. ACTRA states that it is in close association with teacher and professor groups nationally, and in several provinces is active in developing working agreements that govern the production of materials to be used in education. It is greatly concerned that careful attention be paid, in the development of public policy in this field, to the needs of the creators of these materials.

Suggestions have been made in the past few years that certain kinds of "educational" materials—one example is programs made for the CBC—should be more widely available for use in schools, colleges and universities, and also for wider educational purposes, including broadcasting. "Education" used in this fashion has no practical meaning, beyond "wide use". They enthusiastically support this wide use, and indeed are doing everything they can to ensure that Canadian materials of all kinds are available for use by our educators and others.

At the same time, they do not believe the public will be best served if these materials are made available without certain controls—controls that protect a creator's moral rights in his work and that ensure he will be paid fairly for the use of that work. It is particularly important that the revised Copyright Act does not make any provisions that exclude materials used for education from copyright control, or that any action is taken to force the CBC or any other agency either to give away its materials or to allow their use without making fair payment to the creators of those programs.

I have also been in communication with the Canadian School Trustees' Association regarding some of the points dealt with by the bill and the desirability of passing such a bill to committee. May I put on the record some of the recommendations they make. They have this to say:

> The Council for Educational Technology in England has written to CSTA and said, "As for broadcasts intended for schools and for adult and further education, these may be recorded off air and retained for three years." If it can be done in England—why not in Canada?

I hope the parliamentary secretary will have good news this evening in this regard. If they have worked out the problems in England in regard to obtaining educational films, and I do not see why we in Canada cannot find a solution. They continue:

> Both the BBC and the Independent Television Companies Association Limited (the equivalent to CTV in Canada) have forms of agreements with educational authorities (the equivalents to school boards in Canada) to permit off-air televising.
>
> The CBC has been studying British systems, around about the time that you had another bill of similar nature before the House, but they apparently were ahead of the arrangements in Britain which came about in 1975—or they knew of them and wanted no part of them.
>
> The Canadian Teachers' Federation and the Canadian School Trustees' Association supported your bill, and they represent some 250,000 people in Canada, around 6,000 of whom are elected men and women in the same manner as MPs. Their views must have some impact on MPs if they are representing their constituencies effectively.
>
> Further, the Canadian Parent-Teacher, Home and School Federation also supported your efforts and they represent even greater numbers of constituents across Canada.

That is an indication of just how many people we are speaking about this afternoon.

As for authors, composers, actors, etc.—why do they hesitate, if they do? They need circulation of their materials, especially Canadian authors, composers, actors, etc.—your bill will help them, not cheat them of some money. Besides, the CBC and CTV are good pay right now—Canadian creators are not being cheated.

Trustees, teachers, home and school have repeatedly urged more Canadian content in curriculum and educational materials. Your bill will encourage such desired activity because of the additional exposure to students in the classrooms and to teachers who will want to use the materials.

Writers, composers, musicians, etc. receive copyright protection through the efforts of the Canadian taxpayers. Is it unreasonable to ask them to find some accommodation for students in classrooms to benefit from their works by off-air recording for classroom use?

The Canadian School Trustees' Association tells me that their membership has agreed to a form of licensing and an annual reasonable fee to provide for taping off-air and other copyright considerations. The moneys earned, if matched by the Canada Council, would provide considerable funds for Canadian authors, musicians, etc.

Finally, your constituents want such privileges for schools as being able to tape off-air, such as they can in Britain and have told you so in the past by letter, personal contact, and telegram. It will not be costly to do so; all that is necessary is to respond to a very reasonable request of our constituents—one which, for a change, will not cost an arm and a leg.

This is the letter I have received from Mr. C. H. Witney, an executive director of CSDA. I also have a copy of a letter from Mr. R. S. Ingram, the secretary-treasurer of School District No. 63 (Saanich), British Columbia. He draws attention to the cost of the video equipment they installed in the schools. He states:

● (1712)

Twenty thousand dollars have been spent to date on the receiver-monitor equipment in our district. This equipment cannot be used to its full potential because of the exorbitant cost of acquiring video tape.

A number of schools across Canada have invested in this video closed circuit TV equipment and it has proved to be of very little use or of no use at all. The letter goes on to point out that suitable video tapes are not available from the CBC due to video educational centre involvement in connection with single performance use of such tapes. The cost, the writer says, is prohibitive because of union agreements calling for $73 for one artist, single use, and a PEMC agreement with script writers. The cost would be $547 for a half-hour script or $1,094 for a half-hour script with copyright. These fees are, of course, exorbitant. They are much too high for the school boards to afford. I am sure this aspect could be discussed in committee. I have with me, also, a letter from Mr. N. J. Parker-Jervis, of the Department of English at the University of Alberta. He says:

I have much to do with the audio-visual centre run by the English department here and I, too, am much concerned with the questions you raise. For years, it seems to me, I have been lobbying, particularly with the CBC and the BBC, to persuade them to tackle the problem of copyright and residuals. I have not met with much success. The network materials often so splendidly produced and so useful for educational purposes lie buried in vaults.

Let us hope we have some success today. Let us bring this material out of the vaults. I have also received letters on the subject from the Canadian Home and School and Parent-Teachers Federation, an influential organization which takes an interest in the subject and whose office is in Toronto. I have received further correspondence from Mr. Victor Dotten, past-president of the federation. I first introduced this bill in the last parliament. After a lot of letter-writing, representations to ministers and so forth, the government agreed to send the subject matter to a committee if I would withdraw the measure. I did withdraw my bill and the subject was referred to a committee. On Tuesday, May 7, 1974, I attended a committee meeting with six other Conservatives. The only person present from the government side was the chairman of the committee, the hon. member for Cochrane (Mr. Stewart). A couple of CBC officials were there, along with a representative of the School Trustees' Association and representatives of the Canadian Teachers' Federation who had come from British Columbia, the maritimes and central Canada.

Mr. Speaker, that meeting had to be called off because of the absence of all-party representation. No Liberals showed up. It was one of the most contemptuous things I have seen since I arrived in Ottawa. The first meeting was held at 3.30 in the afternoon. The hon. member for Cochrane said we would call the meeting once again for eight o'clock that evening. I attended once again at eight o'clock, along with the school trustees and six of my Conservative colleagues. We walked into an empty room. Even the chairman was not there. That is a contemptuous way to treat people, but it is characteristic of the manner in which the government has dealt with the situation for the last eight years. I believe the people on whose behalf I am speaking are making a legitimate request and deserve decisive answers. I hope the parliamentary secretary will not stand up today and read some reply which a civil servant has prepared to this important question. I trust we shall hear some pleasant words from the spokesman for the government on this issue.

Mr. S. Victor Railton (Welland): Mr. Speaker, I shall not comment on the hon. member's statement about the government taking a contemptuous attitude, because I am not really sure this was the case. However, I have a certain amount of sympathy with this bill because it is an attempt to help schools and boards of education, and as a former chairman of the Welland board of education I can understand the reason the bill has been introduced. In some ways, its objectives are praiseworthy, but as it stands it will be next to impossible to implement because of certain technical difficulties. Its introduction may help to smooth out the way to some financial assistance to educational bodies, but the difficulties to which I have referred remain. The Broadcasting Act provides, as the hon. member is aware, that the Canadian Broadcasting Corporation establish a service which is varied and sometimes all encompassing. I draw particular attention to the fact that the corporation—and I quote—is established for the purpose of providing the national broadcasting service contemplated under section 3 of the act. Under section 3(g) the national broadcasting service is defined as "a balanced service of information, enlightenment and entertainment for people of different ages, interests and tastes covering the whole range of programming in fair proportions."

I introduce the above to highlight the extent of the CBC's mandate and the practical limitations that budgets impose on

objectives. In this respect, there are ever increasing demands being made on the CBC and its services with what often appears to be a total disregard with the latter's capability to respond effectively to the task at hand.

With these thoughts in mind, I would like to proceed to the examination of the legislation placed before the House and outline some of the ambiguities and conflicts inherent in the wording of Bill C-217. These are given here only when they affect the understanding of the intent. Referring to section 39(1)(c) of Bill C-217, I note that the first proposed amendment would presumably require the CBC to at least give specific emphasis to some mechanism through which school boards throughout Canada could be given an opportunity to express their opinions as to the educational nature and value of the programs produced by or for the CBC. Assuming such a mechanism could be developed to the satisfaction of everyone concerned, this proposal still raises serious implications. First, to be effective, school boards would have to make their wishes known in advance of production or acquisition by the CBC. Negotiating for additional rights to a program that has been very well received by viewers can be difficult and costly. In some cases, whether or not a program has been acclaimed, clearances can take as long as a year following broadcast. It is always difficult and often impossible to judge the educational value of a program on the basis of a synopsis. Accordingly, school boards or their representatives would need a great deal of information about CBC production plans which typically are spread over a year or more before the broadcast date, and would want to see previews in some cases. As can justifiably be imagined, any such relationship would impose an impossible and unacceptable burden on production staffs. It would result in the widespread dissemination of highly confidential production information and would impose severe constraints in competing with other networks, particularly in current affairs and news.

● (1722)

Broadcasting programming is dynamic. It would be impossible to predict in advance of a program year what titles school boards might wish to deem educational. Clearing programs for post-broadcast use are expensive. More importantly, any arrangements through which school boards could be empowered to select CBC programs for post-broadcast use would make it possible for organizations chartered under provincial legislation to make relatively open-ended demands against the corporation's operating budgets approved in parliament.

The hon. member no doubt will attest to the constitutional problems and difficulties at issue in this approach. They are given further emphasis by the apparent intention of Bill C-217 to by-pass the provinces and territories completely. The position of provincial governments and discussion on a cost-sharing formula involving the provinces are essential elements which require further consideration.

The implications of the arrangements entertained under the bill are compounded when one considers that a large majority of programs produced, or acquired by the CBC, are available

[Mr. Railton.]

for broadcast use only and cannot be used for other purposes. In some cases the talent collective agreements under which the programs are produced do not provide for classroom use. In other cases, the non-broadcast rights may already have been licensed elsewhere. Writers, who nearly always retain copyright ownership in Canada, may not wish or be able to grant the right to use in the classroom of a program produced from their creative works.

In the case of feature films, only the broadcast rights are made available, with producers and distributors retaining post-broadcast rights. The only instance where the CBC could have post-broadcast rights would be in the case of a Canadian film with CBC production money. In drama, management contracts do a specific program but the author retains the copyright. The copyright laws in Canada specify that unless otherwise assigned, the copyright is vested with the creator.

If Bill C-217 were adopted, inevitably programmers would be under pressure to make choices that emphasize those programs for which classroom clearance is possible. The hon. member will agree, subject only to the unqualified mandate to provide the national broadcasting service defined in the act, that by far the most serious consequence for the CBC of the adoption of C-217 would be that the CBC would no longer be seen to be independent and autonomous in program matters.

The CBC is a federal agency responsible to parliament, the source of most of its funds. It has certain obligations imposed on it by the Broadcasting Act and elsewhere. An amendment of the kind proposed by Bill C-217 would give local school boards, which are under provincial jurisdiction and administration for the most part, the right to make unpredictable demands on the CBC's financial and other resources, and to alter in a major way the balanced service required of the CBC under section 3 of the act.

Serious consideration should be given to the hazards of accepting the principle of provincial influence in broadcast programming matters, even though at this time the justification appears to be popular in some parts of Canada. The bill raises more problems and questions than it solves. It fails to answer whether such a proposal has much appeal for the provinces.

Other members will speak on this important matter, but before closing may I congratulate the hon. member for Winnipeg South Centre (Mr. McKenzie) for his original idea, although I feel it cannot be agreed to at this time for the reasons I have mentioned. However, perhaps there is some room for the idea after further federal-provincial discussions and agreements have taken place.

Mr. Allan B. McKinnon (Victoria): Mr. Speaker, approximately four or five years ago I was the original seconder of the bill of the hon. member for Winnipeg South Centre (Mr. McKenzie). As a matter of fact, we were seat mates, as well as being ex-school board trustees.

I am disappointed in the contribution made by the hon. member of Welland (Mr. Railton). He seems to have found a difficulty for every solution. I doubt very much if he will be

voted man of the year by the Welland school board after the 15-minute dissertation we have heard with respect to the duties of the CBC. According to the hon. member, the autonomy of the CBC will be destroyed if school children are allowed to see its programs before they are aired publicly. I never heard more rubbish in a shorter time than I heard today from the hon. member for Welland.

The CBC's autonomy is evident to everyone. The corporation produces excellent programs in an attempt to assist in the teaching of social studies. That has been the strength of this bill, and the strength of the movement toward making CBC programs available for use in the classroom.

The school boards that have gone into video tape equipment are faced with difficulties. The hon. member for Winnipeg South Centre referred to school board No. 63 which invested in VTR facilities. I was chairman of the Victoria school board when it invested in VTR under the assumption that the CBC was a public corporation working for the good of the Canadian public and would welcome a wider audience for its programs. I assume the corporation would welcome wider audiences for those excellent documentaries and for its excellent coverage of current affairs. The CBC was determined that no one would see its programs unless a stiff price was paid, particularly school children, which was a shocking thing to occur.

In British Columbia, the Kamloops school board set up video tape recorders in almost every school. It was able to tape every decent program produced by the CBC. The facilities were used quite freely. The effect was good. Then suddenly the school board was threatened with a lawsuit if it continued to tape off-air CBC programs for use in its schools.

This subject was raised in the House in 1974 by the hon. member for Winnipeg South Centre. We were amazed at the quick response we received from all educators. We were promised, by the minister responsible, that he was working toward a solution. We were offered compromises, which we accepted, but they were never delivered. Nothing seemed to happen, except it was prevented from becoming the public shame it was.

● (1732)

A taxpayer pays for these programs to be produced by the CBC and I do not see why the taxpayer, who also pays taxes to the school district, cannot get a program by just paying once for it—why can he not pay the tax once and then his kids can watch the program? Once should be enough. There is the problem of residuals for creators of creative work. I do not know how much creative work goes into a newscast. Sometimes when I look around the House of Commons I realize there is much more creativity here than people realize, particularly in answers to questions, although there is a certain amount of creativity in questions also. I am sure that the problem of remuneration for the artists for truly artistic work could be solved.

On this side we would like this to go to committee. We want these problems to be solved and we want to come up with better solutions than we have now, which is not to leave some of these things which could be so useful to the education world forever in the vaults until they disintegrate perhaps a thousand years from now. It is ridiculous to think that there is something here that might be useful to schools and to our young people, but that we cannot solve the problem.

Mr. Jim Fleming (York West): Mr. Speaker, I shall be very brief in my participation on Bill C-217. As someone who has been a member of the Standing Committee on Broadcasting, Films and Assistance to the Arts since my first election to this place in 1972, and also having the honour at present of being chairman of that committee, I am quite interested in the contents of this bill, but I also see a great many problems. As someone who has earned his living in the past, before becoming a member of parliament, in the field of radio and television, and specifically recalling my obligations as a member of some unions to carry out functions on television and, I think more specifically, of the Canadian Association of Radio and Television Actors, of which even newsmen had to be members, although the news people hate to admit they are actors or performers but that is part of the business, obviously I can find many aspects in this bill to commend to the consideration of the House.

But once you go past the good intentions there are some real difficulties which I do not think can be overlooked. To say that the CBC happens to be a Crown corporation, subsidized to a great degree by the Canadian public through federal taxes, is not to say that further down the line there will not be complications in the material that is put together to be presented. Simply to say that this material, after it has been introduced, belongs to the Canadian public and therefore should be distributed freely to school children, as this bill suggests, and that it is evil to deny them access to this material for which we as federal taxpayers have paid, I suggest, is a simplistic argument.

The hon. member who spoke before me went over some of the problems involved, but I do not think he did so with much thoroughness. Should a performer who chooses to perform for a production that is being used by the CBC waive his or her rights to residuals for repeats when the same performer, acting for any other type of media or production house or film centre in Canada, has the right to those residuals? Is it fair to say that the CBC, when it has responsibility not only to spend our money to produce programming and make it available to the Canadian public but, as some of us know in some frustration they have not done well, can come back and say they have done well and have recovered money where they can, in the interest of carrying on a viable operation, and yet try to meet their responsibility under the Broadcasting Act? I say that the cost is real within a complex society where other competitive organizations, be they other television networks or other producers of theatre, drama, or public affairs, operate under the separate rules in the business world. I suggest we cannot do that easily, as good as the idea may be.

The fact is that cost comes down to a line somewhere, and the waiving of it either puts back on the CBC an additional burden, which will be born by federal taxpayers indirectly, or

it means that parliament or the Government of Canada would pick up the additional cost of the responsibility for a settlement of residuals rather than the CBC.

The CBC, with a budgeting range of half a billion dollars, is under great criticism, and I suggest we cannot easily add to its cost load and argue that we will be tough with it. In turn, when we have a massive deficit, which we now have, and we hear from the other side the arguments they put forward about restraining government spending, when we hear the Leader of the Opposition (Mr. Clark) ask, as he did in the question period yesterday or today, what the government is going to do to get the burden off its back as suggested by the Lambert Commission, in transferring points to the provinces whose jurisdictional responsibility is involved, I cannot see how the opposition can do what my predecessor often used to call sucking and blowing at the same time. They play a fine harmonica, but the cost of the tune must be covered by someone. In this case the cost would either directly fall on the taxpayer through the CBC or would have to be directly paid by the taxpayer through the government assuming the burden. I cannot see how we can do that responsibly when education is primarily the responsibility of the provinces, especially primary and secondary education.

It is a commendable proposal that the material should be made available where contracts and agreements are such that there are no additional dues owing to the people involved in the production. That is fine, but where cost factors are involved, as they are in most cases, and where the CBC has the responsibility to recover costs when it has spent money on productions, I do not think it should be the responsibility of the federal taxpayer, simply because we are not answerable for that area of jurisdiction and it distorts the whole process of our political system.

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, I do not intend to be long but I feel I have something to contribute to this debate. I know there are problems. The arguments brought forward by the hon. member for Welland (Mr. Railton) about school children and school trustees interfering in the programming of the CBC left me flabbergasted. I have not heard arguments of such vacuity put forward by the hon. member in this Chamber before, and I am quite surprised. As I see it, school teachers would be aware of the program that would be available and would apply for it, and not try to guide the CBC into a particular form of program.

I know there are problems, and we have just heard about them. The suggestion is that the matter go to the committee where these problems could be worked out. ACTRA has indicated its readiness to face these problems.

I can recall having tried when I was abroad to get a particular ballet program from the CBC. Ballet programs are most useful to use in countries where there is a language problem because ballet is a universal language; it speaks for itself. It is not a matter of having a play where you must have the translation dubbed. A ballet can be used by an embassy abroad. I tried to get one, but the CBC put up a fight and refused, presumably on the grounds which are being advanced now that there are residuals available to the performers.

There are two solutions which I can suggest. First, I believe a school board has already agreed what a nominal fee might be. The other one is that the performers in the original performance might be given a higher fee on the understanding that some of these programs might be used in schools.

● (1742)

I just do not see what the government is trying to do by preventing good programs—I do not want to see bad programs in schools; there have been enough of them—which teachers could learn about and use for current affairs programs, as the hon. member for Victoria (Mr. McKinnon) said. Some of the historic programs we have seen on the CBC deserve to be given a much wider distribution. They could be used as a basis for discussion in social sciences classes. I just do not see why the government is trying to prevent this matter from going to committee. I would like to call for the question now so that this matter can go to committee.

Mr. McKenzie: It worked out in the United Kingdom.

Mr. Munro (Esquimalt-Saanich): It worked out in the United Kingdom, and if it can work out there where unions are strong I do not see why we cannot work it out here in Canada.

Mr. Robert Daudlin (Parliamentary Secretary to Secretary of State): Mr. Speaker—

Some hon. Members: Question.

Mr. Daudlin: Hon. members opposite want to have their time to say something, but when someone else gets up to avail himself of the same opportunity they suggest he should be stilled and not allowed to rise. Those same members suggest that when time allocation is imposed they are being muzzled. I find this absolutely incredible.

Everything which has been said indicates that the hon. member has a good idea. I think all hon. members have indicated that the kernel of what he is saying is a good idea. No one denies that, but what has not been indicated is the direction that the CBC is already taking.

Mr. McKenzie: This matter was raised previously.

Mr. Daudlin: I think this matter was initially raised in July of 1975. Since that time the CBC has made available, according to some notes I have, some 200 hours of French and English programs for circulation. New releases are being made at the rate of about 90 to 100 hours per year. A radio further use project is being developed this year with the same kinds of objectives as for TV.

The CBC's further use project is quickly gaining acceptance across Canada, and at its present rate of growth it will soon be the largest collection of Canadian programs available for use in schools. This is to say nothing with respect to the programming available through the National Film Board.

In view of the various considerations which Bill C-217 raises such as jurisdictional constraints, copyright obligations and control and responsibility of the corporation for programming, the further use program of the corporation becomes an even more logical approach to distributing CBC programs for post-broadcasting use. Already school boards and service clubs are greatly benefiting from this program free of charge. Nothwithstanding that, the letters the hon. member brings forward make no mention of this particular program, which is already in use by those same school board. However, he claims the letters support this bill.

The corporation has accepted, I submit, the responsibility of meeting the heavy demands from the public for its programs. Constrained as it is with respect to copyright and talent agreements, the corporation is nevertheless making an increasing amount of programs available for post-broadcast distribution.

That the corporation is developing a post-broadcast use program for radio attests to the seriousness and importance attributed by the CBC to the wider distribution of its programs to the public. In this respect I ask the hon. member for Winnipeg South Centre (Mr. McKenzie) to reconsider his proposal. It seems to me that there is already a response being made by this government and by the CBC. In fact the CBC has taken it upon itself to develop this post-broadcast system.

Mr. McKenzie: I would not have had to introduce the bill if what you say is true.

Mr. Daudlin: The hon. member says he would not have had to introduce the bill if what I say is true, but he fails to take into account the fact that there have been more than 200 hours of production available to school boards and the like since the hon. member brought forward his bill in 1975.

Mr. Munro (Esquimalt-Saanich): One hundred hours?

Mr. Daudlin: I said 200 hours. The hon. member should be listening. Two hundred hours is a fantastic amount of time. If the hon. member was being fair, where was that in his speech?

If the hon. member was being fair, he would not have said to us that the government and the CBC are denying the children of this country the opportunity to see CBC programming. In fact there is a library full of it, and it is being relied upon rather heavily.

Mr. McKenzie: Say that to the school boards.

Mr. Daudlin: I do not have to. The record speaks for itself. The school boards are already using it, and they are using it to a greater and greater extent. While I am speaking of that, one needs only to look at the kind of advertising that is taking place with respect to the new technology of which the hon. member speaks and what in fact is being developed.

With the new kinds of videotape cassettes and the new technology that is being used we are now getting to the point where virtually every individual in the country will have the opportunity to tape off air, and it is obviously going to be something in addition to the post-broadcast policy that the CBC is following. Individuals such as hon. members opposite and myself will have the opportunity to tape off air, and I wonder whether that will create problems. There have been arguments about the availability of that kind of off-air taping. It seems to me that we would be in a position to invite our closest friends to watch programs we tape on cassette machines.

Notwithstanding that, the hon. member does not seem to recognize that the CBC is moving forward and is not going to deal with the issue in the way the hon. member proposes.

To follow up on some of the comments made by my distinguished colleague, with whom the hon. member for Esquimalt-Saanich (Mr. Munro) took such issue, I point out that the language of sub-paragraph (k) needs clarification since, among other things, there is a difference between the French and English texts. For example, the English version refers to "any broadcasting productions which are the property of the corporation" while the French text refers to "toutes production radiodiffusées appartenant à la Société." It is not specified whether this amendment applies to all broadcasting productions including radio or just to films as it is stated in sub-paragraph (c). The expression "any broadcasting productions which are the property of the corporation" is so broad as to include any kind of radio or television broadcast, including news.

Mr. McKenzie: You are not married to the language.

Mr. Daudlin: Without wanting to cast any disrespect on the hon. member, if so little has gone into the preparation of the bill as to afford this kind of ambiguity and difficulty, I would have difficulty supporting a reference of this bill to a committee. It seems to me that perhaps we should go back to the drawing board.

Mr. Munro (Esquimalt-Saanich): Why do you introduce so many amendments to your bills?

Mr. McKenzie: Move an amendment.

Mr. Daudlin: The hon. member suggests I introduce an amendment. Perhaps that should be done, but I say that this measure should be sent back to the drawing board. It is certainly not something I would agree to referring to a committee. One has to have a kernel of something to work with in order to send it to a committee.

In addition to what I have indicated, the hon. member will no doubt agree that, if it is assumed that the amendment is intended to cover all productions by or for the CBC, there appears to be irreconcilable differences between this proposed amendment and that in sub-paragraph (c).

If we accept for the moment that these drafting problems can be overcome, the CBC must then make the assumption that in order for these amendments to have any meaning in practice the corporation will have to be aware of all the opinions of the thousands of school boards across Canada even

before a particular program is produced or acquired for broadcast.

Some hon. Members: Question.

Mr. Daudlin: Hon. members opposite are having a lot of fun shouting "Question". There are several other comments I would like to make. It will only prolong the debate if they use more time by shouting "Question".

There is also the consideration that there are at least two parties to every contract. The program rights market is not regulated by price lists and is highly competitive. As soon as it became known that the CBC was required to obtain educational rights in addition to broadcast rights, the hon. member can no doubt see that the corporation would have little or no bargaining position left. The cost of this service would become prohibitive—

Mr. Paproski: The men with the white gloves are coming to take you away.

Mr. Daudlin: If they have white gloves, I will be very comfortable.

• (1752)

ROYAL ASSENT

[*English*]

A message was delivered by the Gentleman Usher of the Black Rod, as follows:

Mr. Speaker, the Honourable Deputy to the Governor General desires the immediate attendance of this honourable House in the Chamber of the honourable the Senate.

Accordingly, Mr. Speaker with the House went up to the Senate Chamber.

And being returned:

Mr. Speaker informed the House that the Deputy Governor General had been pleased to give, in Her Majesty's name, the Royal Assent to the following bill:

Bill C-5, an Act to amend the Canada Elections Act—Chapter No. 3.

Mr. Speaker: It being six o'clock, I do now leave the chair until eight o'clock this evening.

At 6 p.m. the House took recess.

[Mr. Daudlin.]

• (2002)

GOVERNMENT ORDERS

[*Translation*]

EXTERNAL AFFAIRS

CANADA'S RELATIONSHIPS WITH OTHER NATIONS

The House resumed consideration of the motion of Mr. Jamieson that this House takes note of the present state and future prospects of Canada's relationships with other nations of the world.

Mr. Dupras: I rise on a point of order, Mr. Speaker.

The Acting Speaker (Mr. Ethier): Order. The Parliamentary Secretary to the Secretary of State for External Affairs on a point of order.

Mr. Dupras: Mr. Speaker, I believe there is general agreement among hon. members that speeches be limited to 15 minutes each for the remainder of the debate till ten o'clock.

[*English*]

The Acting Speaker (Mr. Ethier): Hon. members have heard the proposal by the parliamentary secretary. Is it agreed that the time of each member be limited to 15 minutes?

Some hon. Members: Agreed.

The Acting Speaker (Mr. Ethier): It is so ordered.

[*Translation*]

The hon. member for Lafontaine-Rosemont.

Mr. Claude-André Lachance (Lafontaine-Rosemont): Mr. Speaker, 15 minutes is not much to formulate a foreign policy, but it is enough to express in a few words my views on some matters of concern to this House and the country as a whole.

Mr. Speaker, I consider it a privilege to take part in this debate, as it is the first time in 17 years that we have had the opportunity in this House to look fully into the implications of a foreign policy which has considerably evolved in the last few years, and to readjust our aims if needed so that our country may be more implicated at the international level.

Mr. Speaker, the interest of Canadians in external affairs has considerably increased during the last ten years, and if one considers the participation of Canada in several major international activities, and I think particularly of Canada's decision to participate once more in the Security Council and its subsequent election to the UN Security Council, the participation of the Deputy Prime Minister as co-chairman of the fourth conference of the United Nations on trade and development, the invitation extended to the Canadian government to hold the United Nations Conference on Human Settlements in Vancouver, Canada's decision to go ahead and face the facts and thus recognize China, one of the first western nations to do so. Mr. Speaker, the ever increasing involvements of the Canadian government show the Canadian people's determina-

tion to become increasingly aware of what goes on in other countries.

Mr. Speaker, I had the privilege and the honour to serve my country in the last three months as Canada's representative at the thirty-second session of the UN General Assembly, more specifically on the fifth commission, the administrative and budgetary commission. And I was in a position to become familiar with the internal operations of the United Nations, its various mechanisms and the reasons why that institution has been criticized and also why it is so necessary. This is the subject with which I should like to deal briefly this evening in the House.

Mr. Speaker, we must recognize that the UN has considerably evolved during the last 32 years. It must be kept in mind that it was created after the second world war during a difficult period following a very painful conflict, and it was created by a number of sovereign states, 57 at the time, which had interests themselves throughout the world.

● (2012)

Later, in subsequent years, with the fall of colonialism or at least of official colonialism, an increasing number of new nations which had gained their independence at the end of the fifties or at the beginning of the sixties joined the United Nations, and that trend is keeping up since the organization is now composed of 147 member states.

Mr. Speaker, an organization had been devised for 57 member states, with appropriate mechanisms and structures, and it is now made up of 147 member states. So, it is easy to understand why the rules of the game have changed. What was at the beginning a conflict, a potential conflict between socialist and capitalist countries, later became a conflict between colonial and decolonized countries, between developing and industrialized countries, and it is now more or less a conflict between rich and poor countries. And it is normal, Mr. Speaker, that this new majority at the United Nations, this new majority composed of poor countries, of those countries which obtained their independence and are now developing, it is normal, Mr. Speaker, that those countries stick together and often show some impatience and resentment towards richer countries which they accuse, often rightly, of being indifferent to them.

Mr. Speaker, if one is to analyse objectively what has happened to the UN in recent years, it is essential to have good understanding of the new rules of the game. Beyond the problems related to the working of the UN, with which, unfortunately, I will not have time to deal this evening, we have had more than an idea of those difficulties, confrontations and frictions in the working of the UN which again merely reflect the difficulties that exist between rich and poor countries, because it must be kept in mind that the United Nations are not a world government but rather a forum for discussion, a meeting place.

Therefore, we have witnessed a whole series of stances that were more or less acceptable, let us admit it, more or less applicable and often a little unrealistic, but, Mr. Speaker, they didn't really have the effect that had been expected. If one understands well this esprit de corps among those poor countries, one understands better, Mr. Speaker, that some resolutions which may seem unacceptable to our country were carried with a majority. Mr. Speaker, there is a new majority in the United Nations, we have to accept that fact if the organization is to carry on, and I, for one, Mr. Speaker, believe that the UN is a worth-while organization which must go on with its work.

Mr. Prud'homme: I agree.

Mr. Pinard: It is certainly worth improving.

Mr. Lachance: Mr. Speaker, my colleague, the hon. member for Drummond, says that it is worth improving. Any organization, and the first that comes to my mind is this very House, is worth improving. I, for one, trust that he will put all his energy into it.

Mr. Prud'homme: And good luck!

Mr. Lachance: Mr. Speaker, I have presented the facts in that light, it is because again this year Canada has not followed up its wish which was expressed in other forums, not to get involved in conflicts which only concerns us indirectly. Mr. Speaker, Canada is a country which is highly respected internationally in several respects. As I said earlier, this is due to the fact that our involvement in various areas, a direct involvement demonstrated by an obvious interest in various conferences.

Generally speaking, Canada has such a good image abroad that it is a sad thing that a certain emotivity should sometimes lead us to take positions that are misinterpreted by the global community and somewhat tarnish some of our efforts in other areas. This at least is the impression I got during my stay in New York.

Canada has been a leader in the area of development, and a few months ago, as all members are aware, we erased the external debt of the least developed countries. That initiative was greeted in an extraordinary way by the countries involved and by the group of underdeveloped countries as a whole. In such instances, people come forward to tell us how, marvellous it is Canada could take such a leading position. It is unfortunate that in other areas, and I think of the Middle East in particular because this is making headlines, we should take more contentious positions.

I urge the Secretary of State for External Affairs (Mr. Jamieson), when the time comes for this country to take a contentious position, to seriously weigh the pros and cons of both sides of the issue. In the UN we are fortunate in having a third way, open to us. I know that in Canada abstention is sometimes crucified by those who would like us to take more outstanding, extreme positions. But it is a fact at least in the United Nations forum, abstention has become an accepted way of voting that changes the name of the game. This is used on occasion by every country where, for a reason or another,

neither extreme reflects that country's real position in respect of the issue at hand.

Mr. Speaker, I must admit that before going to New York, I myself was reluctant to chose abstention. Since that time I have seen the organization at work, and I have come to the realization that in some cases it is better to abstain than create enemies without reason. In the present case, and I think once more of the Middle East, there has been a tremendous opening, as the Secretary of State for External Affairs himself suggested, when Mr. Sadat on the one hand and Mr. Begin on the other made the necessary steps for a first and now a second meeting.

Why should we Canadians have a finger in the pie instead of letting both parties settle their conflicts, for they will have to live together peacefully? Once again I urge the Canadian government to change its emotional approach and not to play partisan politics as it has been the case many times in the past when time came to appreciate the situation.

As I do not want to be long, Mr. Speaker, and my time is running short, I will take a few minutes to deal with the francophone Africa issue. A few days ago in Abidjan the Agency for Cultural and Technical Co-operation concluded its meetings. Unfortunately, institutional conflicts between France and the Quebec and Canadian delegations prevented the Agency for Cultural and Technical Co-operation from making a head start toward fulfilling the aims which were at the base of its creation, that is multilateral co-operation between Francophone countries.

Mr. Speaker, I regret that those poor countries in Africa or elsewhere have to wait for any kind of help from rich and industrialized country, and in this case they had a tool they could have used to help those countries fulfill their aspirations and develop themselves. I regret that once again conflicts—and I repeat, institutional conflicts—stood in the way of progress. I cannot help blaming the French government, however mildly, for its somewhat unflexible position towards multilateral co-operation. All of us know that after the colonization, France created special relations with those countries bilateral relations, and I suppose it does no want other Francophone countries such as Canada to share that co-operation with Francophone nations. For our part, we are wrong sometimes, we are concentrating too much on domestic issues and we do not like to see a full-fledged Quebec delegation attending those international meetings.

Mr. Speaker, let us forget our little domestic problems until the next conference, let us have bilateral relations with France in order to settle those issues so that once and for all co-operation between Francophone countries might work, that we might have, and I put them between quotes because they are banned words, a "Francophone Commonwealth".

● (2022)

[*English*]

Mr. Heath Macquarrie (Hillsborough): Mr. Speaker, I am happy to be participating in this debate, not the first foreign affairs debate in 17 years. It is quite wrong to suggest that; there have been a larger number prompted by the opposition over that period of time.

I want to congratulate the minister for the high tone he took in leading off the debate. I say to him now, as I said to him in the committee not long ago, that we are proud of him as an eloquent and articulate spokesman for our country abroad. On occasion we do not agree with him, but we admire the way he expresses himself. His speech the other day was a credit to him, to his country, and to the department. I was very proud of the whole tone of the debate. Almost without exception, no one descended into party politics at any time. Our leader, who has proven himself knowledgeable on national issues, demonstrated a dimension of statesmanship the other day, showing he has a grasp of international issues which bodes well for the potential prime minister of this country.

Some hon. Members: Hear, hear!

Mr. Macquarrie: I was particularly pleased at his reference to the late L. B. Pearson. There never was a finer or nobler Canadian. I admired what my leader had to say about the hon. member for Edmonton-Strathcona (Mr. Roche), a leading expert in the study of aid and development who proved himself, as he always does, a most competent, perceptive, and sensitive statesman.

The Middle East has been a major concern of mine for many years, Mr. Speaker, but the subject will not form a major portion of my truncated speech. Like all people of good will who believe that love is better than hate and peace better than war, I rejoiced at the recent meeting in that ancient and beautiful city which our old hymn describes as "Jerusalem the Golden". I predict that President Sadat will become the winner of the Nobel Peace Prize and I hope nobody will think me anti-American if I say that it is an even greater designation than being named *Time* magazine's "Man of the Year." But we must not allow our yearnings or our responses to the theatre and the drama of the Jerusalem meeting to blind our perception of some sombre truths. Psalm 85 in the Presbyterians' beloved Old Testament contains a pregnant message "Mercy and truth are met together; righteousness and peace have kissed each other."

No matter how amiable are the relations or the accords between Prime Minister Begin and President Sadat, there will be no lasting or worthy peace in the Middle East which forgets the suffering or ignores the rights of the chief victims of the Middle East situation, the Palestinians. It was not a good omen when the Israeli delegate to the Cairo conference the other day refused to participate in the presence of an empty chair which had been designated for the PLO, and called for the hauling down of the PLO flag outside the building. Whether we like it or not, the PLO is the most widely supported Palestinian organization at this time.

Until the Palestinians have a state of their own they will not be able to go through the process of formally selecting a government. And not all members of the PLO are terrorists, as we are so often told they are by the biased media. President Sadat aired the case for the Palestinians well in the Knesset.

Let us hope it will not be lost in any bilateral discussions which take place.

The return of Sinai to Egypt and a separate peace between that country and Israel will not solve nor settle the Middle East crisis. There is a danger in rushing some of these things too fast. The American word "momentum" has been used in connection with the operation: it is being said we must maintain the momentum. We should be less interested in momentum, I believe, Sir, than we should be interested in peace.

Other states must be involved. I refer to Syria, whose commitment to the suffering Palestinians has been both powerful and painful, and to Jordan, whose moderation and wisdom are and always were a hopeful and helpful element. I congratulate His Majesty the King on the celebration of his twenty-fifth anniversary of his reign, as we did the Queen of our own country.

Some hon. Members: Hear, hear!

Mr. Macquarrie: Saudi Arabia is a thoroughly dependable ally for peace and good will. There is long suffering Lebanon and, most of all, the Palestinians. These people must be in the equation if a successful formula is to be worked out. As for our role in connection with a recent UN resolution, I made clear my view on that at the committee meeting and I shall not repeat it tonight. The hon. gentleman who spoke before me talked about the use of abstention. On that resolution, 32-20, instead of voting with El Salvador, the United States and Israel against everybody else, it would have been wise to have abstained. I regret profoundly that we did not do so.

When the Minister of Industry, Trade and Commerce (Mr. Horner) was in my party I hardly ever agreed with him. Quite often at national meetings the party supported his view rather than mine, which leads me to believe that at times parties, like individuals, deserve what they get. In the instance of the boycott I am more inclined to be with him in his realism than with certain other people. The main issue is surely not the Arab boycott in its primary, secondary and tertiary elements. The main thing is to settle the reason for the boycott, namely, the insistent state of war. That is why there is a boycott. It is because these states are technically still at war. Can you imagine Winston Churchill saying "In war we can use only certain kinds of boycott"? He would use them all, of course. The settlement of the issue is of the essence.

I think we could do more in the Middle East if we were more objective. I heard Professor Peyton Lyon on radio this morning saying we had lost our capacity there because we are regarded as being too pro-Israel. I should like to see the day when we could regain true objectivity. It is conceivable that the nations may not want to go to Geneva for renewal of the conference. They certainly would not wish to go to Washington because a meeting there would be held under the wing of a great power. I would like to see Canada in a position to invite all the participants to come to Ottawa. We are peacekeepers. We are proud of this role. We had a great tradition in the days of Mr. Pearson when there was a crucial, troubled time in the Middle East and Canada was in the forefront. Perhaps an objective Canada, unbiased, might be the scene of a renewed conference of Middle East states.

I was interested in what the minister had to say about South Africa. I am being careful not to be hostile, but I am a little troubled. I think it is sometimes dangerous to be too brittle in one's attitude toward these matters. I wonder if I were allowed a question a day by Mr. Speaker and if every day I brought up to the minister cases of a country in which human rights were being grossly violated, and asked if we were going to sever trade relations with it, how many days it would take and how much international trade we would have left. This is a very serious situation. If the minister wishes to read *Amnesty International* he will find there are a great many countries involved. But more serious than that and something which troubles me is that perhaps outside criticism makes it more difficult for the moderates within South Africa.

There are men of good will inside South Africa. There are moderates there, and the ganging up of the outside world has the inevitable result of making the extremists more popular in that country. That is a great danger with this sort of thing. We want to give room to the moderate men, to people of good will. There have been some forward steps taken in South Africa but no one ever mentions them. Their system, of course, is iniquitous, but do you bring improvements to the people one wants to help most by ringing them round with a circle of hostile criticism?

I am always a little ill at ease when I hear these criticisms of the majority at the United Nations. I am old enough to remember when majorities in the United Nations General Assembly were good things because they were nearly always controlled by the United States and they were nearly always from Latin America. So it was a great thing to be in the majority. I remember all the work which was done to bring that majority into play to create the State of Israel. But now majorities are considered bad. It is unwise for Canadians to get into that act as to whether a little state is as important as a big one. Does Canada say that being a small province is less valuable than being a big one? There are troubles when one gets into that seeming condescension of criticizing countries which are both small and non-white.

● (2032)

It is strange that there are certain occasions when the majority is damned, but when it comes to Africa we justify our actions by indicating that we are with the majority. An inconsistency such as that troubles me. If I had more time I would wax eloquently and logically as to where that will lead us.

The hon. member for Eglinton (Mr. Sharp) is getting pretty senior around here, as I am. He spoke about the Standing Committee on External Affairs and National Defence, of which I have long been a senior member. If I were in the United States Senate I would be referred to as a ranking member of that committee, and I would have a staff of 100 people. My long-ranking membership here seems to be of no

good, except that I am usually told, "You have said that before, Macquarrie".

I agree with what the hon. member said about the usefulness of Senate committees. Whether he is preaching for a call, or I am, I can only say that I have always felt that way about Senate committees. Their work in regard to the Commonwealth Caribbean was absolutely definitive, and they deserve great credit for it. The hon. member was somewhat unfair to our standing committees and to the hon. member for Saint-Denis (Mr. Prud'homme) when he suggested that they were not doing enough. Many months were spent on a very serious study concerning aid and development. The hon. member for Edmonton-Strathcona was very accurate when he commented on that. The hon. member was correct when he indicated that there is no proper term of reference; but that is not the fault of the committee, it is the fault of the government.

I am too young to be in my anecdotage, but when the Hon. Paul Martin was secretary of state for external affairs I was the spokesman for foreign policy on this side of the House. We agreed that the ministers' reports would be sent to committee. By doing that, we had an opportunity to examine any issue on the entire global surface of international relations. That should be done now. We need a broader term of reference.

I liked what the hon. member said about the non-partisan approach, but we should not bind ourselves to total non-partisanship. As St. Paul would say, there are times we in the opposition can "shew unto you a more excellent way," and therefore we have the right to disagree. When Canadians travel abroad, they do not kick around the Prime Minister (Mr. Trudeau), nor the Secretary of State for External Affairs (Mr. Jamieson).

This has been a very excellent debate. If I had not had the guillotine put on me, I was intending to give an excellent lecture on Canada-United States relations. I hope to publish a paper on that soon, and I will send a copy to everyone.

Some hon. Members: Hear, hear!

Mr. Bob Kaplan (York Centre): Mr. Speaker, I intended to deal with a number of subjects, but since I am limited to 15 minutes I will avoid that temptation. I should like to talk about the situation in the Middle East. I talk about that subject not only because it is one of the most important up front subjects in international affairs today, but because I am a Jew and a Zionist.

For the past 35 years that the State of Israel has been in existence, it has been pleasing to note how strongly Canadians support it and its right to existence. That state is supported by Canadians for a number of important reasons. It is recognized that Israel is the historic homeland of Jewish people because they have a special historic claim on it, and also because Jews have been present there for thousands of years. An hon. member opposite suggested that it was a Palestinian state from which the Palestinians had been ejected, which is not true. It was as much a Jewish state as it was a Palestinian state at any time during the recent past. Strong colonies of Jews lived in Israel during the period when it was a trustee territory and during the period when it was a colony. Thus, it is not a Palestinian state.

Canadians support Israel as well because they remember the holocaust and the near destruction of the Jewish people during the Second World War. No one can view that situation without seeing some sense of justice in the result achieved by the Jews in being able to re-establish the Jewish homeland in some small corner of the world. Canadians recognize and appreciate that Israel is a solid democracy, at a time when democratic states are few in number, particularly in the Near East. Israel is a democracy. It shares many institutions with Canada. It has our admiration and respect for that reason.

Israel is watched with interest and respect because of the social experiments which take place there. Even Canada, with its longer history and its vastly different situation economically, socially, and politically, has learned things from the small state of Israel and its willingness to experiment.

Finally the courage of the state of Israel, surrounded as it has been since its formation by hostile neighbours, and the courageous manner in which Israel has conducted itself and protected itself, are respected and admired by Canadians.

The hon. member for Hillsborough (Mr. Macquarrie) indicated that the Arab boycott would end when there was peace in the Middle East. There will be peace in the Middle East when Israel's right to survive is accepted by her neighbours. Israel's enemies would like to argue that peace is being held up because of occupied territory. I remind the House that Israel was facing hostilities and enemies when there was no occupied territory. How can it be argued that it is the occupied territory which is standing in the way of peace? Before there was occupied territory, there was war against the state of Israel. The Palestinian question is raised as a reason why there will not be peace in the Middle East. Before there were any Palestinian refugees, there was war against the state of Israel. Thus it is not the Palestinians and their legitimate aspirations to be settled and cease to be refugees—that is not a fundamental cause of the problem.

Also it is argued that there should be a Palestinian state, and if a Palestinian state were established on the occupied west bank then there would be peace in the Middle East. This has been put forward as an impediment to peace. The west bank belongs to the Arab side. It belonged to them before 1967. If the Palestinians wanted a homeland on the west bank, it could have been established before Israel occupied the territory, before the last two wars were necessary.

None of these alleged problems is the reason for the hostility. The survival of the state of Israel is the issue. The Palestine Liberation Organization claims to represent Palestinians, and if it were willing to acknowledge the right of the state of Israel to survival then there would be peace in the Middle East. As well as the hon. member for Hillsborough, I yearn for peace; but also I should like to make it clear that there could be peace in the Middle East and there could be negotiations with the Palestinians if only the PLO and Israel's other neighbours were prepared to recognize Israel's right to exist. It is because of that, I think, that the Canadian people stand so strongly at

the side of Israel and, I am pleased to say, the Government of Canada does so as well. Israel is not referred to by her neighbours as the state of Israel but rather as the Zionist entity. There is an unwillingness after 30 odd years to grant to the state of Israel its designation. But things are changing rapidly.

● (2042)

The Middle East stands today at a crucial crossroad hovering between movement toward peace and movement toward war. The major countries involved in determining the future of the region—Egypt, Jordan and Israel—are showing important signs of moderation and a willingness to negotiate. Other Arab countries—Syria, Iraq, Libya, Algeria, South Yemen—are consolidating an extremist, destructive, negative stance that calls for the destruction of Israel and the continuation of conflict and warfare. At the recent Tripoli conference these latter states, together with the Palestine Liberation Organization, all signed a communique attacking Egypt for its peace initiatives and refusing to do anything that would help bring about peace in the region. On the contrary, those states and the PLO called for the destruction of the "Zionist entity", and, in the words of U.S. President Carter, have thus provided a totally negative response to all the recent positive developments.

The Kingdom of Saudi Arabia, a major behind-the-scenes power broker, has kept its views quietly to itself; however, it is generally believed that King Khaled and his advisers support the Egyptian initiative and seek its success. I wish only that the hon. member for Hillsborough would do the same.

Israel has always sought peace with its Arab neighbours, and its prime ministers have always been willing and eager to go anywhere in the world to discuss peace. Every Israeli prime minister has publicly declared his willingness to go to any Arab capital to discuss peace. Thus it did not surprise anyone when Prime Minister Begin made the same offer made by President Sadat only six months earlier. The Egyptian leader stunned the world with his announcement because it represented a major shift in the stance of the major Arab country—a shift from an emphasis on war to one on peace.

At the present time Egypt and Israel are negotiating directly, in a face-to-face manner, at the Cairo conference. In and of itself this represents a vindication, even an initial triumph, of the position taken by the Canadian government under successive secretaries of state for external affairs—and that position was embodied in the texts of UN Security Council resolution 338 of 1973, which incorporated UN Security Council resolution 242 of 1967—a resolution in whose development Canada played a major role. That position to which I refer is the call for direct negotiations between the parties as the only viable and potentially successful form of such talks. The Canadian government has repeatedly said that the breakthroughs that are required would only develop via such a framework, and it may in some way be due to our reiteration of this position that the Egyptian government has come around and accepted this perspective—one, I might add, that Israel has always shared with our government.

In the present context a major destructive element is played by the United Nations. I do not agree with the hon. member of Lafontaine-Rosemont (Mr. Lachance) that the right thing to do is to go along with the majority, whatever that majority might want. I would rather agree with the hon. member for Hillsborough that the policy of following the majority for its own sake can only lead to difficulty when the majority takes a swing in a different direction at some subsequent time.

The right thing to do in foreign policy, and in particular in our voting at the United Nations, is to try to take positions on resolutions which correspond with the fundamental moral stance of the Canadian people. I agree with the hon. member for Eglinton (Mr. Sharp) that our foreign policy in this country is bi-partisan. It generally happens that the Canadian people know their mind on major foreign issues. I think, in connection with the issue of the Middle East, that it would be indefensible for this government to come forward with a policy of abstaining or of voting with the majority for its own sake. No one expects or would want the government to do that.

I am very pleased that of late our delegation has taken important and strong stances on a number of UN votes, stances of which all Canadians should be proud. In an era when courage of convictions seems to come very cheap and where company in UN votes is often sought at too high a price, the Secretary of State for External Affairs (Mr. Jamieson) took a strong and clear position in voting together with Israel, El Salvador, and the United States against a blatantly biased resolution on the situation in the Middle East. This was a resolution which would undermine resolution 242 which has been responsible, I would argue, for laying a foundation upon which Egypt and Israel could meet.

That resolution completely prejudged the outcome of the Middle East negotiations and called for complete Israeli withdrawal from all occupied territory as well as for PLO participation in the peace process. It condemned the continuation of the occupation by Israel, ignoring the basic reason for that continued occupation, the reason I referred to at the outset, the Arab refusal to discuss peace. This is all to the good. Now would certainly have been the wrong time to introduce gratuitous, biased resolutions that would have Israel surrender everything and receive nothing in return. The minister was correct in being irritated by these senseless resolutions, and so will all concerned and aware Canadians. Similarly, in recent votes on even more vicious resolutions on the Palestine question, resolutions that called for the destruction of Israel, Canada stood firm and opposed their passage.

● (2052)

[*Translation*]

Mr. Louis Duclos (Montmorency): Mr. Speaker, I am all the more happy to take part in this debate that we seldom have the opportunity in this House to discuss our foreign policy. At the same time, I regret that the House generally devotes so little time to the discussion of matters concerning foreign

affairs. In doing so Mr. Speaker, we unfortunately give support to the suggestion that among the many government activities, foreign affairs is somehow a marginal area to which attention is called simply in case of parliamentary missions abroad. For many people foreign policy can only be of continuing interest for a few star gazers who cannot see real problems which confront a politician.

Mr. Speaker, is view of this unfortunately widespread attitude in political circles, it is no wonder that Canadians in general see very little importance in the foreign policy of their country. I believe that the House should set an example and bear witness to the vital nature of our international relations by once a year setting aside at least two or three days to debate the foreign policy of the government.

Mr. Speaker, that a government should establish realtions with as many countries as possible or participate in the activities of various international institutions, is certainly not a luxury. On the contrary, it is the government's duty to contribute to the establishment of harmonious relations between all countries of the world and, hence, to safeguard world peace, without which everything is meaningless because, Mr. Speaker, what good would it be to eradicate unemployment in this country, to stabilize prices, to ensure material security for all Canadians or to make the country more united if we were to wake up tomorrow in a world faced with a nuclear holocaust? We should not kid ourselves, if a major world war should break out, it would be extremely difficult not to use the ultimate weapon.

Mr. Speaker, there is a great number of questions relating to international relations that have direct impact upon Canadians' day-to-day lives, but none can evidently match disarmament in importance. Since the end of World War II, the destructive capacity of nuclear weapons has steadily increased, both in quantity and quality. Moreover, the risk of proliferation of these weapons is greater than ever. We also see a disturbing proliferation and an ever greater degree of sophistication of conventional weapons. In short, although eight international multilateral agreements have been concluded since 1960 and although a dozen other bilateral agreements between Soviet Union and the United States have also been signed, the arms race is nevertheless gaining momentum. The world military expenditure, established in 1960 at $100 billion annually, have escalated to $400 billion a year, a situation all the more revolting and absurd that there are so many developing countries taking part in this foolish race, at the expense of the well-being of their own people.

Furthermore when we consider that the two superpowers actually have the military capability to kill over 100 billion human beings and that 40 per cent of all research and development expenditures in the world are used for military purposes, one question comes to mind: is man the reasonable animal described by ancient philosophers? Mr. Speaker, it is rather discouraging to see that the pace at which the various ongoing negotiations are progressing is such that it cannot match the pace of the frightening progress made by military technology.

According to experts, the world is about to konw a real explosion, a real revolution I should say as far as new nuclear and conventional weapons are concerned and this, in a context where nuclear proliferation and terrorism are also becoming more and more threatening. Mr. Speaker, having said this, the nations of the world should put a good deal of hope in the special session of the general assembly of the United Nations on disarmament which is to be held next spring. As sponsor of the resolution asking for this special session, Canada will have to bring an original and positive contribution.

Having renounced a long time ago all desire to belong to the nuclear club, although it had the capability, our country enjoys in this area a sort of moral authority which permits it to demonstrate a leadership which unfortunately escaped it some 15 years ago, except of course in the area of nuclear arm non-proliferation, for it is a well known fact, Mr. Speaker, that Canada was one of the first countries to decide last year to export its nuclear technology only to countries which agreed to submit their whole nuclear programs to international controls.

Mr. Speaker, as it is important for Canadian parliamentarians to contribute to the drafting of the policy which the Canadian delegation will support during this special session of the General Assembly of the United Nations, I suggested recently the setting up of a subcommittee of the Standing Committee on External Affairs and National Defence, a subcommittee which would hear expert opinions on the disarmament issue and report to the House on the position Canada should adopt before the United Nations on this occasion. Therefore I sincerely hope, Mr. Speaker, that the government will realize the importance of such an initiative and that the House will authorize without any further delay the establishment of this subcommittee which already has the approval of many of my colleagues from both sides of the House, including the Chairman of the Standing Committee on External Affairs and National Defence—

Mr. Prud'homme: I support this idea wholeheartedly.

Mr. Duclos: who is telling us that he supports this idea wholeheartedly.

Mr. Speaker, among the other issues that might directly affect the life and welfare of Canadians, one is certainly the Middle East issue. Talking about this, we must remember how concerned all Canadians were at the time of the last conflict between Israel and the Arabs in the fall of 1973. In this respect, it is to be hoped that in the future our country will never again be in such an embarrassing position and that its neutrality in this conflict will be so obvious that, should the conflict flare up again, which of course I and all others hope would not happen, we will not have to be afraid of finding ourselves cut off from our oil supplies.

It is always touchy, Mr. Speaker, to deal with a matter so fraught with emotions and involving a country with which many Canadians have special ties and of which they can rightfully be proud. Moreover, special care and caution must be exercised in dealing with this matter since for the first time

peace does not seem to be out of reach any more in the Middle East.

Israel being the only truly democratic state in the Middle East, it is only natural that Canadians in general feel quite sympathetic toward it. However, it is also quite natural that occasionally Canada has to show amicable disagreement over certain policies of that state. Indeed, it is fundamental that the Canadian policy on the situation in the Middle East be first dictated by the interests of Canada and by a desire to help establish peace in the world. I am happy to note that over the years the Canadian policy is more and more characterized by objectiveness and neutrality, but unfortunately, Mr. Speaker, it still happens that positions endorsed by the United Nations general assembly seem to spring from considerations that have very little to do with the contents of the resolutions we have to decide upon.

There is now a lingering hope of peace in the Middle East, but we must not entertain any illusions, as has been indicated by the hon. member for Hillsborough (Mr. Macquarrie). While it is important that the fundamental right of the state of Israel to exist within safe borders be recognized, it is also important to give satisfaction to the legitimate interests of Palestinians and to obtain their full involvement in any negotiations concerning their future as a community. Any hope of a final and definitive solution of the Middle East issue will be an illusion unless it is decided to establish a homeland or some territorial framework enabling Palestinians to assert themselves politically.

● (2102)

I think it is up to the Palestinians themselves to decide whether their homeland should have complete political autonomy or whether it should be part of a larger political entity of a federal or confederal nature. Mr. Speaker, I was extremely pleased to learn about the Government of Canada's new policy toward South Africa and its policy of apartheid. I want to congratulate the hon. Secretary of State for External Affairs who has been responsible for those major changes in our foreign policy. I always believe that it was not enough to denounce racism, but that it was also necessary to express in a tangible way our disgust at any policy denying human dignity, even though certain sacrifices had to be made. The steps announced yesterday by the Secretary of State for External Affairs are a very appropriate extension of the policy statements which up to now Canada, with a few exceptions, had found satisfactory and I am sure the government will have the support of a majority of Canadians in the implementation of those measures.

Finally, Mr. Speaker, I would like to deal briefly with a matter about which I feel very strongly, the human rights issue. Canada, in due time, did condemn countries like Chile which are guilty of human rights violations, more particularly at the UN General Assembly. I am surprised, however, that international financial institutions which had somehow starved President Allende's leftist regime, should show new generosity since the coming to power of the military junta of the bloodthirsty dictator Pinochet and that Canada's representatives within those international institutions should support such a position. For example, I would mention that the World Bank withheld any economic assistance to Chile in the years 1971, 1972 and 1973, but that country received $13, $20 and $33 million from the World Bank in 1974, 1975 and 1976. The Inter-American Development Bank provided Chile with $158 million worth of economic assistance in the years 1974 and 1975 when that assistance had only reached $7 million in 1972 and 1973. I do not agree that we should not make moral judgments and that economic decisions should only be made based on the credit worthiness of the countries involved. I hope in that respect that the Secretary of State for External Affairs will soon be able to have a surprise for this House as beautiful as the magnificent Christmas present he offered us yesterday in the form of our policy toward South Africa.

[*English*]

Mr. Max Saltsman (Waterloo-Cambridge): Mr. Speaker, there are a couple of good things about being on the backbenches—I will start with the first one—especially if you have been on the backbenches for quite a while because you get a feeling of déjà vu—of having been through this thing before.

I recall in 1965 when Walter Gordon, a great and good man, was minister of finance. He spoke to some of us privately about what he was going to do with *Time* and *Reader's Digest*. He said they were not going to get away with things. But somehow or other he was not able to persuade his cabinet colleagues of the wisdom of that policy and when he introduced legislation regarding magazines, *Time* and *Reader's Digest* were exempted. Since he could not take care of that kind of situation I would not have minded if he had left it at that, but he was not satisfied to do so. He dragged out poor Lord Thomson and made him the butt of everything that was evil in the publishing industry.

I feel tonight as I did then. I never thought I would rise to come to the defence of Lord Thomson, nor did I think I would ever rise to come to the defence of South Africa. The same kind of hypocrisy, the same kind of cheap morality, and the same kind of double standard, however, have been foisted on this House not only by the Secretary of State for External Affairs (Mr. Jamieson) but by spokesmen of this side of the House.

When we look around the world and see the kind of evil that is manifest in country after country, to single out South Africa as the object of our new found morality is too much. It is just too much. It shows how much a tool this country has become of those forces in the United Nations. Foreign policy is not made on Sussex Street any more; foreign policy is made in New York on behalf of the United Nations, and the Secretary of State for External Affairs, like Walter Gordon, a great and good man privately, now becomes a kind of mouthpiece.

There was a time when I would have been proud, as an early supporter of the United Nations and of the League of Nations before it, to have found myself in harmony with the United Nations and its resolutions, but not any more. I cannot feel that way when I see the kind of double standards that exist in the United Nations. Things used to be simple for us reformers.

Things were black or white. It was simple even to the extent that the white was always bad and the black was always good. It is no longer that simple; it is no longer clear that being poor makes you always right and being rich makes you always wrong when it comes to nations.

I do not see that the former colonies, the ones that have achieved independence since World War II, are exercising any more superior morality than the regimes they succeeded.

When I think of some of the things that have been done in Uganda—and there has hardly been an action on the part of this government—

Some hon. Members: Hear, hear!

An hon. Member: No.

Mr. Saltsman: Have we withdrawn our commissioners from Uganda? Do we cut them off?

Mr. Jamieson: No.

Mr. Munro (Esquimalt-Saanich): Come on! You have never been there.

Mr. Saltsman: When I think of the atrocities that have been recorded in Chile, and consider the cheap shot we have taken at South Africa—it is a cheap shot. After all, what harm is it going to do South Africa? What harm is it going to do Canada? That is cheap morality. It is not going to cost very much. As just one indication, our exports to South Africa total under $100 million, of which less than 10 per cent was financed by the Export Development Corporation. Imports from South Africa were about $140 million last year. That trade pattern is not going to change very much because South Africa is not dependent on our export financing. We are not going to lose much business as a result of this great burst of moral fervour.

Let us look at what is happening in Chile. The Bank of Nova Scotia is participating in loans amounting to $360 million to the Chilean government. The loans are meant to finance a Chilean government-owned steel complex, an iron ore mining and industrialization program, foreign debt payments, and various other things. But there is not a word against Chile. Because it is a respected member of the United Nations there has been no condemnation.

Mr. Jamieson: Last week.

Mr. Saltsman: Withdraw our ambassador then. Do to Chile what is being done to South Africa. I have nothing against morality if the minister wants to be moral, but this is typical. I want to know the rationale for the sudden burst of this nice nellyism of ours. The Minister of Industry, Trade and Commerce (Mr. Horner) at least is consistent. He does business with everybody and says that as far as morality is concerned we will just close our eyes and not worry about it. That, at least, is consistent. I may not agree with it but I can understand it.

When the Prime Minister rose during question period today and tried to explain to the Leader of the Official Opposition (Mr. Clark) how he makes the distinction regarding South Africa so that South Africa is singled out, the Prime Minister in his own words said, "I know murder, mayhem and all the rest is going on in other countries, but we do it to South Africa because South Africa has technically, legally, constitutionally, apartheid in its system." He is like Professor Higgins when he talked about the French—they really don't care what they do, just how they pronounce it. The fact that people are being murdered in Chile does not count because it is not in their constitution to murder people in prison. In South Africa it counts. That is really what I find so offensive. If we are going to tackle this let us do it with an even hand. There is an argument to be made for morality. I do not underestimate morality but why do things in this particular way? We can only be suspicious of this easy, cheap way of getting off by showing the moral superiority of the government.

The minister knows, and examples have been brought to his attention, of Canadian companies that are being blacklisted and blackmailed in the Middle East. Yet there has not been a word of public condemnation of this kind of action. I can understand them not wanting to publish it. I am reluctant even to raise the question because the people involved are so frightened. They have reason to be frightened. They can be made or broken by this kind of black-list, yet the government on whom they depend and rely does not have the courage to stand on their behalf and take some action.

• (2112)

If I use strong language like cowardice, it is because I do not know what other language to use to describe what is going on. I listened to this debate meander all over the place with everybody saying nice things. It is an advantage of a backbencher that you do not have to be nice and you do not have to say nice things. In fact, things are neither nice nor clear. The government can always say it is only a backbencher sounding off.

I suspect that some of the sentiments I am echoing probably more closely reflect the way people in this country feel that the noble sentiments of the minister, certainly the decision that he is going to make an example of South Africa. One can only come to the conclusion that the example is purely political in scope.

Mr. Jamieson: Shame! Small! Cheap!

Mr. Saltsman: The minister can say that if he wishes. I can understand that he feels very strongly about it.

Mr. Jamieson: Shocking!

Mr. Saltsman: I will not take exception as I have said some strong things as well.

Mr. Jamieson: You certainly have.

Mr. Saltsman: As the minister knows, I am not normally in this kind of mood. However, I do not feel proud of the kind of

program and the kind of foreign affairs policy that has been presented to this House in the last couple of days. I do not see the kind of distinction that the minister and his department make on this issue.

There are others who wish to speak who feel as strongly as I feel about this issue. However, I did want to raise it tonight, even though the language is considerably in excess of the language I usually use. I want to say that the government is wrong, it is in an indefensible position and is not being morally courageous and morally correct in what it is doing.

Mr. Howard Johnston (Okanagan-Kootenay): Mr. Speaker, I would like to compliment the minister on his delivery yesterday. Through an hour and a half of that golden voice I was almost led to believe that he was part of the heavenly chorus of this season of the year and we had truly peace on earth. However, under the glittering tinsel of the golden voice was a pretty shabby tree that had been tinselled up for the occasion. There was no smell of frankincense or myrrh about it, but the reek of a double standard.

I was driven to look at the New York speech of the minister. I was particularly struck by the opening there where he had the pleasure of welcoming two new members to the assembly, the Republic of Djibouti and the Socialist Republic of Vietnam. My mind went back about two and a half years ago when something called the Republic of South Vietnam was set up and recognized by this government with indecent haste. It disappeared as one of the most ephemeral governments ever to exist on the face of the earth, now incorporated into the Socialist Republic; no vote of the people, no majority rule, no one man one vote there. No mention of the boat people who find it necessary to risk their lives in open boats to reach Australia or some other sanctuary and are doing that at the cost of enormous suffering.

I am sure he got through that welcome without for a moment losing his smile, and his crash course in diplomacy has provided him with that.

As we prepared for this debate, I noticed that the Ottawa *Citizen* came out with a major article entitled "Canada's Shiny Image Tarnished at U.N." written by Azhar Ali Khan. As usual it lists the standard litany of left wing causes that we apparently backed in past years and ones that would bring the praise of the entire world for doing so. I have not time to list them all tonight, but they are there.

It also takes after the Secretary of State for External Affairs (Mr. Jamieson). Here is one place I do not agree with them. I would like to praise the minister at this time for at least bringing a breath of fresh air into the United Nations General Assembly.

In spite of that, the author of the article says it was a scathing attack and an unexpected tirade. He even said it was reminiscent of former U.S. ambassador Patrick Moynihan. That did make me smile a little. Certainly compared to the polished harpoons of Moynihan with their explosive charges, it was bit of squid jigging that went on in the United Nations that afternoon.

The important thing is that, even as mild and meek as the minister's reprimands were at the United Nations, they landed on him. He was landed on with enormous weight as though he had done irreparable damage to the cause of Canada by pointing out that those carefully drafted resolutions on Israel and South Africa were a waste of time, repetitive, and bringing the assembly into disrepute.

The hon. member for Lafontaine-Rosemont (Mr. Lachance) picked up this enormous urge of the press and of some people that we should always be popular at the United Nations. I am glad the minister found the courage to vote and to join a handful of countries; Canada, the United States, Israel and El Salvador. It was about time that we ceased the pattern of abstention on outrageous resolutions before the United Nations. The problem with the continual abstention is that it adds to the fiction that there is a moral world community. We have heard that expression. The minister uses it himself. It is as if there was a commonality of interest displayed at the United Nations with which we can safely go along almost all of the time when no such thing exists.

There is no peace in this world and a great danger. When Moynihan said we were assailed, meaning the United States, but it would apply to us, because we were democracies and because we were right it is true. That is the enemy totalitarian forces on either side, be they communist or be they fascist on the other side, and they exist in this world. The kind of democracy we have in this country is open to attack at all times.

I wonder if we are as vigilantly on guard against extraterritoriality when the threat is from Arab states as we were when it was from Americans and we wanted to trade with Cuba. That, of course, is one of the left wing issues that is held up as a marvellous high point in Canadian external affairs. Of course nothing is said after the passage of time about what has grown out of that and the position of Cuba in the world today.

I was struck by lines in the minister's speech to the effect that this is the thirty-third Christmas without a global conflict. Again one was almost lulled into the thought that peace had arrived. However, there are wars going on in this world. They are dirty and miserable wars. There is one in Ethiopia versus Somalia, and versus Eritrea and goodness knows who all else. It brings back haunting memories to one such as myself who is old enough to remember that earlier war in Ethiopia that the world tried to ignore when Mussolini's Italy invaded it. Now that country is in agony again. Who is there to complain now? Who can name the dead? Who can number them, either in Addis Abbaba or elsewhere? The conscience of the world is less bothered. I know that this country is less concerned about Ethiopia now than it was in 1935 at its most isolationist stage.

There is a war going on in Morocco and Mauritania. Who will name the dead there? Who will number them? We probably would not have heard about it at all had the French apparently not strayed into that the other day. It suddenly became newsworthy once it was not confined only to African countries.

There is another war going on in Angola. There we have some names and we can bring them to the attention of this House. Let me quote Betty Bridgman, repatriated missionary from Angola. She said this:

● (2122)

On June 1 we rose to find Cuban and government soldiers had invaded the hospital and a neighboring village. They rounded up all the mem of every age and marched half of them away. Then they lined them up and shot and killed 16, leaving their bodies for their families to find the next day. One of those killed was Frederico Kacuku, one of our senior nurses, a gentle and peaceloving man, who had spent his life relieving the suffering of others. Another was Eduardo Morim, the carpenter who made artificial limbs for the amputees at the hospital. One old man was nearly 80, and he was killed along with his son who left a family of small children.

I know that Steve Biko is mourned, and rightly so because of his youth and ability and because of the loss of a person who might have made a difference in South Africa. But who will mourn Jonas Zavimbi when and if he is hunted down in Angola and destroyed? He was a leader who grew out of the work of this country in that land but was abandoned by the western world when Cuba moved in. I still wonder what it is about that state that permits it to supply mercenaries for the rest of the world without criticism on the world scene.

I wonder how the minister could have got through that section of his speech on South Africa yesterday knowing that our handling of native affairs in this land has been almost an unmitigated disaster from beginning to end. It seems to me that one of the qualifications for any Secretary of State for External Affairs in this country is that he first serve a year in the Department of Indian Affairs and Northern Development as minister. If he had to wrestle week in and week out with the problems of that department, I do not believe he would be able to speak as sanctimoniously as the minister did yesterday.

I was very much concerned to hear the minister promise peacekeeping forces. He said that if he thought conditions and the time were ripe he would send them to Rhodesia, and that the same was true with Namibia. This reminds me of a warning from the *Times* of London, whose reporter filed his story from Johannesburg. Speaking of South West Africa he has this to say:

Strategists believe that the Ovambo homeland which faces the border could be overrun in 48 hours if the South African army pulled out.

I do not believe that this nation knows what is being promised on our behalf, as we seem willing and prepared to move into situations about which we know little, where the danger is enormous and where the results could divide this nation. It seems to me it was a former prime minister, Mr. Meighen, who made the mistake of saying "Ready, aye ready" many years ago when intervening in a dispute a long way from here. It is startling to find a minister of this government, this late in the day, saying virtually the same thing, that he is ready to become involved in a situation which can bring no good to this country nor to South West Africa. No encouragement should be given the United Nations to continue its rather insane adventure in that part of the world.

Trade measures were mentioned. It is just unbelievable that the trade representatives in Johannesburg and Pretoria are to be withdrawn when there has been a large mission from the Department of Industry, Trade and Commerce sent to Indonesia, including a representative of the Export Development Bank, particularly in view of the Amnesty International report. Amnesty International has had tough things to say about South Africa. It has drawn the attention of the world to that country for many years. However, speaking of Indonesia, Amnesty has this to say:

The unchanging pattern of political imprisonment in Indonesia presents the gravest challenge to the concept of international responsibility for human rights.

They put it beyond South Africa.

In no other country of the world are so many political prisoners held without trial for so many years as in the Republic of Indonesia.

That is but one excerpt from a lengthy report. Our representatives have just spent five days in that country discussing Canada's participation in a billion dollar project, a coal mining operation, I am sure the announcement will come early in the new year—yet we have the nerve—to withdraw our representatives from South Africa. Again one wonders where is the logic in the approach we are taking.

Then again today during the question period there was the warning of continued co-operation with and loans to Cuba. Why should we finance that government so long as it is maintaining its forces in Angola? The same reporter in the United Church *Observer* says that her impression is that there is now more oppression than ever there was under the Portuguese in their day. I cannot believe that we can still be engaged in financing Cuba in any operation there.

There is a terrible selectivity to the approach of this government to external affairs. I find it remarkable that there is no mention in this report of the return of parliamentary democracy under a constitutional monarchy to Spain. There is a miracle of the modern world—that that nation could go from the dictatorship of Francisco Franco to a parliamentary democracy modelled much like ours without any intervening civil war. Surely our government could have taken note of that at the first opportunity, because it serves as a reminder to us that the system we have is not all that bad. I suspect one of the reasons it is not mentioned, and one of the reasons why an earlier motion of mine was turned back by that side of the House, is that it indicates the usefulness and importance of the constitutional monarchy in a country which has deep and important divisions.

Although I find some things to praise in the minister's speech I hope the minister will take a more realistic attitude in the United Nations, in spite of the evils of apartheid. We are trading with nations we treat as partners. We are welcome there and we welcome them and trade with them. We know that their prisons are crowded with political prisoners, this happens all over the world. But why should we single out just one or two nations? The problem with the United Nations is that their resolutions now single out only two nations, Israel and South Africa, and the fiction is created, aided and abetted by this government, that somehow the world community as a moral force is united in its condemnation of those two nations. I do not believe that we should put ourselves in the position of

continuing to contribute to that sort of nonsense. Until such time as we have solved the problems in this country—

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

Hon. Stanley Haidasz (Parkdale): Mr. Speaker, I welcome this opportunity of debating, along with other members of the House, Canada's stand on various international relations and to hear so many members speak on these matters with such enthusiasm and interest. It is regrettable that we cannot have such debates more frequently, as we do not have the forum that we have here in the House of Commons in the Standing Committee on National Defence and External Affairs. However, I hope things will improve in the future.

This debate on Canada's international relations is very timely. It comes not one day too soon as we follow with amazement the swift pace of the historic negotiations between Israel and Egypt in this last month of 1977 as well as the progress of another history-making meeting which is now taking place in Belgrade which is reviewing the implementation of the commitments contained in the Helsinki Final Act and the conclusion of the Conference on Security and Co-operation in Europe.

In saying this I do not discount the importance of the war between Ethiopia and Somalia, as well as other wars and upheavals in many parts of Africa which are heating up each passing day. We must not forget the people who have lost their lives in these wars and upheavals and we must not fail to speak out, as these tragedies are tremendous ones. Canada, as a member of NATO and the Commonwealth, has a particular interest and concern in these grave developments.

• (2132)

Economics dominated the international scene last year. The economic situation has important implications for Canada whose growth depends a great deal on international trade and co-operation. It is to the credit of the federal government that we are making great efforts to work for an orderly and equitable evolution of the international economic system, for example, by participating in the Conference of International Economic Co-operation and expanding its development assistance program. The possibility of an interdependent world order based on peaceful relations and justice depends upon collective action in a world which inexorably is becoming smaller, more populated and increasingly industrialized.

We must, however, face hard facts and come to terms with the real world. The explosion of east-west trade and money-lending by western banks has generated not only opportunities for profit, but also problems of debtor-creditor relations. Debt servicing difficulties encountered by east European and other borrowers is only one aspect of these problems. Prudent foresight is necessary if we are to avoid an international market and banking breakdown. I hope Canada and its partners will work co-operatively to help resolve this problem without delay. This trade and lending explosion developed in the atmosphere of détente.

For this reason, as well as for others, we must also review the development of this détente especially as it has affected compliance or non-compliance with the commitments undertaken in the Helsinki Final Act. This is what the Belgrade review meeting of the Helsinki Final Act is all about. The major and most popular subject of this meeting is the need to respect human rights. The world-wide trend to assert individual and collective aspirations has produced human rights movements which must not be ignored. This trend carries significant implications for east-west relations, and in particular for NATO-Warsaw Pact relations and relations within the Commonwealth.

Having observed the Canadian delegation working at the Belgrade meeting, I can report to this House that Canada's stand on human rights in particular is being clearly and courageously expounded and upheld. Our team is on the offensive and is bringing to task those signatory countries that have violated their commitments and are suppressing human rights principles enshrined in the Helsinki Final Act and in other human rights covenants and declarations as well as in many modern constitutions, including those of the Soviet Union and the east European countries.

Furthermore, the Helsinki Final Act recognizes the collective rights of peoples to self-determination and equal status in the international community as well as freedom of religious belief and practice. Western advocacy of respect for human rights must be intensified and apply equally to all countries, not just on a selective basis; it must arise from our genuine appreciation of the intrinsic value of each human being and from our conviction that respect for human rights is the best guarantee for peace.

The pursuit of justice in international relations transcends every other obligation. Unfortunately, the Charter of the United Nations has been breached many times. We sadly recall the invasion of our sister Commonwealth country, Cyprus. Last month, both the UN Security Council and the General Assembly spoke in favour of an early and just solution of the Cyprus question. Because the members of the United Nations are obligated by these resolutions, I urge Canada, through the Secretary of State for External Affairs (Mr. Jamieson), to pursue their implementation vigorously. The people of Cyprus stand on the side of legality and justice. They demand not just sympathy, not just judicial endorsement of their rights, but action.

As in the case of Cyprus and that of many other unfortunate countries where human rights are being violated, we, most fortunate among the countries of the world, are challenged for the sake of justice and peace. In facing this challenge we support the efforts of Canada's representatives under the leadership of the Secretary of State for External Affairs in the hope that a rule of justice will bring in true and lasting peace.

Mr. Maurice Dupras (Parliamentary Secretary to Secretary of State for External Affairs): Mr. Speaker, yesterday this debate got under way with a very remarkable speech by the minister, who offered us the hope that this debate could be conducted on a level which would enhance Canada's standing

in international affairs. Unfortunately some of the speakers who followed sort of spoiled the possibilities that this debate presented in that regard.

Before I turn to the main theme of my remarks I should like to draw the attention of the hon. member for Okanagan-Kootenay (Mr. Johnston) to the fact that the minister did more than mention Spain in his speech. He went to Spain last month on an official visit to that country—the first visit of a Canadian Secretary of State for External Affairs to Spain. In my judgment that is more significant than mentioning a country in a speech. I should like, also, to express the regret felt by some of my hon. friends that they did not have an opportunity to take part in this debate.

[*Translation*]

I particularly wish to mention my colleague from Saint-Denis (Mr. Prud'homme), the chairman of the committee on external affairs and national defence, who asked me to add his name to the list of speakers. He would have liked also to make his contribution and state some arguments which are worth listening to. I also regret that some of my colleagues who were well prepared and ready to take part in this debate were unfortunately unable to make their contribution for lack of time.

[*English*]

I should like to begin by expressing Canada's regard for a most important group of nations, the Commonwealth countries. Canada remains strongly attached to the Commonwealth and confirms the positive role it can play in world affairs. It continues to evolve as a valuable association of equal, sovereign states which have voluntarily agreed to consult and co-operate in a uniquely flexible and pragmatic manner. Combining 36 countries of different races, languages, cultures and states of economic development from all parts of the world, it reflects accurately the world's current major problems and provides a forum in which consultation, co-operation, and consensus have been developed to a high degree. The Commonwealth has played an important role in a wide variety of political, economic, and social problems of international concern, including that of disparity between rich and poor nations.

The Commonwealth heads of government, meeting in London last June, directed their discussion to major world and Commonwealth trends. A major topic was the situation in southern Africa. They reaffirmed their full support for the struggle in Zimbabwe and Namibia and for the demands of the oppressed in South Africa. They recognized the need to increase the reasons available to broaden Commonwealth programs of humanitarian and technical assistance in that area.

● (2142)

Another major topic was the world economic situation in the light of the results of the North-South Conference and the London Economic Summit. Discussion included the final report of the Commonwealth Group of Experts, which has made a significant contribution to international efforts to evolve a new economic order with particular emphasis on the problems of developing countries. Heads of government indicated that the Commonwealth has a useful role to play in achieving a global consensus in economic affairs, and considered how it could assist in specific problems such as commodities, energy, food production, trade and finance.

Other topics discussed included the Middle East, Cyprus, the Law of the Sea, human rights, and a review of the large number of functional areas in which Commonwealth co-operation is carried on through the Commonwealth Secretariat and related institutions.

Believing as it does in the ideals and the consensus approach of the Commonwealth, Canada plays an active role in its major ongoing economic and social programs. These are largely co-ordinated through the Commonwealth Secretariat in London and designed particularly to assist developing countries. The Commonwealth Secretary-General said that the Commonwealth has one fourth of the world's people, but it has nearly one half of the world's poor. This adds to Canada's responsibilities.

In pursuing its Commonwealth role, Canada also reinforces its commitment to the broader world community and the ideals of the United Nations. It is also of interest and gratification to Canada that the Commonwealth now includes two other members that also participate in La Francophonie, namely, the governments of Mauritius and the Seychelles.

I should like to turn to the question of disarmament. The hon. Leader of the Opposition (Mr. Clark) and the hon. member for Greenwood (Mr. Brewin) asked what initiatives Canada will be taking at the United Nations special session on disarmament. Also they asked what arrangements were being made for participation by members of parliament and other interested Canadians at the session. The definitive Canadian position for the special session remains to be developed in the next few months, and it is the subject of intensive study. However, even at this preparatory stage Canada has already submitted a number of action-oriented proposals relating to the special session. These have included the establishment, under the auspices of the United Nations Secretary General, of an international register of arms transfers to which all member states of the United Nations should submit full information; a conference between both recipients and suppliers to restrain such transfers on a regional basis; regional arms control conferences to deal with local arms races through agreed measures of restraint; and the holding of a follow-up special session at an unspecified interval to review progress in the specific targets to be set by this special session.

It is not expected that the delegation to the special session will be chosen until a month or so before the session begins. In the meantime contacts and consultations are under way with Canadian experts, non-governmental organizations and private individuals concerned about disarmament questions.

The hon. member for Greenwood expressed some apprehension as to the development and the production of the neutron bomb. Perhaps I should indicate that Canada has spoken out in regard to the neutron bomb. The government was asked what position Canada was taking in NATO on the neutron bomb. While Canada has no plans to acquire such weapons,

we have been participating in discussions at NATO headquarters in Brussels regarding the possible acquisition by certain NATO countries of enhanced radiation reduced-blast nuclear weapons. These discussions are continuing. The military usefulness of the weapon is not in question but, like our allies, Canada is also conscious that its possible acquisition raises very complex questions which must be examined with utmost care. Any decision regarding these weapons will not be taken lightly.

I believe the hon. Leader of the Opposition, as well as the hon. member for Esquimalt-Saanich (Mr. Munro), raised questions concerning the maritime boundaries negotiations. In their remarks they stated that the Canadian public has not been made aware of the scope of the maritime boundaries negotiations, and that Canadian fishermen, as the most vitally interested constituency, have been denied input with respect to the bilateral negotiations.

The Department of External Affairs, in a press release on October 21, 1977, published the entire text of the Joint Report by Chief Negotiators on Canada/United States Maritime Boundaries and Related Resource Issues, signed by Ambassadors Marcel Cadieux of Canada and Lloyd N. Cutler of the United States, together with annexes on the principles for a joint fisheries commission to be established by a convention between Canada and the United States, and the proposed principles for offshore hydrocarbon shared-access zones.

A subsequent departmental release of November 28 announced the extension of the negotiators' mandates to January 31, 1978, noting that the extra period would permit careful review of the elements involved in the negotiations, for example, management and sharing of fish stocks off both coasts, hydrocarbon sharing arrangements in maritime boundary areas and delimitation of maritime boundaries. The release went on to say that additional time is also required to ensure consultation with and participation by industry, state, provincial, congressional and other interests of the two countries.

From the start the Canadian negotiating team has made every effort to ensure that the fishing industry has been fully and regularly consulted at every stage of the negotiations. Most recently at an east coast fisheries meeting in Boston, from November 28 to December 2, and at a west coast meeting in Vancouver from December 6 to 8, Ambassador Cadieux and his officials held lengthy and extensive consultations with representatives of a wide variety of industry interests. I have a list of 32 interested industries that have been invited to attend those negotiations.

[*Translation*]

Mr. Speaker, I might give some more information about the involvement of the Canadian government as regards French-speaking countries. I wish to add to what the minister said on another aspect of our foreign policy, the French-speaking countries and the fifth general assembly of its main institution, the Agency for Cultural and Technical Co-operation which has just taken place in Abidjan, Ivory Coast.

The French-speaking countries are an essential element of our international relations because, Mr. Speaker, they are the natural outside extension of French Canada's vitality and culture. It is also a very useful area of international co-operation. That is why the Canadian government has played a paramount part in the establishment and development of the agency and of ministerial conferences in the areas of education, youth and sports. This is why as well we have facilitated the development of the agency and its programs of training and cultural, educational and technical exchanges, as well as their extension to the scientific field and economic co-operation, two very important areas for the young developing French-speaking countries

From the very beginning, Quebec, New Brunswick, Ontario and Manitoba have contributed to the work of the agency through federal government participation. It was with our help that as early as 1971 Quebec obtained the status of a participating government, and was able to participate very actively in the works of the agency, in co-operation with the federal government. We had given our support to the granting of such status, precisely for governments of federal countries like ours and we consider that such arrangements give evidence of the capabilities of the federal system.

[*English*]

● (2152)

The Acting Speaker (Mr. Turner): Order, please. I regret to interrupt the parliamentary secretary but the time allotted to him has expired.

Mr. David MacDonald (Egmont): Mr. Speaker, I feel that speaking at this time in the debate before we adjourn for the Christmas recess in my chosen profession it would be more appropriate it I were to announce the benediction rather than offer any remarks with respect to the issue that is before us in terms of the motion.

I doubt whether in my time as a member of parliament I have ever debated a motion which offered as much possibility to literally cover the world horizon as has this particular motion. In the course of the two day debate we have covered enough different opinions and enough of the areas of international conflict and contact to realize that, as the minister himself said in his closing remarks, in the words of Dickens I think, "It was the best of times and it was the worst of times." In some ways that is partially a description of this debate.

We have heard some encouraging words and some discouraging words. In fact I think in almost every speech that was delivered in the House in the past two days we have received both encouragement and discouragement. That was evident in the tempo and mood of the debate in the opening day, in first, the comments of the Minister of Industry, Trade and Commerce (Mr. Horner), who is not here, inadvertently, I suspect, in his answer to the hon. member for Yorkton-Melville (Mr. Nystrom) with respect to the Export Development Corporation. It was evident also in the speech of the Secretary of State for External Affairs (Mr. Jamieson) who, interestingly enough, stepped from the portfolio of industry, trade and commerce into external affairs.

Encapsuled in their remarks, and as picked up by the Leader of the Opposition (Mr. Clark) today, we have the essential conflict that is at the root of so much of the difficulties we face as a country and as the world. It is the conflict of the question of crass politics or economic interests as against the higher levels of mankind with respect to questions of morality and altruism. None of us can claim to be disinterested in either aspect of that debate. Certainly when the Secretary of State for External Affairs introduced the new initiatives that were to be taken with respect to South Africa which he described as the most clear cut case of specific institutionalized discrimination, many members on all sides could agree. In the context of what has happened at the United Nations since its establishment in 1945 there has come to be a unanimity of opinion with respect to the total abhorrence for institutionalized racial discrimination.

However, what is not so clear, and what came out in the course of questioning earlier today and in some comments over the past two days, is that increasingly we are called upon to make moral decisions with respect to economic and political activity. This should not be surprising to anybody in the House if we look at the major conferences at which the United Nations has focused its attention over the past five to ten years on questions of environment, population, food and habitation, and the last two special sessions on developing a new international economic order. It is fair to say that in each of these instances we were dealing with technological problems, historical problems, and problems related to our own ability to cope with developments in the world community. But I think in the final analysis, when we look at any one of these problems, we realize that whether we would make progress with respect to them really depended on political will.

Recently in speaking to another group I was tempted to suggest that in all the ages of mankind which we have been experiencing in the past few centuries, from the age of steam and the age of steel to the nuclear age, perhaps future historians will look at the period of the late 1960s and 1970s and describe these times not so much as the age of technology or computerization, or as the nuclear age, but rather as the age of morality.

Certainly if we look at the most powerful country in the world led by the new Carter administration, the leading edge of their activity in the international field has to do with accepting some form of moral responsibility. In a way this is what the minister touched upon in his speech, and to the degree that it is a moral responsibility, which we take without hypocrisy and in a genuine attempt to let the world know, and specifically let the authorities in South Africa know, that the system of apartheid is no longer acceptable in the world community, we support him in that initiative. To the degree, however, that it may not, or in some way may touch upon more difficulties for those who are presently suffering from discrimination and from the kind of deliberate or accidental economic and social disparity which exists in these countries, we will need to be more convinced that our approach will be consistent and, in the final analysis, just.

[Mr. MacDonald (Egmont).]

I, as one individual, welcome the opportunity to debate the matters that have been brought before us today. If I had more time in this debate I would have wanted to talk about the importance of the upcoming UN session on disarmament. Quite frankly I had hoped that the minister, in his quite long address yesterday, might have touched in more detail on what our position was going to be with respect to that assembly. In the time I spent at the United Nations this fall it was not easy to discover whether or not we would either be joining other initiatives with like minded countries or whether we would be taking some initiatives ourselves with regard to this important special assembly next May and June.

I had hoped we could have paid more attention to what is now a new perception on the world food question. Since the World Food Conference met three years ago there have been a number of major changes regarding our understanding on how we are going to solve world food needs, and when we talk about human rights there is no more important and basic human right than the right to a daily nutritious diet.

These are matters that cannot be dealt with in the context of a two-day debate, but I hope the final remarks of the Leader of the Opposition urging a consistent and continuing reference to the major committee which has served this House, namely, the Standing Committee on External Affairs and National Defence, will be taken seriously by the minister and by other members of the cabinet.

If Canada is to play an increasingly responsible and constructive role in the world community it will not be seen to be just a matter of debate once every 17 years of a general nature as we have had in the last two days, but the government will accept, with the support of all members in the House, a continuous and perhaps a deepened responsibility in the realm of that committee. A number of members of the committee—the former chairman has just spoken—in the experience they have given to that committee have shown that it can play a responsible role for this parliament and for the Canadian people. If that suggestion alone is acted upon, this debate will have achieved a good deal in terms of Canada's responsible performance in the world community.

* * *

BUSINESS OF THE HOUSE

Mr. Baker (Grenville-Carleton): Mr. Speaker, as the last point of order in 1977 there are two matters which I would like to raise. First I wish to extend to you and your colleagues in the chair, to the clerks at the table as well as members of the staff of this House of Commons who serve us so well, every good wish for Christmas and for the new year on behalf of all members of the House.

Some hon. Members: Hear, hear!

Mr. Baker (Grenville-Carleton): My second point, Mr. Speaker, is much more mundane. I should like to ask the Parliamentary Secretary to the President of Privy Council

(Mr. Pinard) what legislation we will be dealing with when this House resumes its sittings in January.

[*Translation*]

Mr. Pinard: Mr. Speaker, I wish to join with the Leader of the Official Opposition to extend our best wishes to the Speaker, to all his assistants, to the whole staff as well as to all my colleagues on both sides of the House. When we meet again, on January 23 of next year, we should proceed to the consideration of Bill C-16, an Act to amend the Bank Act and the Quebec Savings Banks Act, and of Bill C-18 amending the Anti-inflation Act. For the time being, that is the order of business when we return to the House in 1978.

● (2202)

[*English*]

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, we thank the parliamentary secretary for indicating the business that we will be starting off with in 1978, but may I join with the hon. member for Grenville-Carleton (Mr. Baker) and the parliamentary secretary in the very warm Christmas greetings which have been extended to you, Sir, to your family, to the Table Officers and to all those who serve us in this House. Perhaps I might be permitted on this occasion to put in a special word for the members of the protective service.

Some hon. Members: Hear, hear!

Mr. Knowles (Winnipeg North Centre): Recognition of why I was doing that came a bit slowly, but at least it came. We do join in these greetings, and we all extend them, all of us to each other, and may 1978 be a better year for the House of Commons.

Some hon. Members: Hear, hear!

Mr. Jamieson: Mr. Speaker, I too would like to join in the good wishes which have been expressed to you, Sir, and to all who support you and who serve us in this Chamber and to say how very much we have appreciated the manner in which you have conducted the business of the House this past year, in very trying times.

Some hon. Members: Hear, hear!

Mr. Jamieson: I would also like to extend to hon. members opposite, to the Leader of the Opposition (Mr. Clark), to my colleagues in the government, and to hon. members on this side my best wishes, and particularly to express how fortunate I think we were to have had the hon. member for Egmont (Mr. MacDonald) wind up this debate. I think he gave it just the right tone, and it was entirely appropriate that it should have been so in these last days and hours before the Christmas season.

Some hon. Members: Hear, hear!

Mr. Speaker: Allow me to respond and to echo those sentiments by saying to all of the staff who serve the members of the House of Commons and the House as the institution that it is my pleasure to extend on behalf of all the members of this House all our best wishes and to extend to all members and to our usual guests at this time of year, since we are approaching an adjournment, an invitation to join one another in Room 16 before we depart for other events during the Christmas break, and to wish one another a Merry Christmas. I hope all will be able to join us and receive good wishes personally.

The motion which stands in the name of the Secretary of State for External Affairs (Mr. Jamieson), of course, remains a government order.

An order made December 19 by the House provides that at the time of adjournment later this day the House will stand adjourned until Monday, January 23, 1978, at two o'clock in the afternoon, pursuant to Standing Order 2 (1).

However, prior to coming to that point it has been agreed that we will proceed, pursuant to Standing Order 40, with two questions on the adjournment motion, one in the name of the hon. member for Ottawa-Vanier (Mr. Gauthier) and the other in the name of the hon. member for Nickel Belt (Mr. Rodriguez), and that after these questions, under the usual terms and conditions that apply, the House will stand adjourned until Monday, January 23, 1978 at two o'clock. In the meantime all hon. members and others who are usually invitees—our staff and others—are welcome to join us in Room 16 for a short Christmas greeting before everybody departs for the holiday.

Some hon. Members: Hear, hear!

● (2207)

PROCEEDINGS ON ADJOURNMENT MOTION

[*Translation*]

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

ENERGY—POSSIBILITY OF PROGRAM TO CONSERVE NON-RENEWABLE ENERGY

Mr. Jean-Robert Gauthier (Ottawa-Vanier): Mr. Speaker, on November 14 last, I asked the Minister of Energy, Mines and Resources (Mr. Gillespie) whether the government intended to implement a program urging Canadians to use renewable energy resources such as solar energy, wind energy, geothermal energy and a host of other sources of renewable energy.

Up until recently, people in Canada and elsewhere were taking for granted that the available amounts of energy, those most readily available in the form of wood fossils, coal, were inexhaustible. After the advent of offshore oil, energy was so cheap that we could disregard insulating our oil-heated homes, build big cars without worrying about fuel consumption, manufacture cheap electricity in power hungry oil-fired ther-

mal generators. Oil then became the wealth running the world. Because of the escalation of black gold prices of limited supplies, of the economic impact on several countries, we now have to reconsider our position particularly with regard to our oil reserves which we all know now are not inexhaustible. Based on the best predictions, oil production will not be able to meet demand by the year 2,000, and shortages could start between 1985 and 1995.

As far as energy conservation is concerned, we have no alternative. On the other hand, to obtain new sources of energy, we must choose among the possible options those which suit our needs better without going deep into debt or destroying our environment. So, in addition to conservation, we will have to seek a solution through research and development of our renewable energy resources.

In answer to my question as to whether the government intended to implement a national incentive program for conservation, research and development, the minister stated the federal government had decided to significantly increase its expenditures in that area. The government now has a $128.2 million budget for energy research and development. Indeed, the increase proposed for 1978-79 is $15 million. I am also informed that the increase will be from $7.7 million to $15.7 million for research and development of renewable energy sources, which is not bad, and there will also be a $5 million increase to $16.7 million for research and development in energy conservation.

Therefore, it is encouraging to note that the Minister of Energy, Mines and Resources puts an emphasis on renewable energy sources by doubling next year's estimates, and that he stresses energy conservation measures. The announcement made this week by the minister that his department will propose a $21.9 million funding for the federal labour-intensive program to create jobs and help Canadians save is also a forward step.

● (2212)

Access to information, Mr. Speaker, means perhaps helping Canadians to better insulate their homes and better estimate the performance of their oil or gas heating facilities. It is also perhaps helping Canadians in information and energy conservation oriented projects undertaken at the local level. All of that will contribute to a better utilization of our energy resources. These programs will certainly be useful if we want to explain the urgent nature of the situation and make people understand the kind of challenge that has to be met. Perhaps we might also have to switch some day to incentive programs such as subsidies, grants, tax relief if we want to encourage Canadians to invest and perhaps change their traditional use of what is commonly referred to as energy forms such as oil, coal and gas.

Today, Mr. Speaker, I received a letter from the Minister of Energy, Mines and Resources informing me that he intends to create in my riding a community centre for energy conservation. This community centre will employ some seven people and its objective will be essentially to inform the public, to give assistance to volunteer agencies, schools, industries, municipalities and citizens' committees to plan and implement energy conservation programs. I can only command the minister for the emphasis he puts on the use of renewable energy resources. I hope that some day we might be able to engage in national programs that the Canadian people may be required to implement, and I leave it to the parliamentary secretary to tell us whether we have or may expect such a national incentive program for the conservation of these renewable energies.

[Mr. Gauthier (Ottawa-Vanier).]

Mr. J.-Gilles Lamontagne (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, in reply to the member for Ottawa-Vanier (Mr. Gauthier), I must confirm at the outset that one of the main objectives of the national energy policy regarding self-sufficiency is to find possible energy sources which would replace those now being used. The use of solar energy to heat water in private homes and in industries as well as to heat buildings could considerably improve our national energy budget in the long run.

Building insulation is a well established technique used in a modern market and well suited to classic consumer incentives. However, solar heating is only at the exploratory stage. It will soon become economical but it is not yet suited to the above-mentioned classic incentives.

Some other issues must be resolved before the development of an incentive program. It includes the formulation of technical standards for solar heating systems, consumer protection, judicial rights concerning solar rays, zoning and other problems under provincial jurisdiction. The renewable energy resources branch recently created within the Department of Energy, Mines and Resources actively studies those matters in co-operation with other government organizations, at federal and provincial level.

In the solar energy field, the federal government directs its efforts towards research, development and demonstration of the technical feasibility of solar heating in Canada. Spendings in that area have rapidly increased from $100,000 in 1975-76 to more than $4 million for this fiscal year. The Minister of Energy, Mines and Resources announced during the debate on the Speech from the Throne that the quasi totality of the supplementary amount of $15 million that must be spent for research and development in the energy field will be directed towards renewable resources and energy conservation. The technical developments of solar heating in Canada take advantage of those research and development efforts. The production and distribution of solar heating equipment will require federal government support as the industry will expand and develop. If such traditional consumer incentives as the Canadian Home Insulation Program are not adequate now, they could become so later on following the research that has been undertaken. So we are very optimistic as concerns the future development of solar heating and other resources of that kind.

[*English*]

INDUSTRY—NICKEL—REQUEST FOR MEASURES TO PREVENT LAY-OFFS

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, it is certainly a most disheartening sight to see members get ready to leave here in order to have a Merry Christmas and a Happy New Year. As the members exchanged greetings, I thought of the 5,000 to 6,000 unemployed or about to be unemployed workers in the Sudbury basin who will not be able to contemplate dumplings and sugar plums over this Christmas season. With that in mind, I was prompted to ask the Prime Minister (Mr. Trudeau) today what specific measures the government has and is prepared to announce in the New Year with regard to the nickel industry in order to avoid the lay-offs that will occur there at the end of January or the beginning of February.

Already the workers are receiving notices. It is now extending to the salaried workers. Workers with 21 years' experience at INCO have received their notice—48 years old with 21 years' service with the company. Workers today started receiving notices informing them that they are now being downgraded in terms of the jobs they are doing. If you are a machinist, you are now a labourer. Of course it involves a pay cut. All of this is taking place in the Sudbury basin. It has created a very unsound economic picture there.

I felt it was my responsibility to place these questions before the Prime Minister today. I asked what steps he is contemplating to put before the House when it returns in January with regard to the unemployment situation in the nickel industry. The Prime Minister stated it would take some time before they could get around to that. He says it takes time to plan a strategy. This is not new. We have been living with a hinterland economy for a long time.

• (2217)

A majority Liberal government has been in power for the greater part of the last 50 years. We have lived in Ontario with a provincial Conservative government for the last 40 years. Therefore they cannot hide behind any excuse that they have been unable to plan. But they have failed to plan and thus have developed one industry communities such as we have in the Sudbury basin.

I asked the Prime Minister to consider the pattern that has been set by the French and the United States in stockpiling nickel. That was not an idle suggestion of mine; I have suggested it for a long time. I used the example of the government's approach to uranium when in the 1950's and 1960's the industry was faced with the disaster of the community of Elliot Lake being on the verge of collapse.

Let me quote from the 1973 report "An Energy Policy for Canada". This report gives the concise rationale for stockpiling uranium. I quote:

> Following the completion of the second uranium stockpiling program in 1970, the federal government announced that, in view of the continuing poor short-term marketing situation it would consider further assistance for established uranium mining communities. Subsequently, the federal government entered into an agreement with Denison to jointly stockpile—

What the government did was to stockpile uranium for seven years. The rationale for this was that it was not just a strategic mineral. The fact is that the government was concerned about the economy of that community. We are now suggesting to the government that the same rationale should be used to stockpile nickel today.

Who caused the lay-offs at INCO? Surely it was not the workers. Who was it that made the decision 30 months ago to continue to stockpile nickel? Who was it made the decision to continue demanding overtime for production workers? Surely it is not the workers who participate in such decision making. No, Mr. Speaker, it was INCO and Falconbridge, in full knowledge of the situation. They have always kept that information close to their breast and have never shared it with the government, as we know from the record, or with the workers. It was the company which made a unilateral decision to continue to stockpile nickel.

The Prime Minister said that the companies are carrying a seven month supply. According to INCO's 1976 annual report, the company's nickel inventories at year end were equivalent to a five to six months' supply as compared with a normal level of two to three months' supply. We know that a the end of 1976 the company was carrying six months' stockpile. We are now told they are carrying a seven months' supply. In other words, over the period of one year they have maintained their stockpile. It is rather interesting that from the end of 1976 to the end of 1977 they have maintained a seven months' stockpile when they normally carry two or three months' supply.

The question has to be asked: if the company is prepared to carry that kind of stockpile, surely it is well aware that the turnaround of the nickel market is just around the corner? All of the experts in the nickel industry have told us so. We have been through the copper downturn and copper is now taking off. The American government is about to announce the stockpiling of copper. Therefore we have told the government that it has a responsibility to the workers in the Sudbury basin. It cannot leave the workers to the vicissitudes of the unilateral decision by the company to plan its production level; the government is culpably responsible for the conditions of the nickel mining industry in the Sudbury basin. Only they can lift the sword of Damocles from the heads of the workers in the Sudbury basin—

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

• (2222)

Mr. J.-Gilles Lamontagne (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, in response to the hon. member's question on the possible stockpiling of nickel, may I say that the parallel with the uranium stockpiling program is fairly distant. In the case of uranium we were faced with the reality of total mine closures and the economic collapse of the community of Elliot Lake, whereas in the present nickel surplus situation we are facing grave prob-

lems of cutbacks in production and employment but not total closures.

Let me repeat what the hon. member already knows. There is a world surplus of nickel production capacity in relation to demand. For going on to three years now, world nickel production has exceeded demand and, as a result, producers around the world have been accumulating inventories which are now at a level far in excess of what has been considered normal. Besides being an onerous burden for the companies, these large inventories have also had an effect in the market place. No easy solution is foreseen for the world-wide problem of oversupply and declining prices. Producers in other countries are facing the same problem as Canadian producers and many of them have announced cutbacks in production similar to those taking place in Canada.

The financing of additional excess nickel inventories directly or indirectly by the federal government would extend the period of excess nickel supply and would involve large financial commitment. It could also be an open invitation for similar programs for other metals which are now in over-supply, and these are many. However, serious as these disadvantages are, the government continues to study urgently all potential solutions and does not rule out any possibility of a workable scheme including those which may involve stockpiling elements.

The hon. member for Nickel Belt (Mr. Rodriguez) mentioned this afternoon the stockpiling program in France. Mr. Speaker, France is an importing country, and when it does stockpile it is to protect herself against a fluctuation in price. When a Canadian company stockpiles it is because it is confronted with a very soft world market and, as I mentioned earlier, stockpiling is a very expensive process. There is a world of difference between the two reasons for stockpiling.

Mr. Speaker, considering that this is the last intervention in the House of Commons in the year 1977, with your permission I should like to extend good wishes to Your Honour and all members of the House in a language which I do not think has been used so far in this connection, though I have heard hon. members on both sides extend their seasonal wishes in English. I should like to say it in French.

[*Translation*]

I wish everyone a Merry Christmas and I even wish for the hon. member for Nickel Belt (Mr. Rodriguez) that the year 1978 will be a very happy one for all men of goodwill, and we certainly need that.

[*English*]

The Acting Speaker (Mr. Turner): The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until January 23, 1978, at two o'clock.

At 10.25 p.m. the House adjourned until 2 p.m. January 23, 1978, pursuant to Special Order.

HOUSE OF COMMONS

Monday, January 23, 1978

The House met at 2 p.m.

● (1407)

ROUTINE PROCEEDINGS

[*English*]

LABOUR CONDITIONS

NEW BRUNSWICK—REQUEST FOR INVESTIGATION INTO DIVERSION OF CIVIL SERVANTS—MOTION UNDER S.O. 43

Mr. Fred McCain (Carleton-Charlotte): Mr. Speaker, I rise under the provisions of Standing Order 43 to present a motion on a matter of urgent and pressing necessity which involves political interference by the Minister of Fisheries and the Environment (Mr. LeBlanc). Given the fact that the Minister of Fisheries and the Environment has diverted a $10 million federal government project, and 400 permanent jobs originally designated for the city of Moncton, to his home town of Shediac, which smacks of political interference and patronage of the most offensive kind, I move, seconded by the hon. member for York-Sunbury (Mr. Howie):

That this House directs the government to investigate and review the impact on and the cost to citizens of Shediac, Moncton and the province of New Brunswick by the decision based on political considerations to divert 400 positions in the superannuation unit of the Department of Supply and Services, and a $10 million federal government project originally destined for the city of Moncton where services are now in place, to Shediac where such services will have to be provided at great and unnecessary expense.

Some hon. Members: Hear, hear!

Mr. Speaker: Order, please. The presentation of such a motion pursuant to Standing Order 43 can be done only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

VETERANS AFFAIRS

LEGISLATION TO RESTORE BASIC RATE OF WAR DISABILITY PENSION—MOTION UNDER S.O. 43

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I ask leave to present a motion under the provisions of Standing Order 43. It deals with a matter of great urgency, especially to the veterans of this country. Therefore, I move, seconded by the hon. member for Sault Ste. Marie (Mr. Symes):

That this House calls on the government to authorize the Minister of Veterans Affairs to introduce forthwith the necessary legislation to restore the basic rate of the war disability pension to the average take-home pay of the five categories of federal public servants designated in 1973, it being the view of this House that not to do so would represent a failure to keep faith with the veterans of this country.

Some hon. Members: Hear, hear!

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

EXTERNAL AFFAIRS

PEACE TALKS BETWEEN EGYPT AND ISRAEL—MOTION UNDER S.O. 43

Mr. Douglas Roche (Edmonton-Strathcona): Mr. Speaker, I rise under the provisions of Standing Order 43. I move, seconded by the hon. member for Lisgar (Mr. Murta):

That this House expresses to Egyptian President Anwar Sadat, and Israeli Premier Menachem Begin, our concern at the suspension of Middle East peace talks, calls upon both leaders to recover the momentum toward peace which so inspired the whole world through the courageous actions of both leaders, and offers the good offices of the Canadian government in whatever way it could be of assistance in re-establishing the negotiations that must lead to a peace based on mutual respect.

Some hon. Members: Hear, hear!

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

SOCIAL SECURITY

REQUEST SPOUSES OF DECEASED WHO ARE LESS THAN 65 RECEIVE OLD AGE PENSION—MOTION UNDER S.O. 43

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, pursuant to Standing Order 43, I request the unanimous consent of the

House to present a motion concerning an urgent and very important matter.

As the law, as it now stands, stipulates that any person of 60 to 65 years of age who is married or living with another person of at least 65 and of the opposite sex is entitled to the spouse's allowance; as, under the act, when the older spouse passes away the right of the surviving spouse to the spouse's allowance ceases immediately; as this provision of the act leads to serious problems for those who are victims of it, I move, seconded by the hon. member for Villeneuve (Mr. Caouette):

That this House urge the Minister of National Health and Welfare (Miss Bégin) to introduce without delay a bill to amend the Old Age Security Act so that anyone of 60 to 65 years of age who has, at some time or other, received the spouse's allowance, may continue to receive it even after the death of the older spouse.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

● (1412)

[*English*]

LABOUR CONDITIONS

ALLEGED GOVERNMENT INSENSITIVITY TOWARD UNEMPLOYMENT—MOTION UNDER S.O. 43

Mr. James A. McGrath (St. John's East): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. Whereas the "minister of unemployment" has shown a consistent lack of sensitivity to the problems of the unemployed over the past few weeks by telling them that they are spoiled rotten, that they are doing very nicely indeed, that they should not feel disgraced, and there is nothing that the government can do to help them, I move, seconded by the hon. member for Kingston and the Islands (Miss MacDonald):

That this House direct the Minister of National Health and Welfare to enter into discussions with provincial welfare ministers to measure the full social impact of long-term unemployment.

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

Some hon. Members: Agreed.

Some hon. Members: No.

[Mr. Lambert (Bellechasse).]

ANTI-DUMPING ACT

REQUEST THAT SECTION 7 BE INVOKED RESPECTING WIDE FLANGE STEEL BEAMS—MOTION UNDER S.O. 43

Mr. Ron Huntington (Capilano): Mr. Speaker, I rise on a matter of urgent and pressing necessity under Standing Order 43. In light of the fact that Algoma Steel has never been a traditional supplier of wide flange steel beams to the British Columbia construction industry, and in light of the fact that the Anti-dumping Tribunal's decision to uphold the appeal of Algoma Steel on wide flange steel beams has eliminated the traditional sources of supply to the west coast industry, thus causing severe disruption to the industry and the immediate loss of some 400 steel workers' jobs in B.C., with a further 1,100 B.C. jobs threatened over the next 12 months, I move, seconded by the hon. member for Surrey-White Rock (Mr. Friesen):

That the government of Canada invoke section 7 of the Anti-dumping Act exempting wide flange steel beams 25 inches and less from the act.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

OFFICIAL LANGUAGES

SUGGESTION GOVERNMENT TAKE ACTION TO RECOGNIZE RIGHTS OF MINORITIES—MOTION UNDER S.O. 43

Mr. Jean-Robert Gauthier (Ottawa-Vanier): Mr. Speaker, I ask for the unanimous consent of the House to present a motion on a very urgent and important matter concerning the linguistic rights of all Canadians.

Hon. members will recall that on December 15 last, Ontario Premier Bill Davis wrote a letter to Mrs. Gisèle Richer, President of the Ontario French-Canadian Association, to inform her that for the time being the government of Ontario has no intention of taking any step which would make French an official language in the province of Ontario.

Dismayed and shocked by such a negative and unacceptable policy statement from the premier of Ontario, I move, seconded by the hon. member for Vaudreuil (Mr. Herbert):

That the House express its regret about the statement of the premier of Ontario and invite him to support any initiative which would recognize to English and French minorities the right to live and to develop in their mother tongue, and this in all Canadian provinces.

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

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

LABOUR CONDITIONS

GOVERNMENT ACTION TO CREATE JOBS

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, in the continuing absence of the Minister of Finance, who seems to shun this House, I should like to direct a question to the Prime Minister. This is the first day of parliament in 1978, a year which looks like it will become known as the year the country closes down.

• (1417)

Some hon. Members: Oh, oh!

Mr. Clark: There are 700 people laid off by Christie Brown in Toronto, 275 miners laid off in Marmora, Ontario and 700 employees laid off by MacMillan Bloedel at its plywood mill in Vancouver. In light of this very dismal beginning to 1978, will the Prime Minister, in the absence of the Minister of Finance, tell the House of Commons what steps the government proposes to introduce and to take immediately to reverse and stop the pattern of lay-offs and to find jobs for the growing army of Canadian unemployed?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the government believes, and the statistics support it, that the economy has been stimulated in the proper fashion by this government.

An hon. Member: With 8.5 per cent unemployment, you could not believe that.

Mr. Trudeau: If hon. members refer to official statistics, they will see that in the third quarter of the past year the gross national product was growing at a rate of 5.3 per cent on an annual basis, that the merchandise surplus for the current year will be about $2.5 billion, and that housing starts in December were at an all-time high of almost 300,000.

An hon. Member: The land is strong!

Mr. Trudeau: There are many indications that the economic posture of the government is the proper one. The signs which are already apparent indicate that in the short run the economy is on the right course. At times in the history of a nation there are lay-offs and new jobs are created. Last year 250,000 to 300,000 new jobs were created. The stimulative posture of the government is in the order of $8.5 billion. It would be astonishing if the opposition were calling for a larger deficit than that. We believe that the mood of this parliament, and perhaps even of the Leader of the Opposition, should be one of looking forward with confidence to Canada's future, rather than dreading it.

Mr. Clark: Mr. Speaker, we look forward with confidence to the future of this country because this is a year in which this government, if it has the courage, will call an election and allow Canadians to choose a new government.

Some hon. Members: Hear, hear!

Mr. Clark: The Prime Minister chooses his statistics.

Some hon. Members: Oh, oh!

Mr. Clark: Hon. members opposite try to shout me down, but in its December report the OECD revealed, among other things, that Canada has the worst unemployment record of all the industrialized nations of the world. This independent, international index went on to point out that the measures announced by this government last fall will not provide sufficient stimulus and that our rate of unemployment will grow even worse with this do-nothing government.

The agenda of parliament has no new economic legislation. Is that the plan? Or can the Prime Minister tell us what immediate steps the government intends to introduce, instead of doing nothing and telling the 700 people out of work in Toronto that everything is all right? What is the government going to do to alleviate the slump in the Canadian economy?

Mr. Trudeau: Mr. Speaker, we are not saying that everything is all right. In view of unemployment of this magnitude, we will announce steps which will indicate the government's very real concern. Although we are not saying everything is all right, we are, also, not saying the country will close down, which is the statement of the Leader of the Opposition.

Some hon. Members: Hear, hear!

Mr. Trudeau: In terms of new measures, there is a tax credit plan which will be put before parliament within a day or two. We expect very early action by the opposition on that plan, rather than its usual stalling when the government comes forward with plans to stimulate the economy.

• (1422)

Mr. Clark: Mr. Speaker, this government has stalled for six months on bringing in that employment tax credit plan. If they were a responsible government at all that cared about the people of this country, they would have started this session of parliament by putting the legislation before this House of Commons, instead of the legislation being as absent as the Minister of Finance.

I ask the Prime Minister whether it is fair to conclude from his statements that his government has rejected completely the idea of following the OECD's advice and the advice of most other economists to bring forward major stimulative measures through tax cuts to try to bring back stimulation and growth to the Canadian economy this year.

Mr. Trudeau: Mr. Speaker, the Leader of the Opposition challenges us to start this session with this particular tax measure. I can tell him that the ways and means motion will be on the order paper today, and I challenge his party to support this plan.

Mr. Clark: Mr. Speaker, I wonder if I might go back and repeat my question to the Prime Minister for the fourth time. Will the Prime Minister of Canada tell the House whether this do-nothing government, this government that is prepared to ignore the plight of a growing number of Canadian unemployed, has rejected the advice of most economists that this economy needs stimulus, and has rejected the idea of a major tax cut as one way to provide that stimulus?

Mr. Trudeau: Mr. Speaker, as usual, the hon. Leader of the Opposition is falling behind the government's actions. If he were not reading only what some economists are saying, he would see that the government has already stimulated the economy to the tune of some $2 billion, and that there will be further stimulus after today's ways and means motion. The hon. Leader of the Opposition seems to forget that his party voted a tax measure presented by the Minister of Finance a couple of months ago which will have the effect of putting into the hands of consumers and Canadians $100 or $200 this month and next month.

* * *

THE CANADIAN ECONOMY

REDUCTION OF TARIFFS TO STIMULATE ECONOMY—GOVERNMENT ATTITUDE

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, in the absence of the Minister of Finance, my question is directed to the Prime Minister. As the December report of the OECD on member countries paints a particularly gloomy picture for Canada, pointing out that there likely will be unemployment even in excess of the 8½ per cent mark toward the end of this year, and as part of that unemployment is undoubtedly due to former tariff reductions which in the absence of an industrial strategy have resulted in certain plant close-downs and lay-offs in this country, would the Prime Minister elaborate on the statement the Vice-President of the United States, Mr. Mondale, made last week to the effect that Canada will announce within a few days its willingness to join in pushing for an ambitious reduction of tariffs averaging 40 per cent?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the Minister of Industry, Trade and Commerce and other ministers have indicated quite clearly that Canada is a willing and active participant in the multinational, multilateral trade negotiations which are taking place in Geneva. I think that even the opposition would agree that Canada, as a trading nation, should be interested in the reduction of tariffs.

However, if the hon. member refers to statements made by the government in recent days, he will see that Canada's concern will be to make sure that those reductions in tariffs will only be given in exchange for equivalent advantages for Canada and would be phased in over a period of time during which, hopefully, even the opposition would want to see Canadian industry adapt and become as effective and efficient as possible. As to this government's aims in the multinational trade negotiations, we on this side do not think there is a great future for a trading nation like Canada if we barricade ourselves behind tariff walls as the hon. member suggests.

Mr. Stevens: My supplementary question to the Prime Minister follows on his statement. With the OECD indicating that unemployment in Canada will be at the highest level of the 12 industrialized nations which they reviewed, would the Prime Minister indicate if his government has conducted any study to determine to what extent our unemployment is being triggered by unwise tariff reductions of the past? If so, would he indicate the findings of that study? Also, could he indicate to the House what steps he will take to ensure that Canadian labour will not be brutalized further by unwise tariff reductions?

● (1427)

Mr. Trudeau: The hon. member should refer to announcements made by the Minister of Finance and by the Minister of Industry, Trade and Commerce in very recent months which indicate that jobs, for instance, of workers in the textile industry and in the shoe industry have been protected by certain tariff measures. The same is true in the farming industry. There are all kinds of areas where the Canadian government has taken measures to protect those jobs.

Along with this protective action, Mr. Speaker, we are working with industry, management and the unions to ensure that the future is not one of constant protection. As the hon. member realizes, this results in higher costs for the Canadian consumer, for shoes, for textiles, for food or whatever it is. Because of this, Mr. Speaker, it is important that, while we take these protective measures, we also take steps to ensure that these industries become more modern and more cost efficient so that they can compete in world markets and therefore will not need the artificial protection of trade barriers, which seems to be the policy of the hon. member.

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INDUSTRY

CANADIAN CONTENT OF STEEL PIPE, ETC., MANUFACTURED FOR NORTHERN PIPELINE

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I have a question for the Deputy Prime Minister. Last September he promised Canadians that almost 100 per cent of the pipe required to build the Canadian portion of the Alcan pipeline would be produced by Canadian workers in Canada. I should like to ask the Deputy Prime Minister if he is aware that the studies of the United States government completed before the agreement was signed last September assumed that 30 per cent of the durable goods for the Canadian section of the line, mainly steel pipe, would be supplied from American sources.

Related to that, is the minister aware that a major American bank is now trying to raise capital for the project on this basis, with advertisements in papers such as the *Wall Street Journal*—which I showed the minister—which appeared

recently. The article claimed that thousands of jobs for the Canadian portion of the line will be given to United States citizens? If so, I would like the minister to explain to the House the major contradiction which now exists between the American government's statements on jobs in this area and statements which the minister himself made last September.

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, I do not believe there is any contradiction between the attitude of the American government and the statements I have been making, which were repeated as recently as several days ago in the presence of the Vice-President of the United States. We have undertaken an agreement with the American government that each country will maximize its industrial benefits. I think I can convince the hon. member, when we come to the discussion of the legislation, that it will be possible for Canadian producers of steel, for example, to participate competitively and to obtain a very substantial proportion of that business.

As the hon. member knows, the applicant company has estimated a Canadian content of 90 per cent. When it comes to steel pipe, of course, the major Canadian producer has stated its ability not only to compete in Canada for business in Canada, but also to compete in the United States against American competition for supplies in that country.

Mr. Broadbent: Mr. Speaker, would the minister now answer the question apart from stating generalizations? Last September 9, to be precise, the minister at a press conference in this city promised Canadians 98 per cent of the steel would be produced here in Canada. The American government, according to advertisements that are now appearing in American business publications, are saying that 30 per cent of it will be produced in the United States. Even the minister with his Liberal past cannot have it both ways that much. Who is telling the truth? Did the minister receive guarantees from the Americans, in the agreement last fall, that we are going to get 98 per cent, or was he misleading the people of Canada?

Mr. MacEachen: Mr. Speaker, there was no misleading of the people of Canada. What is clearly set out in the agreement, and what I believe will be carried out in reality, is that Canadian companies, through their own competitive ability, will be able to obtain a very large proportion of this business.

An hon. Member: Seventy per cent.

Mr. MacEachen: I have no way of commenting upon the advertising in the *Wall Street Journal*. I do not regard it as an authoritative source for Liberal philosophy. Maybe it is for the NDP.

● (1432)

Mr. Broadbent: The reality, of course, is there is no authoritative source for Liberal philosophy. It is such a bundle of contradictions that there couldn't be one source. I will direct my supplementary to the Prime Minister. A study was prepared by another minister's department, DREE, before the agreement was signed last September. It indicated that unless written guarantees were put into the agreement, Canadians would lose some $600 million of benefits.

Having had that study carried out by one of his departments, can the Prime Minister tell the House why the Canadian government did not insist that guarantees be put into the agreement? Related to that, will he, at long last, now guarantee that Canada will get the right to produce 98 per cent of the steel which the Deputy Prime Minister promised last September, and will that be in the legislation when it is introduced in the House?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the leader of the New Democratic Party is not only placing his faith in the *Wall Street Journal*, but he is obviously taking as gospel truth the statements and ambitions of American entrepreneurs. It is not our philosophy. We believe that Canadian entrepreneurs can compete. We believe they could perhaps even compete in the American portion of the line. We are hopeful that the Canadian people, the workers and the entrepreneurs, will show greater confidence in their ability to produce than the leader of the New Democratic Party, who seems to have more confidence in the Americans.

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[*Translation*]

SOCIAL SECURITY

REQUEST SPOUSES OF DECEASED WHO ARE LESS THAN 65 RECEIVE OLD AGE PENSION

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, I wish to direct a question to the Minister of National Health and Welfare.

Since a person between the ages of 60 and 65 who is living with a companion of the opposite sex who is at least 65 years of age receives the spouse's allowance, which is cancelled automatically the moment the older spouse passes away, will the minister undertake to amend the legislation to make it possible for anyone between ages 60 and 65 who gets the spouse's allowance to continue receiving it even after the older spouse has passed away?

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, I have mentioned on a number of occasions the problems which have recently arisen from the practical application of a legislation which would greatly help many Canadian couples which have to manage suddenly with a single pension. I hope the hon. member will raise his voice to convince the businessmen who influence the government so that tax credits will be earmarked for the aged instead of other projects. It is a well known fact that public funds are scarce these days.

I have started to discuss with my officials everywhere in Canada the practical problems of people who are living on nothing but a pension, and we are reviewing the situation.

● (1437)

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

I thank the minister for her good answer and for her invitation to communicate with businessmen. However, in view of the fact that the Minister of National Health and Welfare is a woman and that Canadian women have frequently complained that male lawmakers do not fully understand them and that their rights are encroached upon, will the minister take advantage of her position to introduce a law which would aim precisely at ensuring that the rights of women aged between 60 and 65 are respected, because the victims of the present law are mainly found in this age group, and at the same time, to add a guaranteed income for single persons aged between 60 and 65, whether they are male or female?

Miss Bégin: Mr. Speaker, with all due respect to the hon. member, I must tell him that this has nothing to do with discrimination based on sex. It is a problem of redistribution of income, of which we are all very much aware, and we are striving to find the most innovative solutions possible to this problem. If the hon. member has any doubts about the commitment of this government and of the female ministers who participate in it on an equal basis with their male counterparts, or about their awareness of the problems of women, I have to add that I have recently been told how mothers were happy to benefit from full indexation of their family allowances from January on.

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[*English*]

PARLIAMENT OF CANADA

SUGGESTION THE QUEEN DIVESTED OF CERTAIN POWERS—GOVERNMENT POSITION

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I should like to direct a question to the Prime Minister on this the opening day of parliament. I would again point out to him that parliament consists of the Queen, the Senate and the House of Commons. During his absence an announcement was made by an unidentified person, unknown in his office, that the Queen had been divested of certain of her powers, the detail of which I shall not refer to now, which amounted to an evisceration of her rights.

I want to ask simply one question. Was that done by action of the cabinet? If so, upon what date was the decision made that the Queen's powers should be so reduced that the Governor General virtually becomes the president of this country? Was it done by order in council, or how was it done?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the right hon. member asks the date and asks how it was done. It was done in 1947 by publication of letters patent giving the Governor General in Canada all the powers exercised by the Queen.

Some hon. Members: Hear, hear!

[Mr. Bégin.]

Mr. Diefenbaker: Mr. Speaker, the Prime Minister at the time, Mr. St. Laurent, respected the Crown—something the Prime Minister has not done. Throughout he has done everything to destroy the monarchy in our country. It was not done in 1947. I ask whether anything was done by his government, by order in council or action of the cabinet, that brought this about or brought it to a head. Surely that is a simple enough question. Or was it done by himself in his general efforts to emasculate the monarchy?

Mr. Trudeau: Mr. Speaker, notwithstanding the statement of the right hon. member and perhaps his unwillingness to understand the facts, it was in 1947 that the letters patent were issued transferring from the Queen in England authority to the Governor General in Canada to exercise in Canada, for Canada, all the powers hitherto exercised by the Queen. No order in council was necessary pursuant to that issuance of letters patent.

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FINANCE

NEW BRUNSWICK—EXPENSE RELATED TO DIVERSION OF CIVIL SERVANTS—GOVERNMENT POSITION

Mr. J. Robert Howie (York-Sunbury): Mr. Speaker, my question is to the President of the Treasury Board. Has Treasury Board undertaken to underwrite the additional expense to be imposed on the taxpayers of the town of Shediac, in the province of New Brunswick, by locating the 400 persons' superannuation unit of Supply and Services in Shediac, the constituency of the Minister of Fisheries, where municipal, provincial and school services must be provided, instead of in the city of Moncton where the capacity already exists?

Hon. Robert K. Andras (President of the Treasury Board): Mr. Speaker, I am not aware of the details of any additional expenditures required. I will certainly look into the matter and comment on it.

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ROYAL CANADIAN MOUNTED POLICE

TERMS OF REFERENCE OF McDONALD INQUIRY—CONDUCT OF COUNSEL

Mr. Allan Lawrence (Northumberland-Durham): Mr. Speaker, my question is for the Solicitor General. In view of the publicized and considered opinion of many organizations, including the Quebec League for Human Rights, that counsel at the McDonald inquiry have not been tough enough in their questioning of witnesses and their criticisms, does the Solicitor General intend to amend at the McDonald commission's terms of reference by order in council or otherwise to require it to recognize the requests for standing before the commission from those parties which have expressed such an interest?

Hon. Francis Fox (Solicitor General): No, Mr. Speaker.

Mr. Lawrence: The Canadian Labour Congress has indicated that it will seek standing, and the right to cross-examine witnesses, when the commission considers the activities of the security service as they relate to organized labour in this country. Will the Solicitor General be instructing, or has he already instructed, his counsel to oppose this application?

Mr. Fox: No, Mr. Speaker, no instructions in this regard have been given to my counsel. The decision as to who actually has the right to appear before the commission and which counsel have the right to cross-examine witnesses who are heard before the McDonald commission of inquiry is completely in the hands of the commission. It is master of its procedures and of indicating the way it wishes its proceedings to be handled.

● (1442)

Mr. Lawrence: Do I understand the Solicitor General is telling us that his own counsel, who has appeared before the inquiry and has opposed the application in the past, did this on his own initiative without instruction from the government?

Mr. Fox: Surely, that is not what I said. I tried as far as possible to answer the specific question the hon. member put to me. The hon. member asked me what instructions I gave to my counsel. Questions have been put to me in the House concerning representations that have been heard in the past as to the right to cross-examine witnesses. If the hon. member cares to look at the record for the month of December, he will see what answers I gave. I indicated that I had not issued any instructions with respect to the CLC obtaining the right to cross-examine witnesses. I expressed the view that the commission itself was the master of its own actions. As far as I am concerned, the commission is there to act in the public interest, and it is quite capable of handling the job of cross-examining witnesses appropriately.

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AIR TRANSPORT

HAMILTON AIRPORT—GOVERNMENT REACTION TO REPORTS ON UPGRADING

Mr. Gus MacFarlane (Hamilton Mountain): Mr. Speaker, my question is for the Minister of Transport. Has the hon. gentleman had an opportunity to review the reports of the ad hoc committee concerning the upgrading of Hamilton airport? Has he reviewed these reports personally, as well as the report of the technical committee, and is he now prepared to make an announcement with respect to what might happen at Hamilton airport?

Hon. Otto E. Lang (Minister of Transport): I have now had an opportunity to review the documents. It is, of course, a long time since I received and reviewed the report of the community committee which did such a great job in analysing the situation in the Hamilton area. I received the report of the technical committee only last week. I anticipate I shall be able to make an announcement shortly in connection with this matter, perhaps within a week.

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LABOUR CONDITIONS

NEW BRUNSWICK—DIVERSION OF CIVIL SERVANTS—REQUEST FOR COMMITTEE STUDY

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, I would direct my question to the President of the Treasury Board. It involves political interference by the Minister of Fisheries which in my view smacks of pork-barrelling and patronage. I refer to the 400 guaranteed jobs which were to be provided in Moncton and which are now being diverted to Shediac, which apparently is in the minister's riding. In July, 1976, these jobs were directed, without equivocation, to the city of Moncton, yet as of October, 1977, they were directed to the "Moncton area". Hon. members will notice the difference, because it brings in the Minister of Fisheries.

Would the President of Treasury Board, in the goodness of his heart, refer this whole matter to the appropriate standing committee in order that a complete investigation might be made of this questionable action by the Minister of Fisheries?

Hon. Robert K. Andras (President of the Treasury Board): I am sure my colleague, the Minister of Fisheries, made this recommendation after due consideration of all the factors there—

Some hon. Members: Oh, oh!

Mr. Andras: —and the necessity to bolster the economy of that area. I would not be inclined to take the action the hon. gentleman suggests.

Mr. Alexander: Are we to understand, then, that pork-barrelling and patronage is the way of life of this government? I put this question to the hon. gentleman with regard to federal government relocation programs for the purpose of creating regional work. Will he cease using as criteria for such relocation partisan political considerations which primarily involve patronage? I ask this question bearing in mind that of the 24 relocations known to me, 11 are going to constituencies of ministers, nine to those of lesser Liberals, and four to those of opposition members. Will the minister cease and desist from this rotten practice?

Some hon. Members: Hear, hear!

Mr. Speaker: Order. The minister may wish to answer the question, but it does contain an argumentative element.

Oral Questions

POST OFFICE

SERVICE PROVIDED BY LETTER CARRIERS—GOVERNMENT POLICY

Mr. Stan Darling (Parry Sound-Muskoka): Mr. Speaker, I would direct a question to the Postmaster General. The Prime Minister recently suggested that we might one day have to do without some of our luxuries and start walking to get our mail. Is the Prime Minister also suggesting that the 20,000 members of the Letter Carriers Union will also be taking a walk—to the local Manpower office, that is? Will the Postmaster General inform the House whether the Prime Minister was talking through his hat, or whether his remarks are an indication of present or future policy within the Post Office?

Hon. J.-J. Blais (Postmaster General): I would recommend that the hon. gentleman consider the Prime Minister's remarks in their full context. I would also ask him to read the comments I made shortly after the Prime Minister had spoken. I indicated there was no intention of doing anything which would have a negative impact on the letter carriers or, indeed, on home delivery. The hon. gentleman is well aware of my personal views as to the essential nature of letter carrier service, and it is my intention to do the best I can to enhance home delivery and the excellence of the service presently provided.

● (1447)

[*Translation*]

Mr. Speaker, I fully agree with the Prime Minister's statement since indeed—

[*English*]

Mr. Darling: I am well aware of what the Postmaster General is trying to do. However, with all due respect to him the Prime Minister takes precedence over the Postmaster General, which is why a lot of us are worried. It is now more than a month since the Post Office hired temporary workers to help with the Christmas mail, yet some of those 8,000 people have not yet received their cheques. Will the Postmaster General inform the House whether or not the delay is being looked into, and whether the balance of cheques will be sent out immediately, hopefully by special delivery rather than by ordinary mail?

[*Translation*]

Mr. Blais: Mr. Speaker, I am glad the hon. member has brought that problem to my attention. I can assure him that indeed all the people who were hired for the Christmas period have already been paid or will be paid shortly. If there are any specific cases he would want to point out to me, I would be glad to hear them and give them all due attention.

[Mr. Speaker.]

[*English*]

ECONOMIC CONDITIONS

EFFECT OF TELEPHONE WORKERS' DISPUTE ON ECONOMY OF BRITISH COLUMBIA

Mr. Stuart Leggatt (New Westminster): My question is directed to the Prime Minister, in the absence of the Minister of Labour. The telephone dispute in British Columbia has gone on for 9½ weeks. Some 10,000 workers have been idle, and there has been considerable damage to the economy of the province. The commissioner, Dr. Noel Hall, recommended a settlement of this dispute back in May, but it was rejected by the telephone company.

● (1452)

Will the House of Commons see legislation implementing the settlement of that dispute in the event the report, which I believe is either in the minister's hands now or is expected tomorrow, does not settle the dispute by the end of the week, so we can put an end to the tremendous economic disruption that has occurred in the province of British Columbia?

Hon. André Ouellet (Minister of State for Urban Affairs): Mr. Speaker, I will take notice of this question. As the hon. member probably knows, the Minister of Labour is in Quebec city today taking part in an important federal-provincial conference. I will take note of the question and report the information to the hon. member in the House tomorrow.

Mr. Leggatt: Mr. Speaker, there has been strong suspicion for some time that decisions in regard to this dispute are in fact being made by General Tel and Tel in New York, the parent company of the B.C. Telephone Company, and not by the local management in the province of British Columbia. Has the minister made any inquiries to determine who, in fact, is making the on-the-scene decisions in respect of the company with regard to this dispute? If he has not, does he intend to do so in order that we can see who is running the B.C. Telephone Company—local management or New York city?

Mr. Ouellet: Mr. Speaker, the hon. member is making pure speculations. I will check the file and report tomorrow.

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[*Translation*]

LABOUR CONDITIONS

REQUEST GOVERNMENT INSTITUTE PROGRAMS TO CREATE JOBS FOR YOUNG PERSONS

Mr. Roch La Salle (Joliette): Mr. Speaker, I would like to put a question to the Minister of Employment and Immigration.

In November last, I believe, I had the opportunity to introduce a motion urging the government to institute special programs for the thousands of young unemployed in Canada. The government refused that motion and I note that on January 9 last, the minister remembered that great idea which

I submitted to the House when he created an advisory committee for the establishment of employment programs for young Canadians. Since the first meetings were held a week or two ago, could the minister tell us what kind of programs his department will introduce and how much money will be earmarked for those programs?

[*English*]

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, the hon. member is obviously misreading the purpose of the National Youth Advisory Group. That is an advisory body which advises the minister on the programs we have in place, as well as on other recommendations and suggestions that have been made as a result of meetings, for example, of the OECD, and representations that come to us from across the country.

In the interim, we have several programs in place for the young. I am happy to say that the Chambers of Commerce and Boards of Trade across the country have seen to it that our pilot project on job experience and training will probably be expanded twelvefold over the winter months. We have the Young Canada Works program, through which we have been able to place a number of students. We also have young people working at our Canada Manpower centres and universities across the country. Myriad programs are in place.

Just recently I signed a co-operative education program with the province of British Columbia. Many things are, in fact, in train. The advisory committee is there to evaluate the projects we have and where emphasis might be placed in so far as job creation for youth is concerned.

[*Translation*]

Mr. La Salle: Mr. Speaker, I should like to put a supplementary question.

Of course I am sad to see that the minister is not considering a special program and under the circumstances, considering the existing programs which have proved to be clearly unsatisfactory to reduce the percentage of unemployed, especially among young Canadians, I would like to ask whether the minister continues to brush aside the idea of establishing a strategy or setting a special program to find employment for our young Canadians greatly concerned about the future of their country?

[*English*]

Mr. Cullen: Mr. Speaker, here, again, the hon. member holds out the false hope that one particular program can do the job he suggests needs to be done, namely, lowering the unemployment rate among youth. I am suggesting there are various programs in place in various regions of the country which I think will have a positive impact. We have received commendations from the OECD on the programs we have in place, some of which they wish to emulate in other countries. I think it is wrong to denigrate the programs we have in place by suggesting that one massive expenditure of some nature, which is pretty hard to determine from the opposition, might do the job.

YOUTH UNEMPLOYMENT—FEDERAL-PROVINCIAL DISCUSSIONS TO ALLEVIATE

Mr. James A. McGrath (St. John's East): Mr. Speaker, we have an alarming increase in the rate of youth unemployment in Canada, apparently standing at 15.2 per cent for those in the 15 to 24 age bracket, which will be considerably aggravated by the new crop of graduates in about two months' time. In other words, the problem has grown beyond the scope of the government's existing programs. Apart from setting up an advisory committee, which is an admission that the government does not have any answers, I would ask the minister whether he took advantage of his meetings with the provincial ministers of manpower on January 17 to discuss this very alarming problem of lack of job opportunities for our young people.

Hon. Bud Cullen (Minister of Employment and Immigration): Very definitely, Mr. Speaker. We commented on the apprenticeship program, the adult occupational training programs and how they might be given more effect so that young people will get their training and apprenticeship at an earlier age. The setting up of this special advisory group is only one more weapon in the arsenal to deal with this specific problem. We have dealt, not only on a bilateral but on a multilateral basis, with the ministers of education, of labour and of manpower for the provinces, and also internationally at OECD, searching out every avenue that is available to us to cope with this problem which is not unique in Canada. Certainly, the unemployment rate among youth is too high in Canada, and we have to bring to bear all the weapons we can to deal with the situation.

* * *

ADMINISTRATION OF JUSTICE

FUNCTIONS OF OMBUDSMAN—GOVERNMENT POLICY

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, I should like to direct a question to the Minister of Justice which deals with the function of the office of ombudsman he has suggested setting up. The functions he sets out will deal with maladministration, incompetence and inefficiency of the various departments of the government, but will not deal with illegality. Why will they not deal with illegality, and who will determine whether there is inefficiency or illegality?

Hon. Ron Basford (Minister of Justice): Mr. Speaker, I should have thought it obvious that the police and the courts are the proper agencies to deal with illegality. Obviously, if in the course of an investigation or an inquiry by the ombudsman he were to come across facts which indicated there was criminality or illegality involved, I would expect him to exercise his duty and refer the matter to the police.

Mr. Woolliams: Mr. Speaker, in light of the fact there has been maladministration, incompetency and gross inefficiency on the part of this government, before the minister issued this

statement did he consider and ascertain the cost to the Canadian taxpayer of setting up such an empire?

Mr. Basford: Mr. Speaker, such an empire is not set up and there is no intention of setting up such an empire. Obviously, this will be a matter of discussion in cabinet as we approve the legislation, which has not yet been approved. It will be a subject for discussion in the parliamentary committee and ultimately for negotiation between the ombudsman and members of the treasury board.

* * *

PUBLIC SERVICE

COMMITTEE OF REVIEW—GOVERNMENT POSITION ON PUBLIC HEARINGS

Mr. Lloyd Francis (Ottawa West): Mr. Speaker, I have a question for the President of the Privy Council which relates to the special committee on the review of personnel management and the merit principle in the public service. Will this committee hold public hearings? If so, when? Also, will MPs and others be given the opportunity to express their views?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, I will have to verify the impression I have that it is not the intention to hold public hearings. I will make sure whether that is the correct situation.

* * *

STATUS OF WOMEN

HIGH UNEMPLOYMENT RATE AMONG WOMEN IN ONTARIO—GOVERNMENT ACTION TO REDUCE

Miss Flora MacDonald (Kingston and the Islands): Mr. Speaker, my question is to the minister responsible for the status of women. It relates to the latest unemployment statistics, which show that the rate of unemployment among women in the province of Ontario is twice that of the rate in respect of men. Given this high rate of unemployment among women, and the fact that the minister's colleague, the Minister of Finance, indicated in a speech last week in the city of Toronto that he considered the participation rate of women in the work force as a major contributor to ongoing high unemployment, I should like to ask the minister what steps he is taking to counter this discriminatory attitude on the part of his colleague, and to see that it does not extend to or influence the operations of Canada Manpower centres with regard to the placing of women in the work force.

Hon. Marc Lalonde (Minister of State for Federal-Provincial Relations): Mr. Speaker, I should first of all like to indicate to the hon. lady that there is nothing discriminatory in the statement made at the time by the Minister of Finance. These facts are well recognized by all labour economists throughout the labour market in Canada. We have been creating jobs in Canada at a higher rate than any other industrialized nation in the world. We have also had difficulty in respect of unemployment because of the large number of young people coming into the labour market, and also as a result of the very rapid increase in the participation of women in the work force. I rejoice, as does this government, in the fact that women are joining the work force in greater numbers, but obviously one should not ignore this phenomenon in terms of its impact on unemployment.

[Mr. Woolliams.]

● (1502)

At the present time, the Minister of Employment and Immigration has taken many steps over the last two years, in co-operation with his colleagues in cabinet, to make sure women are given a fair deal in the representations they are making at Manpower centres when they are looking for jobs. The government itself has taken steps inside its own operations to ensure a fair deal for women. There is still a long way to go in all respects and the government is committed to improving the situation.

Miss MacDonald: Mr. Speaker, I accept the fact that the minister has indicated he and his colleagues have a long way to go in this respect. Has he considered the words of the Minister of Finance to the effect that next year unemployment will depend to a considerable extent on the participation rate especially among women? If he does not consider that discriminatory, will he have a little chat with his colleagues to see, at this time of economic distress for many Canadians, that the attempts of women to gain an equal role in the economic and social life of this country are not undermined by this government?

Mr. Lalonde: Mr. Speaker, not only the government, but society as a whole, has a long way to go. That is what I said. We have a long way to go to ensure equal opportunity to women in our society. This government is committed to that role; it has been committed to it for years. We have taken steps in the last few years to put Canada ahead of most other democratic countries, in terms of steps we have taken to raise the opportunities for women in our work force.

* * *

BUSINESS OF THE HOUSE

Mr. Baker (Grenville-Carleton): Mr. Speaker, since this is the first day after the Christmas recess, and since the government indicated to us before we left the two pieces of legislation we will be dealing with—and I presume the order stands—could the government indicate to us when we will be dealing with the employment tax credit legislation and the pipeline legislation? Perhaps the hon. government House leader might take this opportunity to set out for us his priorities for the remainder of the legislative session, and the order of bills as they will be called.

Mr. MacEachen: Mr. Speaker, the hon. member is aware that we are proceeding with the extension of the Bank Act today, followed by the amendments to the Anti-Inflation Board Act. Then I hope we can deal quickly with the employment tax credit legislation, which will be introduced today in the form of a ways and means motion. Certainly these are among the items which will be called immediately this week. I hope to bring in the pipeline legislation at an early date. That will be given priority as well. In addition to these four items of legislation, I will wait until Thursday to project any further.

Mr. Baker (Grenville-Carleton): Mr. Speaker, in regard to the pipeline legislation, I believe there was a request made in this House of the government House leader to consider the establishment of a special committee of this House, rather than a standing committee, to deal with the pipeline legislation when it leaves this House after second reading, if and when it is introduced. I wonder if the government House leader has come to any conclusion with respect to this request. If he has not, will he do so and inform us as soon as possible as to his intention to consider the establishment of a special committee of the House to deal with the pipeline legislation?

Mr. MacEachen: Mr. Speaker, the question as to whether we ought to establish a special committee to deal with this piece of legislation is still under consideration. No decision not to proceed in that direction has been taken. It is still an open question. It will have to be resolved when we move to second reading of the bill in order that the committee to which the bill be sent can be indicated in the motion.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, when the government House leader makes his statement on Thursday with respect to House business, will he give the House a list of the legislative measures which the government intends to introduce at this session that have not yet appeared on the order paper?

Mr. MacEachen: Mr. Speaker, I will consider that. Also I should like hon. members of the opposition to consider the possibility of some general agreement on the time that should be taken on each of these items which I have mentioned already and those I will indicate later.

Mr. Broadbent: Mr. Speaker, in regard to the same point of order and with reference to the pipeline bill, can the government House leader tell us, when that bill is introduced, whether it will contain a legislative reference to the guarantee that approximately 98 per cent of the steel used in the pipeline will be produced in Canada? That was the promise made on September 9.

Mr. MacEachen: Mr. Speaker, on the question of the so-called promise, I have talked often about the proportion of industrial benefits to accrue to Canada. It is my recollection that I have not yet mentioned any figure, except the figure which was put forward in the application by the pipeline company, namely, its view that 90 per cent of all materials and services can be acquired in Canada. Certainly that is an objective we will strive to maintain.

Mr. Nielsen: Mr. Speaker, in regard to the same point of order, in view of the importance of the pipeline legislation and the fact that the ratification legislation passed through Congress several months ago, is there any particular reason for the delay in bringing forth the legislation in this House?

Mr. MacEachen: Mr. Speaker, there is really no delay in bringing forward the legislation.

Some hon. Members: Oh, oh!

Mr. MacEachen: Hon. members opposite have not given the government very much encouragement to bring forward additional items of legislation in view of the fact that we spent approximately 20 legislative days on one item of legislation.

Some hon. Members: Oh, oh!

ROUTINE PROCEEDINGS

[*English*]

WAYS AND MEANS

TABLING OF MOTION TO AMEND INCOME TAX ACT

Hon. Otto E. Lang (for the Minister of Finance): Mr. Speaker, on behalf of my colleague, the Minister of Finance (Mr. Chrétien), I should like to table a ways and means motion to amend the Income Tax Act. These are amendments to provide the tax changes required for the proposed employment tax credit program. My colleague plans to introduce the legislation for the program and to provide the amendments to the Income Tax Act for first reading tomorrow.

* * *

ANTI-INFLATION ACT

TABLING OF BOARD'S REPORTS

Mr. Ed Lumley (Parliamentary Secretary to Minister of Finance): Mr. Speaker, pursuant to subsection 17(2) of the Anti-Inflation Act, I wish to table in both official languages copies of 14 reports which were sent to the minister by the Anti-Inflation Board.

Order Paper Questions

ELECTORAL BOUNDARIES READJUSTMENT ACT

AMENDMENT RESPECTING CHANGE IN NAME OF CONSTITUENCY

Mr. J. R. Ellis (Hastings) moved for leave to introduce Bill C-414, respecting the Electoral Boundaries Readjustment Act (Prince Edward-Hastings).

He said: Mr. Speaker, the riding proposed as Prince Edward is almost three quarters in Hastings county. At the request of a significant number of leading citizens from both counties, I ask that the name be changed to reflect both historic counties and the close and friendly relationship which has existed over the years between them.

Mr. Speaker: Order, please. I think the Chair would have to make some sort of procedural reservation on the face of it, in view of the fact that already there is a constituency called Prince Edward-Hastings. It is very unlikely that we could have two constituencies with the same name. In any case, I presume the hon. member has leave to introduce the bill, subject to some sort of discussion of an amendment, and also subject to the reservation of the Chair on procedural grounds.

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

* * *

● (1512)

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, as I have to answer more than 100 questions today, I ask leave of the House to table the list of the numbers corresponding to those questions.

[*English*]

Mr. Speaker: According to the ordinary practice of the House, the list which has been provided to the Chair is provided to representatives of each party, as I am sure was done. It is a rather lengthy list of questions which have been answered. The parliamentary secretary has suggested that this list be printed in *Hansard* as if it had been read and that the questions be deemed to have been answered in the usual way. Is that agreed?

Mr. Paproski: It is agreed.

Mr. Knowles (Winnipeg North Centre): Agreed.

Some hon. Members: Agreed.

Mr. Speaker: It is agreed and so ordered.

[*Editor's Note: The numbers of the questions mentioned above are as follows:*] 46, 100, 109, 114, 123, 146, 165, 172, 176, 192, 201, 233, 247, 274, 278, 281, 283, 287, 292, 309, 325, 327, 333, 342, 343, 344, 351, 371 to 375 incl., 378, 402, 407, 422, 443, 446, 448, 452, 456, 465, 470, 471, 473, 483, 493, 494, 501, 511, 513, 518, 524, 528 to 531 incl., 539 to 544 incl., 549, 551, 552, 555, 676 (corrected), 680, 688, 699, 706, 730, 748, 753, 756, 769, 771, 776, 784, 791, 801, 802, 803, 808 to 812 incl., 817, 819, 820, 826, 835, 883, 893, 897, 906, 921, 931, 968 to 972 incl., 1,004 to 1,008 incl., and 1,037.

MONEYS PAID OUT BY GOVERNMENT ON BEHALF OF MRS. A. LANG

Question No. 46—**Mr. Cossitt:**

What is the total of all expenses paid by the Department of Supply and Services or any other branch of the government, directly or indirectly, for Mrs. A. Lang during the time she has been a member of the staff of the honourable Member for Saskatoon-Humboldt while he has been a member of the Cabinet?

Hon. Otto E. Lang (Minister of Transport): In her capacity as special assistant no expenses have been paid for her except in the supply of office materials etc. which are not attributed separately to staff members.

[*Text*]

DAIRY FARMERS—MINISTER'S STATEMENT

Question No. 100—**Mr. Cossitt:**

1. Did the Minister of Agriculture in September 1977 refer to dairy farmers as "greedy" and, if so (a) was he stating government policy (b) where (c) on what date (d) for what reason?

2. Is the Minister aware as to whether or not most dairy farmers work seven days a week, in excess of eight hours per day and did they advise the Minister that their only desire was to make a decent living?

Hon. E. F. Whelan (Minister of Agriculture): 1. No—The Minister of Agriculture has not said that all dairy farmers are "greedy". He has said on a number of occasions that a minority of fluid milk producers are greedy for not wanting to share the burden of surplus and over-production with industrial milk producers. The expansion of some fluid milk operations at the expense of industrial milk producers does not display a Christian attitude. In his discussions with dairy farmers at their meetings, government policy as well as the minister's personal views have been explained very carefully to those present.

2. Yes—As a practising farmer, the minister is well aware of the hours of work required for all farmers, not just dairy farmers and that their motivation is the same as other people. Farmers are very capable of making their views known to the minister and their exchange of views with the minister keeps him up-to-date at all times.

INVESTMENT CAPITAL STOCK IN AND LOANS OUTSTANDING TO CNR BY GOVERNMENT

Question No. 109—**Mr. Herbert:**

1. What is the government's investment capital stock in the Canadian National Railways?

2. Are any government loans to CNR outstanding and, if so, what is the total amount?

Hon. Jean-Pierre Goyer (Minister of Supply and Services): 1. $1,509,851,035 of preferred stock at March 31, 1977. (Reference, Public Accounts 1977, Volume I, 10-8, A-15).

2. Yes. $1,412,746,082 at March 31, 1977. (Reference, Public Accounts 1977, Volume I, 10.8, A-14, 16, 17, 18, 19, 20).

FAMILY ALLOWANCE CHEQUES

Question No. 114—**Mr. Herbert:**

Has the agreement been concluded between the government and the Quebec provincial government concerning the date of mailing of family allowance cheques and, if so, what are the details?

Hon. Monique Bégin (Minister of National Health and Welfare): No agreement has been concluded, nor is any agreement contemplated with the province of Quebec, concerning the date of mailing family allowance cheques.

PUBLIC SERVICE

Question No. 123—**Mr. Herbert:**

In each of the past five years, how many public servants (a) were hired (b) were retired (c) were discharged or dismissed (d) have left the public service for other reasons?

Hon. John Roberts (Secretary of State): I am informed by the Public Service Commission as follows:

	1972	1973	1974	1975	1976
(a) Hired	38,568	38,979	46,567	36,251	30,201
(b) Retired	*	5,281	5,576	5,074	5,192
(c) Discharged or dismissed	*	1,217	1,506	1,343	1,279
(d) Left for other reasons	*	26,741	32,262	25,393	25,260

* Details not available from 1972 annual report

Discharged or dismissed includes: breach of discipline or misconduct; incompetence or incapacity; rejection during probation; abandonment of position. Left for other reasons includes: end of specified period of appointment; laid off; revocation of appointment; death.

CANADA COUNCIL

Question No. 146—**Mr. Jones:**

1. Who are the members of the Board of Directors of the Canada Council?

2. Is the Council directorship representative of the various regions and cultures of Canada?

3. For what reason was Mrs. Chaput-Rolland appointed to the Canada Council?

4. Will Mrs. Chaput-Rolland's appointment give the Council a separatist bias?

Hon. John Roberts (Secretary of State): 1. and 2. The members of the board of directors of Canada Council and their respective addresses are as follows: Miss Nini Baird, Coordinator, Outreach Programs Vancouver School of Art 249 Dunsmuir Street, Vancouver, B.C. V6B 1X2; Mr. Michel Bélanger, President, Banque Provinciale du Canada, 221 West, St-Jacques St. Montreal, Quebec H2Y 1M7; Dr. D. Owen Carrigan, President, Saint Mary's University, Robie Street, Halifax, N.S. B3H 3C3; Mrs. Solange Chaput-Rolland, 3328 Troie Avenue, Apt. 306, Montreal, Quebec H3V 1B1; Mr. Colin M. Jackson, 137 Taché Avenue, Winnipeg, Manitoba R2H 1Z4; Dr. Douglas T. Kenny, President, University of British Columbia, 2075 Westbrook Place, Vancouver, B.C. V6T 1W5; Mrs. Eva Kushner, Department of French literature, University McGill, 3460, McTavish, P.O. Box 6070 Montreal, Quebec H3C 3G1; Mrs. Gertrude M. Laing (Chairman), 1223-38th Avenue South West, Calgary, Alberta T2T 2J3; Mr. Mavor Moore, Theatre Department, York University, 4700 Keele Street, Downsview, Ontario; Mr. Roland Parenteau, École nationale d'administration publique, 979 de Bourgogne Avenue, Ste-Foy, Quebec, G1W 2L4; Mr. Paul B. Park, Althouse College of Education, 1137 Western Road, London, Ontario N6G 1G7; Mr. John C. Parkin, 147 Front Street West, Toronto, Ontario M5J 1E9; Mr. Christopher Pratt, Box 87—Mount Carmel, St. Mary's Bay, Nfld. A0B 2M0; Mr. Robert Rivard, 196 Montcalm Street, Boucherville, Quebec J4B 2G3; Professor T. H. B. (Thomas) Symons, Trent University, 267 Stewart Street, Peterborough, Ontario K9J 3M8; Dr. Norman Ward, Department of Economics & Political Science, University of Saskatchewan, Saskatoon, Saskatchewan S7N 0W0; Mrs. Dorthy Corrigan, P.O. Box 1976 Charlottetown, P.E.I.; Mrs. Guita Falardeau, (till November 13, 1977), 875 Pierre Maufay Street, Ste-Foy, Quebec G1V 2M9; Mr. John W. Grace, (till December 8, 1977), Ottawa Journal, 365 Laurier West Ottawa, Ontario K1P 5K2:

2. The degree to which the board members are representative of the various regions of Canada may be determined from the above list.

3. Mrs. Solange Chaput-Rolland has had extensive experience as the author of several books and articles, and is a well known journalist and media personality in Quebec. Her dedication and interest to the arts, the political process and human rights are also well known.

4. No.

FUNDS FOR CRIME PREVENTION

Question No. 165—**Mr. Friesen:**

1. Will there be an infusion of funds into crime prevention for better trained, deployed and equipped policemen and, if so (a) in what amounts (b) for what purposes?

2. Were funds or man-years made available to the RCMP as a result of the introduction of the peace and security legislation and, if so, what were they?

3. Have additional RCMP positions been allotted to do the administrative work on the new gun law proposals and, if so, how many?

Hon. Francis Fox (Solicitor General): 1. Funds have been made available under the Peace and Security program to strengthen existing capabilities in crime prevention. In collaboration with provincial and municipal authorities and an advisory board, which includes representatives from the Canadian Association of Chiefs of Police and the RCMP, emphasis is being placed on providing police with practical, innovative,

community-oriented preventive programs which address local needs. Although many of these programs, such as Operation Identification, Neighbourhood Watch and Block Parents depend upon active voluntary community support, some, such as team policing, involve changes in the deployment of a city's force and may involve additional training as well as equipment. While funds were not specifically provided for better trained police officers, there is some concern to ensure that policing in general, and police recruit and in-service training in particular, come to reflect a more even balance between law enforcement and preventive policing. To this end, it is felt that some orientation in family crisis intervention and similar programs should, where appropriate, be made available to police forces and training establishments. (a) $1,108,000 for 1976/77. (b) For developing, disseminating and implementing model prescriptive policing packages.

2. No specific resources were made available to the RCMP as a result of the introduction of the Peace and Security legislation but while man-year growth in the government as a whole was kept below 1 per cent during 1976-77, the RCMP increased by 4.4 per cent. Of the net increase in man-years authorized for departments and agencies whose man-years are subject to Treasury Board control, 14.7 per cent were allotted to the RCMP. Financial resources granted to the RCMP were also allowed to exceed the average increase for all government departments and agencies, for the same year. These increases were in recognition of the priority the government attached to innovative measures in crime control (Peace and Security).

3. No man-years have as yet been allotted to the RCMP by Treasury Board. It is anticipated however, that seven man-years will be provided for the fiscal year 1977/78.

AGRICULTURAL STABILIZATION BOARD—PERSONS UNDER CONTRACT

Question No. 172—**Mr. McKenzie:**

1. What is the total number of persons under contract to the Agricultural Stabilization Board and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Hon. E. F. Whelan (Minister of Agriculture): In so far as the Agricultural Stabilization Board is concerned, the answer is: 1. None.

2. Not applicable.

ATLANTIC DEVELOPMENT COUNCIL

Question No. 176—**Mr. McKenzie:**

1. What is the total number of persons under contract to the Atlantic Development Council and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Mr. Donald Wood (Parliamentary Secretary to Minister of Regional Economic Expansion): 1. As of October 20, 1977, none.

[Mr. Fox.]

2. (a) $11,933.75 in 1975-76, (b) $33,500.80 in 1976-77. Only one of the council's contractors was a retired public servant and the amount paid to him was $3,059.27. This payment was made in 1976-77.

CANADIAN GOVERNMENT OFFICE OF TOURISM

Question No. 192—**Mr. McKenzie:**

1. What is the total number of persons under contract to the Canadian Government Office of Tourism and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Mr. Bernard Loiselle (Parliamentary Secretary to Minister of Industry, Trade and Commerce): 1. The number of persons under contract during the period April 1, 1977 to present, total 45. As far as we can determine, of these 45 persons, none are retired public servants.

2. The total amounts paid to those under contract are as follows: April 1, 1975 to March 31, 1976 $38,335; April 1, 1976 to March 31, 1977 $70,630.50; during the period April 1, 1976 to March 31, 1977, a total amount of $3,000 was paid to one retired public servant.

CANADIAN SALTFISH CORPORATION

Question No. 201—**Mr. McKenzie:**

1. What is the total number of persons under contract to the Canadian Saltfish Corporation and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): 1. None.

2. (a) Nil. (b) $26,000 (not to a retired public servant.)

NATIONAL FILM BOARD—PERSONS UNDER CONTRACT

Question No. 233—**Mr. McKenzie:**

1. What is the total number of persons under contract to the National Film Board and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Hon. John Roberts (Secretary of State): I am informed by the National Film Board as follows: 1. As of November 14, 1977, there were 674 active contracts at the board, of which only one is held by a retired public servant.

2. (a) The total amount paid to those under contract for the fiscal year 1975-1976 was $4,985,575. In 1975* there were three retired persons under contract, and they received a total of $13,622. (b) The total amount paid to those under contract for the fiscal year 1976-1977 was $5,345,882. In 1976* there were six retired persons under contract, and they received a total of $17,766.

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* The fiscal year runs from April 1 to March 31.

VETERANS AFFAIRS—PERSONNEL FROM PRIVATE AGENCIES

Question No. 247—**Mr. McKenzie:**

1. Has the Department of Veterans Affairs obtained (a) part-time (b) full-time employees from private employment agencies in (i) British Columbia (ii) Alberta (iii) Saskatchewan (iv) Manitoba (v) Ontario (vi) Quebec (vii) New Brunswick (viii) Nova Scotia (ix) Prince Edward Island (x) Newfoundland and, if so, in each case, how many?

2. Are such employees paid from supplementary estimates and, if not, from what estimates are they paid?

3. By province, what was the (a) average hourly rate paid to employment agencies (b) average hourly rate paid to employees (c) total amount paid by the Department in (i) 1975 (ii) 1976?

Hon. Daniel J. MacDonald (Minister of Veterans Affairs): For the Department of Veterans Affairs, the War Veterans Allowance Board and the Pension Review Board:

			1975-76	1976-77
1. (a)		(i)	—	—
		(ii)	2	—
		(iii)	—	—
		(iv)	32	6
		(v)	30	56
		(vi)	6	8
		(vii)	—	—
		(viii)	7	—
		(ix)	—	—
		(x)	—	—

(b) Not applicable.

2. No, from main estimates.

			1975-76		1976-77	
3. (a)		(ii)	$5.50		—	
		(iv)	$8.00		$7.87	
		(v)	$6.01		$6.31	
		(vi)	$5.83		$6.09	
		(viii)	$6.00		—	
(b)	Unknown.					
(c)	(i)	(ii)	$ 1,158.97	(ii)	(ii)	—
		(iv)	$75,195.13		(iv)	$10,690.00
		(v)	$27,482.18		(v)	$39,299.58
		(vi)	$ 1,988.66		(vi)	$ 3,529.58
		(viii)	$ 4,041.00		(viii)	—

PRIVATE EMPLOYMENT AGENCIES

Question No. 274—**Mr. McKenzie:**

1. Has the Canada Labour Relations Board obtained (a) part-time (b) full-time employees from private employment agencies in (i) British Columbia (ii) Alberta (iii) Saskatchewan (iv) Manitoba (v) Ontario (vi) Quebec (vii) New Brunswick (viii) Nova Scotia (ix) Prince Edward Island (x) Newfoundland and, if so, in each case, how many?

2. Are such employees paid from supplementary estimates and, if not, from what estimates are they paid?

3. By province, what was the (a) average hourly rate paid to employment agencies (b) average hourly rate paid to employees (c) total amount paid by the Canada Labour Relations Board in (i) 1975 (ii) 1976?

Order Paper Questions

Hon. John C. Munro (Minister of Labour): 1. The Canada Labour Relations Board during the fiscal year 1975/76 has obtained part-time employees from private employment agencies as follows:

Province	1975-76 Number of Cases (Employees)	1976-77 Number of Cases (Employees)
British Columbia	5	7
Manitoba	—	1
Ontario	13	1
Quebec	2	5
Nova Scotia	—	1

2. Such employees are paid from Main Estimates.

3. (1) 1975/76

Province	Average Hourly Rate Paid to Agency	Average Hourly Rate Paid to Employees	Total Amount Paid
British Columbia	$5.50	Unknown	$ 744
Ontario	5.80	"	22,083
Quebec	5.55	"	3,290

(2) 1976/77

Province	Average Hourly Rate Paid to Agency	Average Hourly Rate Paid to Employees	Total Amount Paid
British Columbia	$5.90	Unknown	$ 1,547
Manitoba	6.95	"	389
Quebec	7.20	"	3,843
Nova Scotia	5,95	"	30

CANADIAN COUNCIL ON RURAL DEVELOPMENT—PERSONNEL

Question No. 278—**Mr. McKenzie:**

1. Has the Canadian Council on Rural Development obtained (a) part-time (b) full-time employees from private employment agencies in (i) British Columbia (ii) Alberta (iii) Saskatchewan (iv) Manitoba (v) Ontario (vi) Quebec (vii) New Brunswick (viii) Nova Scotia (ix) Prince Edward Island (x) Newfoundland and, if so, in each case, how many?

2. Are such employees paid from supplementary estimates and, if not, from what estimates are they paid?

3. By province, what was the (a) average hourly rate paid to employment agencies (b) average hourly rate paid to employees (c) total amount paid by the Canadian Council on Rural Development in (i) 1975 (ii) 1976?

Mr. Donald Wood (Parliamentary Secretary to Minister of Regional Economic Expansion): The reply for the Canadian Council on Rural Development is as follows:

1. (a) yes—Ontario (9). (b) no.

2. No, these employees were paid from the main estimates.

3. (a) Ontario—$6.45 per hour. (b) Information on the terms of employment between agencies and their employees is not available. (c) (i) 1975-76—$8,292.45; (ii) 1976-77—$8,996.79.

Order Paper Questions

CANADIAN GOVERNMENT EXPOSITION CENTRE

Question No. 281—**Mr. McKenzie:**

1. Has the Canadian Government Expositions Centre obtained (a) part-time (b) full-time employees from private employment agencies in (i) British Columbia (ii) Alberta (iii) Saskatchewan (iv) Manitoba (v) Ontario (vi) Quebec (vii) New Brunswick (viii) Nova Scotia (ix) Prince Edward Island (x) Newfoundland and, if so, in each case, how many?

2. Are such employees paid from supplementary estimates and, if not, from what estimates are they paid?

3. By province, what was the (a) average hourly rate paid to employment agencies (b) average hourly rate paid to employees (c) total amount paid by the Canadian Government Expositions Centre in (i) 1975 (ii) 1976?

Hon. Jean-Pierre Goyer (Minister of Supply and Services): 1. (a) (i) (ii) (iii) (iv) (vi) (vii) (viii) (ix) (x) Not applicable. (v) 21. (b) Not applicable.

2. Expositions Revolving Fund.

3. (a) (i) $5.89; (ii) $6.66. (b) Not known; (c) (i) $32,726.58; (ii) $64,122.37.*

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* The Canadian Government Expositions Centre has been part of the Department of Supply and Services since April 1, 1976. This amount was therefore included in the DSS answer to question No. 1,526 tabled August 5, 1977.

CANADIAN GOVERNMENT OFFICE OF TOURISM—PERSONNEL

Question No. 283—**Mr. McKenzie:**

1. Has the Canadian Government Office of Tourism obtained (a) part-time (b) full-time employees from private employment agencies in (i) British Columbia (ii) Alberta (iii) Saskatchewan (iv) Manitoba (v) Ontario (vi) Quebec (vii) New Brunswick (viii) Nova Scotia (ix) Prince Edward Island (x) Newfoundland and, if so, in each case, how many?

2. Are such employees paid from supplementary estimates and, if not, from what estimates are they paid?

3. By province, what was the (a) average hourly rate paid to employment agencies (b) average hourly rate paid to employees (c) total amount paid by the Canadian Government Office of Tourism in (i) 1975 (ii) 1976?

Mr. Bernard Loiselle (Parliamentary Secretary to Minister of Industry, Trade and Commerce): 1. The Canadian Government Office of Tourism has obtained part-time help from private employment agencies in Ontario only. There were 58 employees engaged in 1975 and 69 employees engaged in 1976.

2. The salaries for this part-time help are paid from the C.G.O.T. main appropriation.

3. This applies to Ontario only. (a) The average hourly rate paid to employment agencies in 1975—$5.68; the average hourly rate paid to employment agencies in 1976—$6.11. (b) The average hourly rate paid to employees is not available. (c) The C.G.O.T. spent $15,930 on employment agency help in FY 1975/76 and $19,736 in FY 1976/77.

[Mr. Wood.]

CANADIAN PENITENTIARY SERVICE

Question No. 287—**Mr. McKenzie:**

1. Has the Canadian Penitentiary Service obtained (a) part-time (b) full-time employees from private employment agencies in (i) British Columbia (ii) Alberta (iii) Saskatchewan (iv) Manitoba (v) Ontario (vi) Quebec (vii) New Brunswick (viii) Nova Scotia (ix) Prince Edward Island (x) Newfoundland and, if so, in each case, how many?

2. Are such employees paid from supplementary estimates and, if not, from what estimates are they paid?

3. By province, what was the (a) average hourly rate paid to employment agencies (b) average hourly rate paid to employees (c) total amount paid by the Canadian Penitentiary Service in (i) 1975 (ii) 1976?

Hon. Francis Fox (Solicitor General): 1. Canadian Penitentiary Service and National Parole Service.

(a) Yes

	1975-76	1976-77
(i)	58	56
(ii)	8	4
(iii)	11	Nil
(iv)	Nil	Nil
(v)	78	21
(vi)	1	2
(vii)	2	1
(viii)	Nil	2
(ix)	Nil	Nil
(x)	Nil	Nil

(b) No.

2. No. Funding for payment is included in the main estimates.

3.

(a)	1975-76	1976-77
(i)	$6.28	$8.67
(ii)	4.75	6.56
(iii)	5.00	Nil
(iv)	Nil	Nil
(v)	6.02	6.31
(vi)	5.15	5.49
(vii)	4.90	8.00
(viii)	Nil	5.35
(ix)	Nil	Nil
(x)	Nil	Nil

(b) The Canadian Penitentiary Service and the National Parole Service is not informed of the rate paid by the employment agencies to their employees as this is a private matter between the agency (employer) and their employees.

(c)	(i)	1975-76:	$171,507.70
	(ii)	1976-77:	125,226.02

CANADIAN TRANSPORT COMMISSION

Question No. 292—**Mr. McKenzie:**

1. Has the Canadian Transport Commission obtained (a) part-time (b) full-time employees from private employment agencies in (i) British Columbia (ii) Alberta (iii) Saskatchewan (iv) Manitoba (v) Ontario (vi) Quebec (vii) New Brunswick (viii) Nova Scotia (ix) Prince Edward Island (x) Newfoundland and, if so, in each case, how many?

2. Are such employees paid from supplementary estimates and, if not, from what estimates are they paid?

3. By province, what was the (a) average hourly rate paid to employment agencies (b) average hourly rate paid to employees (c) total amount paid by the Canadian Transport Commission in (i) 1975 (ii) 1976?

Hon. Otto E. Lang (Minister of Transport): 1.

	75-76	76-77
(a) Ontario	88	35
Quebec	7	4
All other provinces		Nil

(b) Nil

2. Main estimates.

3.

(a)	75-76	76-77
Ontario	6.09	6.63
Quebec	4.95	5.87
All other provinces		Nil

(b) Information not known.

(c) (i) $182,055
(ii) $ 49,710

FEDERAL BUSINESS DEVELOPMENT BANK—PERSONNEL

Question No. 309—**Mr. McKenzie:**

1. Has the Federal Business Development Bank obtained (a) part-time (b) full-time employees from private employment agencies in (i) British Columbia (ii) Alberta (iii) Saskatchewan (iv) Manitoba (v) Ontario (vi) Quebec (vii) New Brunswick (viii) Nova Scotia (ix) Prince Edward Island (x) Newfoundland and, if so, in each case, how many?

2. Are such employees paid from supplementary estimates and, if not, from what estimates are they paid?

3. By province, what was the (a) average hourly rate paid to employment agencies (b) average hourly rate paid to employees (c) total amount paid by the Federal Business Development Bank in (i) 1975 (ii) 1976?

Mr. Bernard Loiselle (Parliamentary Secretary to Minister of Industry, Trade and Commerce): 1, 2 and 3. It has not been the practice nor is it considered appropriate to answer questions which relate to the direction and management of the Federal Business Development Bank. By its act of incorporation, the responsibility for the direction and management of the business of the bank rests with the board of directors.

NATIONAL FILM BOARD

Question No. 325—**Mr. McKenzie:**

1. Has the National Film Board obtained (a) part-time (b) full-time employees from private employment agencies in (i) British Columbia (ii) Alberta (iii) Saskatchewan (iv) Manitoba (v) Ontario (vi) Quebec (vii) New Brunswick (viii) Nova Scotia (ix) Prince Edward Island (x) Newfoundland and, if so, in each case, how many?

2. Are such employees paid from supplementary estimates and, if not, from what estimates are they paid?

3. By province, what was the (a) average hourly rate paid to employment agencies (b) average hourly rate paid to employees (c) total amount paid by the National Film Board in (i) 1975 (ii) 1976?

Hon. John Roberts (Secretary of State): 1. Nil.

2. and 3. Not applicable.

Order Paper Questions

NATIONAL HARBOURS BOARD

Question No. 327—**Mr. McKenzie:**

1. Has the National Harbours Board obtained (a) part-time (b) full-time employees from private employment agencies in (i) British Columbia (ii) Alberta (iii) Saskatchewan (iv) Manitoba (v) Ontario (vi) Quebec (vii) New Brunswick (viii) Nova Scotia (ix) Prince Edward Island (x) Newfoundland and, if so, in each case, how many?

2. Are such employees paid from supplementary estimates and, if not, from what estimates are they paid?

3. By province, what was the (a) average hourly rate paid to employment agencies (b) average hourly rate paid to employees (c) total amount paid by the National Harbours Board in (i) 1975 (ii) 1976?

Hon. Otto E. Lang (Minister of Transport): 1.

	(a) Part-time Employees	(b) Full-time Employees
(i) British Columbia	36	—
(ii) Alberta	—	—
(iii) Saskatchewan	—	—
(iv) Manitoba	—	—
(v) Ontario	32	—
(vi) Quebec	12	—
(vii) New Brunswick	1	—
(viii) Nova Scotia	—	—
(ix) Prince Edward Island	—	—
(x) Newfoundland	—	—

2. From internally-generated funds.

3. (a) By province, the average hourly rate paid to employment agencies was as follows:

	1975	1976
(i) British Columbia	$5.85	$6.30
(ii) Alberta	—	—
(iii) Saskatchewan	—	—
(iv) Manitoba	—	—
(v) Ontario	6.00	6.55
(vi) Quebec	4.90	6.04
(vii) New Brunswick	4.90	5.20
(viii) Nova Scotia	—	—
(ix) Prince Edward Island	—	—
(x) Newfoundland	—	—

(b) Not known. (c) By province, total amount paid by National Harbours Board:

	1975	1976
(i) British Columbia	$ 5,608	$13,832
(ii) Alberta	—	—
(iii) Saskatchewan	—	—
(iv) Manitoba	—	—
(v) Ontario	11,774	6,082
(vi) Quebec	8,229	4,877
(vii) New Brunswick	598	1,900
(viii) Nova Scotia	—	—
(ix) Prince Edward Island	—	—
(x) Newfoundland	—	—

Order Paper Questions

ROYAL CANADIAN MINT

Question No. 333—**Mr. McKenzie:**

1. Has the Royal Canadian Mint obtained (a) part-time (b) full-time employees from private employment agencies in (i) British Columbia (ii) Alberta (iii) Saskatchewan (iv) Manitoba (v) Ontario (vi) Quebec (vii) New Brunswick (viii) Nova Scotia (ix) Prince Edward Island (x) Newfoundland and, if so, in each case, how many?

2. Are such employees paid from supplementary estimates and, if not, from what estimates are they paid?

3. By province, what was the (a) average hourly rate paid to employment agencies (b) average hourly rate paid to employees (c) total amount paid by the Royal Canadian Mint in (i) 1975 (ii) 1976?

Hon. Jean-Pierre Goyer (Minister of Supply and Services): 1. (a) (i) (ii) (iii) (iv) (vii) (viii) (ix) (x) Nil; (v) 1975—1; 1976—1; (vi) 1975-1. (b) Not applicable.

2. Main estimates.

3. (a) (i) $4.40 Ontario; $5.50 Quebec; (ii) $5.50. (b) Not known. (c) (i) $617. (ii) $2,712.

ASSISTANCE GIVEN TO CONSTITUENCY OF SAULT STE. MARIE

Question No. 342—**Mr. Symes:**

From October 1972 to date, what amount of financial assistance was given to the Constituency of Sault Ste. Marie through federal programmes administered by CMHC and any other agency which reports to CMHC or the Ministry of State for Urban Affairs?

Hon. André Ouellet (Minister of State for Urban Affairs): The Ministry of State for Urban Affairs and the National Capital Commission have no information on this matter.

NOTE: Data compiled by CMHC on National Housing Act activity are compiled on the basis of municipalities, counties and territorial districts in Ontario and not on federal electoral constituencies.

NHA ACTIVITY, SAULT STE. MARIE URBAN AGGLOMERATION[1], 1972—August, 1977[2]

		Loans	Units	Hostel Beds	$000
NHA ACTIVITY					
Housing[3]		3,155	3,674	434	99,658
Private Mortgage Market		3,150	3,524	270	95,733
Approved Lenders	Sec. 6	2,842	3,216	270	87,879
CMHC—Owner and Rental	Sec. 58/59	13	13	—	248
CMHC—Assisted Home Owner	Sec. 34.15	295	295	—	7,606
Social Housing—Loans		5	150	164	3,925
Co-operatives	Sec. 34.18	—	—	—	—
Low Rental (entrepreneur)	Sec. 15	1	33	—	755
Non-Profit	Sec. 15.1	3	133	14	2,530
Public Housing	Sec. 43	—	−16	—	−146[4]
Student Housing	Sec. 47	1	—	150	786
Community Revitalization					
Loans		281	281	—	983
Residential Rehabilitation	Sec. 34.1	281	281	—	983
Neighbourhood Improvement	Sec. 27.5	—	—	—	—
Urban Renewal	Sec. 25	—	—	—	—
Grants		—	—	—	2,627
Urban Renewal Schemes	Sec. 23	—	—	—	—
Urban Renewal Implementation	Sec. 24	—	—	—	1,017
Neighbourhood Improvement	Sec. 27.2	—	—	—	1,610
Infrastructure					
Loans		6	—	—	2,635
Land for Housing	Sec. 42	3	—	—	1,957
New Communities	Sec. 45.2	—	—	—	—
Water and Sewage Projects	Sec. 51	3	—	—	679
Grants		—	148	—	148
Water and Sewerage (non-NHA)	Sec. 52.1	—	—	—	—
High Cost and Planning	Sec. 52.2 & 52.3	—	—	—	—
Municipal Incentive	Sec. 56.2	—	148	—	148
Other (Grants)		2	—	—	10
Development	Sec. 37	—	—	—	—
Start-Up Funds	Sec. 37.1	2	—	—	10
Urban Renewal Studies	Sec. 37	—	—	—	—

(1) City of Sault Ste. Marie, Rankin Location and Garden River Indian Reserves.
(2) Data for 1972-1975 are net, data for 1976-1977 are gross.
(3) New and existing housing.
(4) Cancellation of a project initially approved in an earlier year.

[Mr. Lang.]

GOVERNMENT DEPARTMENTS IN MIDLAND, ONTARIO

Question No. 343—**Mr. Rynard:**

Are there any departments situated in the Town of Midland, Ontario and, if so (a) which ones (b) in what locations (c) what is the total square feet of office space occupied by each (d) what is the rent per square foot for office space?

Mr. Frank Maine (Parliamentary Secretary to Minister of Public Works):

(a) Department	(b) Location	(c) Square frontage	(d) Rental Rate per square feet
Post Office	525 Dominion Ave.	4,304	N/A—Crown Owned
Department of Employment and Immigration	525 Dominion Ave.	2,649	N/A—Crown Owned
Customs and Excise	525 Dominion Ave.	1,075	N/A—Crown Owned
Canada Pension Plan	525 Dominion Ave.	253 (storage only)	N/A—Crown Owned
Canada Employment and Immigration Commission	522 Elizabeth Street	1,225	$6.30 (Leased)

GOVERNMENT DEPARTMENTS IN ORILLIA, ONTARIO

Question No. 344—**Mr. Rynard:**

Are there any departments situated in the City of Orillia, Ontario and, if so (a) which ones (b) in what locations (c) what is the total square feet of office space occupied by each (d) what is the rent per square foot for office space?

Hon. Judd Buchanan (Minister of Public Works):

(a) Department	(b) Location	(c) Sq. ftg.	(d) Rental Rate per sq. ft.
Employment and Immigration	17-25 Peter St. N.	2,941	N/A Crown owned
Post office	"	14,054	" "
Customs and Excise	"	3,140	" "
Veterans Affairs	"	245	" "
Canada Pension Plan	"	245	" "
Canada Employment and Immigration Communication	"	597	" "
Emergency Planning	"	9,009 (storage only)	" "
Indian and Northern Affairs	26 Colborne St.	6,650	$3.87 (leased)

CBC—PAYMENTS FOR PROGRAM PRODUCED BY "ARTS CUBA"

Question No. 351—**Mr. McCain:**

1. What amount did CBC pay the private producers of the Art's Cuba programme shown on Montreal television, October 19, 1977?

2. Was the programme shown by other CBC stations and, if so, was it shown simultaneously and, if not, on what date and at what time was it shown and by which stations?

3. Is the programme to be shown at a future date and, if so, what is the name of the station and the time it is to be shown?

4. What is the name of the (a) producing company (b) producer?

5. How many programmes were bought from the producing company and, in each case, at what cost?

Hon. John Roberts (Secretary of State): 1. It has not been customary to require the CBC to supply such details of its internal management and administration as the cost of individual programs or its business arrangements with private companies. The background to this custom is explained in detail in the reply to question No. 2,530, May 22, 1975.

2. "Arts Cuba" was shown on the full CBC English television network on October 19, 1977, at 2130 local time across the country (2200 Newfoundland).

3. As of the date of reply, no decision has been made with regard to future telecasts.

4. (a) Octopus Films Inc. (b) Vivienne Leebosh.

5. By both networks, two, including "Arts Cuba". With regard to the cost, see the answer to part 1 above.

MONEYS AND GRANTS ALLOCATED UNDER CANADA-SASKATCHEWAN INTERIM SUBSIDIARY AGREEMENT

Question No. 371—**Mr. McIsaac:**

1. Under the Canada-Saskatchewan Interim Subsidiary Agreement on the Saskatchewan Northlands, what amounts of federal monies were allocated under the Transportation Sector for highway (a) No. 2(b) No. 155 (c) No. 106?

2. What specific sections of the highways were involved in the grants and what improvements were made?

3. What share of the total cost of the projects does the federal contribution represent?

Mr. Donald Wood (Parliamentary Secretary to Minister of Regional Economic Expansion): 1. From March 31, 1974 to March 31, 1977: (a) $5,369,928; (b) $4,396,036; (c) $1,726,150.

2. (a) No. 2 Montreal Lake vicinity to 20 miles south of La Ronge was paved and a bridge constructed over the Montreal River. (b) No. 155 Junction No. 55 at Green Lake to Beauval, rebuilding, stabilization and oiling. Bridges were constructed over the Cowan, Beaver and Waterhen Rivers. (c) No. 106 Creighton toward the junction of highway No. 135 was rebuilt, stabilized and oiled.

3. The federal contribution amounts to 60 per cent of the total cost, contributed equally by the Ministry of Transport and the Department of Regional Economic Expansion.

MONEYS PROVIDED BY GOVERNMENT TO SASKATCHEWAN UNDER ARDA AGREEMENT

Question No. 372—**Mr. McIsaac:**

1. Under the Special ARDA Agreement entered into between the government and the Province of Saskatchewan, has any federal funding been provided to any local community authority located in Northern Saskatchewan and, if so, which local community authority and in what amount?

2. On what dates were the monies granted and under what terms and conditions?

Mr. Donald Wood (Parliamentary Secretary to Minister of Regional Economic Expansion): 1. Yes; Beauval Local Com-

munity Authority—Commitment made under the commercial undertaking clauses of agreement. No provincial cost sharing. Federal commitment $7,500. Buffalo Narrows Local Community Authority—Commitment made under the area employment training clauses of agreement. Equal federal-provincial cost sharing. Federal commitment $23,500. La Loche Local Community Authority—Commitment made under the remote rural community clauses of agreement. Equal federal-provincial cost sharing. Federal commitment $10,500. La Loche Local Community Authority—Commitment made under the remote rural community clauses of agreement. Equal federal-provincial cost sharing. Federal commitment $215,625. Sandy Bay Local Community Authority—Commitment made under the area employment training clauses of agreement. Equal federal-provincial cost sharing. Federal commitment $7,000. Sandy Bay Local Community Authority—Commitment made under the area employment training clauses of agreement. Equal federal-provincial cost sharing. Federal commitment $23,000.

2. Beauval Local Community Authority—May 1, 1975; Buffalo Narrows Local Community Authority—December 8, 1976; La Loche Local Community Authority—April 20, 1976; La Loche Local Community Authority—May 18, 1977; Sandy Bay Local Community Authority—March 10, 1977; Sandy Bay Local Community Authority—April 6, 1977. All commitments were made under the terms and conditions set out in the Canada-Saskatchewan Special ARDA Agreement.

BUFFALO NARROWS—ASSISTANCE PROVIDED BY GOVERNMENT AND SASKATCHEWAN UNDER SPECIAL ARDA PROGRAM

Question No. 373—**Mr. McIsaac:**

1. Under the Special ARDA Programme entered into under agreement between the government and the Province of Saskatchewan, how many individuals or specific enterprises located in Buffalo Narrows were assisted by federal grants?

2. What were the amounts of each grant and the general nature of the enterprise assisted?

3. How many of the projects are operating successfully at the present time?

4. What share of the total initial cost of the enterprises does the federal contribution represent?

Mr. Donald Wood (Parliamentary Secretary to Minister of Regional Economic Expansion): 1. Eight.

2.

Individual or Enterprise	Amount	General Nature
Einar Pedersen	$21,076	Establishment of a service station.
Kenneth Pederson	33,250	Establishment of a construction facility.
Norman Tinker	23,076	Establishment and expansion of a cafe and pool room.
Dorothy Petit	36,000	Establishment of a general store.
Buffalo Narrows Local Community Authority	23,500	Establishment of a child care centre.
Serights Esso Service	6,484	Expansion of a service station.
Thorvald Pedersen	25,335	Establishment of a small motor repair facility.
John and Mary Hanson	3,952	Establishment of a laundromat.

3. One of the facilities is presently under construction. The remainder continue in operation.

4.

Individual or Enterprise	Share of Total Initial Cost
Einar Pederson	50 per cent of capital assets 50 per cent of abnormal operating cost
Kenneth Pederson	50 per cent of capital assets 50 per cent of working capital
Norman Tinker	35 per cent of capital assets 50 per cent of abnormal operating cost
Dorothy Petit	50 per cent of capital assets
Buffalo Narrows Local Community Authority	50 per cent of capital costs
Serights Esso Service	35 per cent of capital assets
Thorvald Pedersen	100 per cent of preoperating costs 50 per cent of capital assets 50 per cent of working capital
John and Mary Hanson	25 per cent of capital assets

CANADA-SASKATCHEWAN INTERIM SUBSIDIARY AGREEMENT—FEDERAL CONTRIBUTIONS

Question No. 374—**Mr. McIsaac:**

1. Under the Canada-Saskatchewan Interim Subsidiary Agreement on the Saskatchewan Northlands, what amounts of federal monies were (a) allotted (b) expended to date on the (i) La Loche (ii) Pine House (iii) Patuanak (iv) Buffalo Narrows (v) Camsell Portage (vi) Cumberland House (vii) Île-à-la-Crosse (viii) Stony Rapids (ix) Wollaston Post Airstrip?

2. What share of the total cost of the projects does the federal contribution represent?

Mr. Donald Wood (Parliamentary Secretary to Minister of Regional Economic Expansion): The reply for the Department of Regional Economic Expansion is as follows: 1. As of March 31, 1977:

		(a) Allotted	(b) Expended
(i)	La Loche	31,788	31,788
(ii)	Pinehouse	107,580	105,551
(iii)	Patuanak	140,976	118,168
(iv)	Buffalo Narrows	5,011	5,011
(v)	Camsell Portage	37,380	31,135
(vi)	Cumberland House	559	559
(vii)	Île-à-la Crosse	203,245	203,245
(viii)	Stony Rapids	82,800	61,821
(ix)	Wollaston Post	30,000	25,212
	Total	639,339	582,490

2. The federal contribution represents 60 per cent of the total cost of projects contributed equally by the Ministry of Transport and the Department of Regional Economic Expansion.

CANADA-SASKATCHEWAN INTERIM AGREEMENT—FEDERAL CONTRIBUTIONS

Question No. 375—**Mr. McIsaac:**

1. Under the Canada-Saskatchewan Interim Subsidiary Agreement on the Saskatchewan Northlands, what was the amount of federal funds allocated to the construction of the (a) Stony Rapids—Black Lake access road (b) Deschambault access road (c) Dillon—Michel Village access road (d) Stanley Mission access road (e) Pelican Narrows—Sandy Bay access road (f) Besnard Lake—Pine House access road?

2. What share of the total cost of the projects does the federal contribution represent?

Mr. Donald Wood (Parliamentary Secretary to Minister of Regional Economic Expansion): The reply for the Department of Regional Economic Expansion is as follows: 1. From April 1, 1974 to March 31, 1977; (a) Stony Rapids—Black Lake Access Road, $432,132; (b) Deschambault Access Road, $52,980; (c) Dillon—Michel Village Access Road, $92,400[1]; (d) Stanley Mission Access Road, $721,998; (e) Pelican Narrows—Sandy Bay Access Road, $125,400; (f) Besnard Lake—Pinehouse Access Road, $1,361,336.

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[1] budgeted 1977/78.

2. The federal contribution represents 60 per cent of the total costs contributed equally by the Ministry of Transport and the Department of Regional Economic Expansion.

NUMBER OF PERSONS UNDER CONTRACT TO GREAT LAKES PILOTAGE AUTHORITY

Question No. 378—**Mr. McKenzie:**

1. What is the total number of persons under contract to the Great Lakes Pilotage Authority and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Hon. Otto E. Lang (Minister of Transport): 1. None.

2. (a) None; (b) None.

INDIAN CLAIMS COMMISSION—PERSONNEL

Question No. 402—**Mr. McKenzie:**

1. What is the total number of persons under contract to the Indian Claims Commission and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Right Hon. P. E. Trudeau (Prime Minister): 1. Nil.

2. (a) 1974-75—$58,362.79; one retired public servant—$66.00; (b) 1975-76—$55,231.46; one retired public servant—$630.00.

PACIFIC PILOTAGE AUTHORITY—PERSONS UNDER CONTRACT

Question No. 407—**Mr. McKenzie:**

1. What is the total number of persons under contract to the Pacific Pilotage Authority and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Hon. Otto E. Lang (Minister of Transport): 1. One. He is a retired public servant.

2. (a) $3,024.72; (b) $3,675. Of the above amounts $2,700 was paid to a retired public servant in 1976.

NCC—CONSTRUCTION OF INTERIOR OF BUILDING AT 10-12-18 YORK STREET

Question No. 422—**Mr. Cossitt:**

1. Is the National Capital Commission proceeding with the construction of the interior of 10-12-18 York Street, Ottawa and, if so (a) on what date did construction start (b) who is the contractor and what is the amount being expended?

2. Were tenders called and, if so (a) on what date (b) what are the names of the tenderers and the amounts in each case?

3. Has or is the government proceeding with leasing such premises to By York Development Ltd. and, if so, what are the terms of the lease, including dates, annual rental, renewal or any other options?

4. Is By York Development Ltd. still in the process of suing the National Capital Commission for $4,310,000 damages and (a) if so (i) on what date will the case be heard (ii) what is the total of all monies expended or budgeted by the government to defend the suit (b) if not, on what date was the suit withdrawn?

5. Is the government carrying out a counter suit and (a) if so, what amount has been expended or budgeted for this purpose (b) if not, was the counter suit withdrawn and, if so, on what date?

6. Did By York Development Ltd. purchase wine with public money at a cost of $49,137.46 and, if so, did the government recover this money and (a) if so, on what date and under what terms (b) if not, for what reason?

7. Did the government receive any money from By York Development Ltd. or any other source for the $49,456.15 of antiques purchased in England for the restaurant at 10-12-18 York Street and (a) if so, on what date and in what amount (b) if not, for what reason?

Hon. André Ouellet (Minister of State for Urban Affairs): 1. No. There is no construction now underway. All that remains to be undertaken is to carry out the plans and specifications for the built-in interior fitments.

2. Not applicable. The work mentioned in Paragraph 1 hereof is being held in abeyance pending negotiations with a potential tenant.

3. The National Capital Commission has not, nor is it proceeding, to lease the premises of 10-12-18 York Street to By York Development Ltd.

4. Yes. (a) (i) Not known. (ii) $15 to file Appearance, Defence and Counterclaim. Department of Justice representatives are handling the lawsuit in the ordinary course of their responsibilities and no separate budget has been established. (b) Not applicable.

5. Yes. (a) $15 to file Appearance, Defence and Counterclaim. Department of Justice representatives are handling the lawsuit in the ordinary course of their responsibilities and no separate budget has been established. (b) Not applicable.

6. No. (a) Not applicable. (b) Certain wines were purchased by the National Capital Commission and it will be an obligation of a potential lessee to acquire these wines.

7. No. (a) Not applicable. (b) The National Capital Commission invested in certain artifacts which will be incorporated in the final planning of the interior decor of 10-12-18 York Street.

Order Paper Questions

EXPENDITURES IN CONSTITUENCY OF NEW WESTMINSTER

Question No. 443—**Mr. Leggatt:**

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

Hon. Francis Fox (Solicitor General):

Fiscal year	Canadian Corrections Service	Royal Canadian Mounted Police
1970-71	$2,983,023	$ 413,620
1971-72	$3,401,006	$ 590,327
1972-73	$4,004,236	$ 319,522
1973-74	$4,924,446	$ 734,288
1974-75	$6,161,907	$1,149,666
1975-76	$7,466,647	$1,527,856
1976-77	$9,243,744	$1,747,622

Ministry Secretariat
Parole Board Canada

Nil

FEDERAL EXPENDITURES IN CONSTITUENCY OF NEW WESTMINSTER SINCE 1970

Question No. 446—**Mr. Leggatt:**

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

Hon. John Roberts (Secretary of State): In so far as the Department of the Secretary of State is concerned: Records are not kept in such a way as to permit the ready provision of accurate information on grants by electoral districts without inordinate time and expense.

In so far as the Public Service Commission is concerned: The Public Service Commission does not maintain details of expenditure by constituency and is therefore unable to provide the information requested.

In so far as the National Film Board is concerned: Nil.

In so far as the Public Archives are concerned: Nil. In so far as the National Library is concerned: Nil.

FEDERAL EXPENDITURES IN CONSTITUENCY OF NEW WESTMINSTER

Question No. 448—**Mr. Leggatt:**

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

Mr. Donald Wood (Parliamentary Secretary to Minister of Regional Economic Expansion): The reply for the Department of Regional Economic Expansion is as follows: Nil. For the Atlantic Development Council is as follows: Not applicable. For the Canadian Council on Rural Development is as follows: Nil. For the Cape Breton Development Corporation is as follows: Not applicable.

EXPENDITURES IN CONSTITUENCY OF NEW WESTMINSTER

Question No. 452—**Mr. Leggatt:**

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

Hon. Barney Danson (Minister of National Defence): Data for fiscal years 1970/71 to 1972/73 is not readily available and would require a great deal of research, for which the department does not have the necessary resources. However, data for fiscal years 1973/74 to 1976/77 is listed below:

	($000)
1973/74—	$249.8
1974/75—	279.5
1975/76—	355.3
1976/77—	389.4

DEPARTMENT OF INDIAN AFFAIRS AND NORTHERN DEVELOPMENT EXPENDITURES IN CONSTITUENCY OF NEW WESTMINSTER

Question No. 456—**Mr. Leggatt:**

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

Hon. James Hugh Faulkner (Minister of Indian Affairs and Northern Development): The Department's financial records are not maintained in a manner that would provide this information by constituency.

FEDERAL EXPENDITURES IN CONSTITUENCY OF NEW WESTMINSTER

Question No. 465—**Mr. Leggatt:**

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

Mr. Ed. Lumley (Parliamentary Secretary to Minister of Finance): In so far as the Minister of Finance is concerned: Department of Finance: See following statement. Anti-Inflation Board: Data is not maintained on a constituency basis. I am advised by the Bank of Canada as follows: Information not available. I am advised by the Canada Deposit Insurance Corporation as follows: Nil.

Grants in Lieu of Taxes Paid to Constituency of New Westminster, B.C.

Taxing Authority	1970	1971	1972	1973	1974	1975	1976	1977	Total Paid
District of Burnaby	$75,719	$82,123	$85,183	$90,809	$89,047	$79,268	$88,387	$93,020	$683,556
District of Coquitlam	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	
City of New Westminster	$130,372	$140,663	$146,382	$151,908	$180,786	$215,694	$240,386	$262,028	$1,468,219

Total Amount Paid to the Constituency of New Westminster, B.C. from 1970 to 1977 incl—$2,151,775

CANADA PENSION PLAN

Question No. 470—**Mr. Schellenberger:**

1. What is the name of each person serving on the Canada Pension Plan Advisory Council and, in each case (a) on what basis were they selected (b) what is their term of office (c) what is their remuneration (d) what are their responsibilities?

2. Is the government considering appointing a representative from the elementary or secondary educational sectors to serve on the Council and, if not, for what reason?

Hon. Monique Bégin (Minister of National Health and Welfare): In so far as the Minister of National Health and Welfare is concerned: 1. (a) The members of the Canada Pension Plan Advisory Committee were selected to be representative of employees, employers, self-employed persons and the public. (b) The members of the Advisory Committee as of November 10, 1977, and the expiry date of their present terms are: Robert Baldwin, Ottawa, Ontario, January, 1980; J. T. Birkenshaw, Toronto, Ontario, January, 1980; C. Myrna Bowman, Winnipeg, Manitoba, January, 1980; Merlyn Clark, Charlottetown, P.E.I., January, 1980; Adeline I. Derby, Vancouver, B.C., January, 1980; H. Larry Doane, Halifax, Nova Scotia, December, 1978; M. Monica Donoghue, Blackville, New Brunswick, December, 1978; Robert C. Dowsett, Don Mills, Ontario, January, 1980; Georgia Goodspeed, Saskatoon, Sask., January, 1979; Carmin Graveline, Montreal, Quebec, January, 1980; Mavis Marteinson, Calgary, Alberta, January, 1979; Donald Ohs, Kamloops, B.C., January, 1980; Audrey Orr, Toronto, Ontario, January, 1980; Jack L. Pickett, Edmonton, Alberta, January, 1980; R. W. Porter, London, Ontario, January, 1979. Each member is appointed by the Governor in Council for a term not exceeding five years. (c) Each member of the Advisory Committee is entitled to be paid such allowance for each day he attends any meeting of the Committee as may be fixed by the Governor in Council (at present the Chairman receives $150 per day and the members each receive $100 per day), and is entitled to be paid reasonable travelling and living expenses while absent from his ordinary place of residence in the course of his duties as a member of the Committee. (d) It is the duty of the Advisory Committee to review from time to time, as it deems appropriate or advisable, the operation of the Canada Pension Plan, the state of the Canada Pension Plan Investment Fund and the adequacy of coverage and benefits under the Canada Pension Plan and to report to the Minister of National Health and Welfare the results of such review. Each year the Committee prepares a report to the Minister on its activities during the preceding year.

2. The public school sector is currently represented on the Advisory Committee by Miss M. Monica Donoghue, a retired school teacher. Miss Donoghue taught for over forty years in public schools in New Brunswick and Teacher's College, Fredericton, New Brunswick.

NFB—POLICY ON USE OF AUDIO-VISUAL TAPES, FILMS AND SCRIPTS IN ELEMENTARY AND SECONDARY SCHOOLS

Question No. 471—**Mr. Schellenberger:**

1. What is the policy of the National Film Board with respect to the use of audio/visual tapes, films and scripts in elementary and secondary schools?

2. (a) What services or programmes are available through the National Film Board to elementary and secondary school teachers (b) by province, what was the cost for such services in each of the past five years?

Hon. John Roberts (Secretary of State): I am informed by the National Film Board as follows: 1. It is the policy of the National Film Board to promote and assist in the development of audio-visual services to Canadian schools and teachers and to support their operations and growth with its own productions and resources, rather than to substitute for the education system in providing such services. The production and resources of the National Film Board reach elementary and secondary schools in Canada in many ways: (1) All productions distributed by the National Film Board are made available in 16mm format on a free loan basis to elementary and secondary schools, usually through the established audio-visual service of the school or the schools system. The same productions are also available for purchase from the National Film Board offices across the country. Such purchases can often be made at varying discounted rates on quantity orders and/or within a film library development programme. (2) Where such capabilities exist, departments of education or provincial telecommunication authorities can purchase from the National Film Board the rights to broadcast within the educational television system or closed-circuit school TV system, to transfer from film to tape and to reproduce quantity of tapes of all productions cleared for such distribution. In addition, the National Film Board now sells all such productions on tape format. (3) Other audio-visual products, such as 8mm films, filmstrips, slides presentation, transparencies, multi-media kits, are available for purchase by schools from three (3) distributors in the country. (4) It is not the policy of the National Film Board to provide scripts of its productions although in a few instances such scripts have been made available free of charge for film studies.

2. There is no service provided by the National Film Board specifically designed for teachers in the elementary and secondary schools. This is considered to be the responsibility of the departments and boards of education. However, like any other Canadian, the elementary and secondary school teachers have access to the free loan service from the National Film Board 27 film libraries across the country. The following table shows what percentage of all transactions recorded in all film libraries were for elementary and secondary schools during the period of 1972-73 to 1976-77 and the estimated cost of providing that service per province. The services of the National Film Board staff members in its local and regional offices are also made available on request and within the limits of resources and capabilities in time and place to share with

teachers or audio-visual specialists their experience in the fields of film library organization and management, film information and programming, films and media studies and also concerning the use of audio-visual aids in the learning process. There are no reliable data to account for the cost of such personnel services per province in each of the past five years. In addition to above-mentioned service, the National Film Board, during the fiscal year 1976-77, in collaboration with the a/v Committee of the Council of Ministers of Education, developed its "Education Support Programme" designed to bring about a closer and more concerted collaboration with educational authorities in Canada concerning audio-visual aids and their effective use by teachers and students in the learning process. This programme was funded in the amount of $300,000 to cover all levels of education in all of Canada.

	1972/1973	1973/1974	1974/1975	1975/1976	1976/1977
British Columbia (including Yukon)	$ 76,590	$ 92,000	$ 97,885	$ 90,846	$ 95,520
Alberta (including N.W.T.)	93,398	97,419	105,628	100,291	109,389
Saskatchewan	45,046	48,866	45,161	41,859	45,441
Manitoba	47,653	54,627	55,449	41,553	45,534
Ontario	122,130	118,664	123,532	120,384	140,041
Quebec	151,398	149,687	151,942	152,896	192,993
New Brunswick	29,134	34,481	31,198	28,872	33,145
Nova Scotia	47,736	51,505	41,845	47,758	59,384
*Prince Edward Island	—	—	—	—	—
Newfoundland / Labrador	21,848	23,803	22,884	29,731	33,831
Total	$634,933	$671,052	$675,524	$654,190	$755,278

*The film service to elementary and secondary schools in P.E.I. is provided by the Department of Education which purchases most of the films they need. The NFB office acts as a back-up service to the Department of Education.

CONDITIONS OF EMPLOYMENT OF TEACHERS OVERSEAS

Question No. 473—**Mr. Schellenberger:**

1. (a) What is the procedure followed in the hiring by the government of Canadian teachers to teach at Canadian Armed Forces bases overseas (b) how many are employed (c) what is the salary scale (d) what is the amount of foreign service allowance awarded (e) what provisions are made for (i) travel expenses (ii) medical insurance coverage?

2. Under what provisions are members of the Canadian Armed Forces given the vote while serving overseas and do these provisions apply to teachers at the bases?

3. Under what provisions are members of the Forces exempted from paying tax on foreign service allowance awarded and do the provisions apply to teachers at the bases?

Mr. Yvon Pinard (Parliamentary Secretary to President of the Privy Council): I am informed by the Department of National Defence, the Chief Electoral Office and Revenue Canada as follows:

1. (a) Teachers for overseas DND dependants schools are obtained from their employing school boards in Canada under a two-year loan-of-service agreement. Interested applicants apply to their employing board for such an assignment. The board reviews all applications received and forwards suitable nominations to the Department of National Defence. The National Defence Headquarters Teachers Selection Committee makes the final selection. (b) 296 (including direction, administrative and teaching staffs). (c) The employing board continues to pay the salary authorized under their salary agreement whilst the teacher is assigned overseas. The department reimburses the board for monthly salary payments made. (d) Foreign service allowance for teachers is calculated in the same manner as for members of the Canadian Forces and the amount may fluctuate according to the cost of living or post indices established by Statistics Canada. Other factors that have an influence are salary entitlements, length of service overseas and whether the teacher is accompanied by dependants. The minimum and maximum allowances now vary between approximately $300 to $700 per month. (e) (i) Teachers are entitled to travelling allowances as though proceeding on duty as a member of the Canadian Forces. (ii) Teachers are covered for adequate hospital-medical insurance under provincial health insurance plans, where extended outside Canada, or under the Canadian Teachers Association in Europe (CTAE) Group Plan, a health care plan sponsored by the Canadian Premier Life Insurance Company.

2. The provisions of the recently amended Special Voting Rules (Schedule II to the Canada Elections Act) include provisions for the taking of the votes, at a general election, of Canadian Forces electors, including teachers and administrative support staff at Canadian Forces schools outside Canada, and their eligible dependants residing with them.

3. Members of the Canadian Forces (as well as employees of all Canadian departments) are deemed residents of Canada pursuant to paragraph 250(1)(b) of the Income Tax Act. Any foreign service allowance received by such members is specifically exempted from tax under subparagraph 6(1)(b)(iii) of the Act. School teachers are subject to tax under subsection 115(2) of the act and there is no similar provision exempting teachers from paying tax on foreign service allowance. However, in order to rectify this anomalous situation a remission order, titled "Department of National Defence Overseas School Staff Income Tax Remission Order 1976", permits a teacher to elect to be taxed as though he was a member of the Canadian Forces. Therefore, if a teacher makes the election there will be a remission of federal income tax which was paid on the foreign service allowance. It is expected that most provinces will also approve a remission of provincial taxes in respect of foreign service allowances although this matter has not yet been finalized.

PROTEIN RUTIN

Question No. 483—**Mr. Yewchuk:**

Has the Department of National Health and Welfare investigated the potential danger to smokers and non-smokers of the protein RUTIN, which is present in both tobacco leaves and cigarette smoke and, if so, in what manner?

Miss Monique Bégin (Minister of National Health and Welfare): The Department of National Health and Welfare has not investigated the potential danger to smokers and non-smokers of RUTIN. Rutin is a natural product found in buckwheat, citrus fruits and vegetables, as well as in tobacco.

TORUTEIN

Question No. 493—**Mr. Nystrom:**

Is Torutein, manufactured by Amoco Foods Company in the United States, a torula yeast grown on pure alcohol and do advertisements for the product claim that it replaces milk solids, improves meat flavour and binds fats and water, replaces dried egg yolks, imparts a smooth mouthfeel and enhances sour cream flavour and, if so (a) what tests have been done by the Health Protection Branch, Food and Drug Administration or the Company to indicate that this product is safe for human consumption (b) what tests have been done to indicate that Torutein, which is used to replace milk solids and egg yolks, provides the same nourishment (c) under what regulations is the product being sold in Canada and are there any regulations which would limit its use in food products?

Hon. Monique Bégin (Minister of National Health and Welfare): Torutein, manufactured by Amoco Foods, is a Torula yeast (*Candida utilis*) which is grown on food grade ethyl alcohol, using a continuous aseptic fermentation process. The yeast is grown as a pure culture under controlled conditions designed to give uniform products. The yeast is continuously harvested, concentrated by centrifugation, pasteurized, spray dried, and bagged using sanitary processes as normally found in the dry milk industry. The advertisements for Torutein do claim that its use improves meat flavour; binds fats and water; imparts a smooth mouthfeel; enhances sour cream flavour in dressings, sauces and dips; and partially replaces non-fat dry milk and eggs, for functional and organoleptic purposes, in certain unstandardized baking formulas. (a) Amoco Foods Company had done chemical, microbiological, nutritional and toxicological studies on Torutein, and the results of these studies indicate that the product per se is safe for human consumption. (b) Data provided by the manufacturer indicate that the nutritional quality of Torutein differs from that of dried egg yolk and milk solids. It is higher in protein although of a lower nutritional quality and contains higher levels of B vitamins except vitamin B12 and folic acid. Its total mineral content is comparable to that of milk solids but it contains negligible amounts of calcium and more magnesium and iron. (c) Torula yeast has been used as a Food ingredient for a considerable period of time. Although there are no regulations controlling the sale of the product per se, its sale as a food or food ingredient is subject to the general provisions of the Food and Drugs Act relating to safety and lack of deception. Torutein may be used as an ingredient in unstandardized foods. While there are no legal limitations on its level of use in these foods, its upper use level is self-limiting at around 3 per cent due to undesirable colour, texture and yeasty taste. Most staple foods are subject to standards of composition in the Food and Drug Regulations which specify the ingredients which may be used in those foods. The Health Protection Branch policy has been to consider Torutein used in condimental proportions to be "seasoning", and therefore its use has been permitted in those standardized foods for which provision is made for "seasoning". The addition of Torutein in condimental proportions to standardized foods should not replace any nutritive ingredient. If Torutein were used in higher than condimental proportions as a replacement for nutritious ingredients, a different set of circumstances would exist. It is the policy of the Department of National Health and Welfare to ensure that substitution of ingredients does not decrease the nutritional quality of the diet. For example, regulations were recently promulgated requiring that any protein sources added to meat and poultry products to extend the protein or used to simulate meat or poultry products contain protein and vitamins and mineral nutrients in amounts equivalent to those found in meat. Torutein used in more than condimental proportions in meat or poultry products would be subject to these regulations. The development of such regulations is an ongoing process in response to the development of new foods.

UNEMPLOYMENT INSURANCE COMMISSION—ADVERTISING BUDGET

Question No. 494—**Mr. Clarke:**

1. For the fiscal year 1977-78, what is the advertising budget of the Unemployment Insurance Commission?

2. For the same year, how much will be spent on advertising that (a) will explain changes (b) does not explain changes in the Unemployment Insurance Act resulting from the passage of Bill C-27, An Act to establish the Department of Employment and Immigration, the Canada Employment and Immigration Commission and the Canada Employment and Immigration Advisory Council, to amend the Unemployment Insurance Act, 1971 and to amend certain other statutes in consequence thereof of the Second Session of the 30th Parliament?

3. (a) What was the total cost of producing the TV commercials "Tightrope" and "Boxer" (b) what funds will be spent to broadcast the commercials (c) do "Tightrope" and "Boxer" make specific reference to the changes in UIC regulations and, if not, what justification is there for the spending of funds on the commercials?

Hon. Bud Cullen (Minister of Employment and Immigration): 1. In calendar year 1977, the advertising budget for Unemployment Insurance was $2,000,000.

2. (a) $1,690,804; (b) $309,196.

3. (a) "Tightrope": $16,400; "Boxer": $19,800. (b) "Tightrope": $84,779.27; "Boxer": $126,456.12. (c) No. "Tightrope" stresses the commission must render proper service, while controlling fraud and abuse. "Boxer" explains claimants' obligations to conduct an active job search while on UI claim.

POSTER "THE CAPITAL OF CANADA, JULY 1, 1977"

Question No. 501—**Mr. Neil:**

1. What was the total cost of preparing the poster "The Capital of Canada, July 1, 1977"?

2. What firm held the contract for the preparation of the poster?

3. What was the total number printed and to whom were they distributed?

Hon. André Ouellet (Minister of State for Urban Affairs): 1. The sole cost was for printing, $2,848.12, including federal and provincial sales taxes.

2. The printer was Beauregard Press Ltd., of Ottawa. All preparatory work, including the photograph itself, was done in-house.

3. 5,000. Distribution was made to members of parliament, the general public and government departments and agencies.

Order Paper Questions

AIR CANADA PERSONNEL

Question No. 511—**Mr. Howie:**

From November 1, 1976 to November 1, 1977, how many persons were added to the personnel of Air Canada?

Hon. Otto E. Lang (Minister of Transport): The Management of Air Canada advises as follows: between November 1, 1976 and November 1, 1977, the total number of employees decreased by 536.

TOTAL VALUE OF EXPORT TRADE 1976-77

Question No. 513—**Mr. Howie:**

What was the total value of Canada's export trade for the fiscal year 1976-77 and, how much (a) was with (i) the USA (ii) European Common Market countries (b) involved manufactured goods sold to (i) the USA (ii) European Common Market countries?

Mr. Bernard Loiselle (Parliamentary Secretary to Minister of Industry, Trade and Commerce): Statistics Canada reports the following: the total value for the fiscal year 1976-77 of Canada's export trade was $39,631,500,000, of which (a) (i) $26,963,600,000 was with the USA and (ii) $4,668,600,000 was with the European Economic Market countries; and (b) involving manufactured goods sold to (i) the USA in the amount of $11,419,900,000 and (ii) The European Economic Market countries in the amount of $585,400,000.

RESEARCH ON USE OF HYDROGEN AS AN ENERGY FUEL

Question No. 518—**Mr. Howie:**

Has the Ministry of State for Science and Technology or the Department of Energy, Mines and Resources or any commissions or councils funded by them, authorized any research into the use of hydrogen as an energy fuel since January 1, 1975 and, if so (a) who was authorized to conduct the research (b) how much money has been budgeted or allotted for each research project?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): In so far as the Ministry of State for Science and Technology is concerned: (a) The Ministry of State for Science and Technology authorized "The Biomass Energy Institute Inc." to investigate the use of hydrogen as an energy fuel. (b) $26,427.72.

In so far as the Department of Energy, Mines and Resources is concerned: Yes, for 1977-78 EMR has funded research. (a) The Canada Centre for Mineral and Energy Technology (CANMET) of EMR and the Defence Research Establishment Ottawa (DREO) of DND have been authorized to conduct research. (b) Allotments: CANMET: $250,000 including: $20,000, Production of hydrogen from pitch. $55,000, Optimum production of hydrogen for oil sands hydrocracking. $175,000, Materials sciences R&D for hydrogen production, transport and utilization. DREO: $150,000, Developing the use of hydrogen in the energy systems.

[Mr. Ouellet.]

STUDIES ON FUNCTION OF ALGAE

Question No. 524—**Mr. Howie:**

Has the Ministry of State for Science and Technology or any councils funded by it or the Department of Fisheries and the Environment, authorized any studies since January 1, 1976 on function of algae in maintaining the earth's oxygen supply?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): I am informed by the Ministry of State for Science and Technology and the Department of Fisheries and the Environment as follows: No.

PERCENTAGE OF MARKET FOR MANUFACTURERS SERVED BY IMPORTS

Question No. 528—**Mr. Howie:**

What percentage of the total Canadian market for manufacturers was served by imports in (a) 1970 (b) 1973 (c) 1976?

Mr. Bernard Loiselle (Parliamentary Secretary to Minister of Industry, Trade and Commerce): Statistics Canada reports that: the percentage of total Canadian market for manufacturers served by imports was: 1970, 26.2 per cent; 1973, 29.2 per cent; 1976, 29.8 per cent.

IMPORTS OF COMPUTER AND OFFICE EQUIPMENT

Question No. 529—**Mr. Howie:**

Approximately what percentage of the Canadian market for computer and office equipment was served by imports in (a) 1970 (b) 1973 (c) 1976?

Mr. Bernard Loiselle (Parliamentary Secretary to Minister of Industry, Trade and Commerce): Statistics Canada reports that: the percentage of the Canadian market for computer and office equipment served by imports was approximately: (a) 84.1 per cent in 1970; (b) 85.9 per cent in 1973; (c) 87.8 per cent in 1976.

IMPORTS OF AGRICULTURAL MACHINERY

Question No. 530—**Mr. Howie:**

What percentage of the Canadian market for agricultural machinery was served by imports in (a) 1969 (b) 1972 (c) 1976?

Mr. Bernard Loiselle (Parliamentary Secretary to Minister of Industry, Trade and Commerce): Statistics Canada reports that: the percentage of the Canadian market for agricultural machinery served by imports was: 1969, 76.2 per cent; 1972, 83.0 per cent; 1976, 82.6 per cent.

IMPORTS OF CONSUMER ELECTRONICS PRODUCTS

Question No. 531—**Mr. Howie:**

Approximately what percentage of the Canadian market for consumer electronics products was served by imports in (a) 1970 (b) 1973 (c) 1976?

Mr. Bernard Loiselle (Parliamentary Secretary to Minister of Industry, Trade and Commerce): Statistics Canada reports

the following: the percentage of the Canadian market for consumer electronics products served by imports was approximately: 1970, 33.1 per cent; 1973, 42.2 per cent; 1976, 59.1 per cent.

EXPORT TRADE BY FINISHED MANUFACTURERS

Question No. 539—**Mr. Howie:**

1. In the year (a) 1970 (b) 1974 (c) 1976, what percentage of Canada's export trade was represented by finished manufacturers?

2. What was the figure with automobiles and parts excluded?

Mr. Bernard Loiselle (Parliamentary Secretary to Minister of Industry, Trade and Commerce): Statistics Canada reports the following: 1. The percentage of Canada's export trade represented by finished manufacturers was for the following specified years: 1970, 36.5 per cent; 1974, 31.2 per cent; 1976, 35.5 per cent.

2. The figures excluding automobiles and parts were: 1970, 19.0 per cent; 1974, 15.8 per cent; 1976, 16.9 per cent.

EXPORT MARKETS FOR MANUFACTURED GOODS

Question No. 540—**Mr. Howie:**

Which countries were Canada's major export markets for manufactured goods in (a) 1975 (b) 1976 and, in terms of millions of dollars, what volume of exports were sold to each?

Mr. Bernard Loiselle (Parliamentary Secretary to Minister of Industry, Trade and Commerce): Statistics Canada reports the following: the following countries and areas constituted Canada's export markets for manufactured goods in 1975 and 1976:

	1975		1976	
	($ millions)	Per cent of total	($ millions)	Per cent of total
United States	8,858	79.5	10,839	81.8
United Kingdom	227	2.0	194	1.5
Other E.E.C.(1)	326	2.9	374	2.8
Japan	68	0.6	60	0.4
Other O.E.C.D.(2)	300	2.7	340	2.6
Other Americas	722	6.5	704	5.3
Other Countries	644	5.8	740	5.6
Total	11,145	100.0	13,251	100.0

(1) Other E.E.C. includes Belgium, Denmark, Federal Republic of Germany, France, Ireland, Italy, Luxembourg and the Netherlands.

(2) Other O.E.C.D. includes Australia, Finland, Greece, Iceland, NewZealand, Norway, Portugal, Spain, Sweden, Switzerland, and Turkey.

POSTAL SERVICES—FREDERICTON, NEW BRUNSWICK

Question No. 541—**Mr. Howie:**

Will the Post Office Department be extending postal services in the Fredericton, New Brunswick area such as mailing counters or sub-post offices?

Hon. J.-J. Blais (Postmaster General): The Post Office Department will be extending postal services in the Fredericton, New Brunswick area with the opening of Postal Station B, 35 Hughes Street, Fredericton, New Brunswick, E3A 2W0, which is presently under construction and a sub post office at Good Neighbor Drugmart, King's Place, Corner York and Brunswick, Fredericton, New Brunswick. In both instances tentative dates for opening have not been set.

MAIL DELIVERY SERVICE

Question No. 542—**Mr. Howie:**

Will the Post Office Department be extending door-to-door mail delivery service by letter carrier in the area of (a) Nashwaaksis (b) Carleton ward (Devon) (c) Marysville (d) Barkers Point, Fredericton, New Brunswick and, if so, on what date will such extensions be instituted?

Hon. J.-J. Blais (Postmaster General): (a) Yes, but only to new calls located within the existing letter carrier delivery boundaries. We are precluded from extending door-to-door letter carrier delivery to calls outside existing boundaries of service. This is in line with the federal policy of restraint. (b) Same as item (a) above. (c) Same as item (a) above. (d) Same as item (a) above.

Question No. 543—**Mr. Howie:**

1. Will the Post Office Department undertake door-to-door mail delivery service to the Silverwood section of Fredericton, New Brunswick and (a) if so, on what date (b) if not, for what reason?

2. What facilities are presently used to provide mail delivery service to this area and what is the cost of such facilities?

Hon. J.-J. Blais (Postmaster General): 1. No. In line with federal policy of restraint, limitations have been placed on our department, one of which is the deferment for an indefinite period of door-to-door service outside existing letter carrier boundaries.

2. Served by a suburban service at a cost of $ 5,011 per annum.

Question No. 544—**Mr. Howie:**

1. Will the Post Office Department undertake door-to-door mail delivery service to the Southwood Park section of Fredericton, New Brunswick and (a) if so, on what date (b) if not, for what reason?

2. What facilities are presently used to provide mail delivery service to this area and what is the cost of such facilities?

Hon. J.-J. Blais (Postmaster General): 1. No. In line with federal policy of restraint, limitations have been placed on our department, one of which is the deferment for an indefinite period of extensions of door-to-door service outside existing letter carrier boundaries.

2. The 90 customers outside door-to-door delivery boundaries are receiving group mail box service at a cost of approximately $3,200 per annum.

Order Paper Questions

CANADA CENTRE FOR REMOTE SENSING

Question No. 549—**Mr. Cossitt:**

1. Is there a division within the Department of Energy, Mines and Resources known as the Canada Centre for Remote Sensing and, if so, what work does the division carry out and does it produce map images of various areas from satellite transmissions?

2. Were copies of such maps available from the Department at a price of $4.00 each during last year and did it take approximately ten days for an order to be filled?

3. Was the sale of such items turned over to a private company known as ISIS of Prince Albert, Saskatchewan and, if so (a) for what reason (b) was the price raised to $10.00 and, if so, for what reason (c) are orders placed with ISIS in Prince Albert still filled by the Department and postmarked from Ottawa, despite the fact that such items bear a Prince Albert address and, if so, for what reason?

4. Are cheques in payment of such items made to the private company and, if so, for what reason is this being done if the government is still involved in any way and what return does the government receive under the present fee of $10.00 as compared to the previous fee of $4.00?

Mr. J.-Gilles Lamontagne (Parliamentary Secretary to Minister of Energy, Mines and Resources): The Department of Energy, Mines and Resources reports as follows: 1. Yes. The Canada Centre for Remote Sensing acquires and disseminates remotely sensed data of Canada, taken from aircraft and earth observation satellites, to a large number of private and government users throughout Canada. This is a largely subsidized operation with a gradually increasing rate of cost recovery. The branch also conducts research into computerized image analysis and into new sensor applications. Yes, CCRS does produce map images of various areas from satellite transmissions.

2. Yes, copies of colour map images were available from the department last year at a subsidized price of $4. It took approximately eight weeks for a first colour order of a particular image to be filled after receipt of the satellite transmission. Repeat orders were filled in approximately ten days.

3. Yes. (a) This decision was in keeping with the government's "Make or Buy" policy whereby some 'in-house' activities are being transferred to private industry in order o assist private industry and to reduce the number of government employees. It was also in keeping with the government's policy of decentralizing government activities outside of Ottawa. (b) Yes, the price was raised to $10 this year to cover overhead and marketing costs of ISIS and to provide for a contribution to the NASA station charges, newly instituted in 1977. This $10 price is similar to that charged by U.S. distributors. (c) Yes, a few orders placed with ISIS in Prince Albert are still filled by the department and postmarked from Ottawa. The transfer to ISIS is still in a transition phase. Under the terms of the EMR contract with ISIS, ISIS was given six months to fully take over the ordering and distribution function for the LANDSAT products. In the meantime, orders are filled by EMR staff and the name and address of ISIS appears on the order.

4. Yes, cheques in payment are made to the private company. The government in this case is the manufacturer and the private company is the marketing and distributing agent. ISIS' selling prices for a series of colour products range from $10 to $30. On total sales of $10,323 from May to October, 1977, the government received $7,505.

[Mr. Blais.]

STUDIES UNDERTAKEN RELATING TO REVENUE LOSS

Question No. 551—**Mr. Howie:**

Have any studies been undertaken by the Department of Finance or the Department of National Revenue which indicate the approximate revenue loss from permitting income tax deductions of municipal property taxes on residences?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): In so far as the Department of Finance is concerned: The Department of Finance has analysed this proposal. The revenue loss would depend on the structure of the measure and what sort of limitations were applied. It could well be over $500 million.

In so far as the Department of National Revenue is concerned: No.

REVENUE LOSS FROM TAX DEDUCTIONS OF INTEREST PAYABLE ON MORTGAGES ON RESIDENCES

Question No. 552—**Mr. Howie:**

Have any studies been undertaken by the Department of Finance or the Department of National Revenue which indicate the approximate revenue loss from permitting income tax deductions of interest payable on mortgages on residences?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): In so far as the Department of Finance is concerned: The Department of Finance has analysed this proposal. The revenue loss would depend on the structure of the measure and what sort of limits were applied. It could be as high as $1.5 billion per year.

In so far as the Department of National Revenue is concerned: No.

CANADIAN FORCES BASE, GAGETOWN, EXPENDITURES

Question No. 555—**Mr. Howie:**

Was money allocated to the Department of National Defence under the current federal labour intensive programme and, if so (a) in what amount (b) what amount will be spent at Canadian Forces Base Gagetown and on what projects will persons be employed?

Hon. Barney Danson (Minister of National Defence): Yes. (a) $52,652,000; (b) $2,316,000. The sum will be spent on small projects for which personnel will be employed in the administrative support and general labour categories.

STEINBACH AND BEAUSÉJOUR POST OFFICES—REVENUES

Question No. 676—**Mr. Epp: (Corrected)**

1. What is the amount of revenue taken in annually by the (a) Steinbach (b) Beauséjour Post Office?

2. What is the annual profit and/or deficit of the (a) Steinbach (b) Beauséjour Post Office?

Hon. J.-J. Blais (Postmaster General): 1. The amount of revenue taken in for the fiscal year 1976/77 is as follows: (a) Steinbach: $230,771; (b) Beauséjour: $77,293.

2. (a) and (b) Profit and/or deficit is not determined by individual post office but rather for the entire postal service program.

ON-THE-JOB TRAINING, FREDERICTON, NEW BRUNSWICK

Question No. 680—**Mr. Howie:**

Since January 1, 1977, how many persons have benefitted from on-the-job training under the manpower training programmes in Fredericton, New Brunswick?

Hon. Bud Cullen (Minister of Employment and Immigration): The Training-on-the-Job Program and the Training-in-Industry Program were combined in June 1974 to form the Canada Manpower Industrial Training Program. Training under this program may be given on the job, in a classroom or special training area, or as a combination of the two. Since January 1, 1977, 598 trainees have received training under the Canada Manpower Industrial Training Program in Fredericton, New Brunswick. This figure includes the various types of training listed above.

INCOME TAX ARREARS

Question No. 688—**Mr. Howie:**

1. On March 31 (a) 1975 (b) 1976 (c) 1977, how many corporations owed income tax to the Crown in excess of $25,000?

2. On March 31 (a) 1975 (b) 1976 (c) 1977, how many individuals owed income tax to the Crown in excess of $10,000?

3. Since March 31, 1975, in how many cases and representing what amounts, have taxes owed to the Crown been written off as uncollectable from (a) corporations (b) individuals?

Hon. Joseph-Philippe Guay (Minister of National Revenue):

1. (a) 856 (b) 1093 (c) 1165

2. (a) 4058 (b) 5449 (c) 6101

3. (a)

	Fiscal Year	Number of Accounts	Amounts
	1974/75	1593	$ 5,607,882
	1975/76	1874	$ 8,072,739
	1976/77	1856	$10,339,951
(b)	1974/75	4540	$ 5,100,804
	1975/76	4014	$ 3,648,130
	1976/77	3197	$ 4,334,324

CFB GAGETOWN PERSONNEL

Question No. 699—**Mr. Howie:**

On November 1 (a) 1971 (b) 1973 (c) 1975 (d) 1977, how many (i) civilian permanent (ii) civilian temporary (iii) military personnel were employed at CFB Gagetown?

Hon. Barney Danson (Minister of National Defence): (a), (b), (c) and (d). See table below.

	November 1, 71	November 1, 73	November 1, 75	November 1, 77
Civilian Permanent	567	584	661	625
Civilian Temporary	153	210	139	314
Military (*Note 1)	3,400 (December 31, 71)	3,300 (September 30, 73)	2,806 (September 30, 75)	3,096 (October 31, 77)

Note 1: Exact data was not available for each 1 November, therefore the data for the dates closest to 1 November have been given.

SPRUCE BUDWORM CONTROL

Question No. 706—**Mr. Howie:**

1. Did the government assist New Brunswick with a spruce budworm spraying operation in 1977 and, if so (a) in what amount (b) what area was sprayed?

2. Has an analysis of the spraying operation been made and was it generally considered effective?

Mr. Mike Landers (Parliamentary Secretary to Minister of State (Environment)): 1. No.

2. Yes. Analysis, carried out jointly by the Maritime Forestry Research Centre, Forest Protection Limited and the New Brunswick department of natural resources showed that generally good results were obtained. Increases in the size and intensity of infestations occurred mainly in non-sprayed areas.

CBC BUDGET OF RADIO STATION CBZ-CBD

Question No. 730—**Mr. Howie:**

1. What is the total operating budget for the Canadian Broadcasting Corporation's radio station CBZ-CBD in Fredericton, New Brunswick, for the 1977-78 fiscal year?

2. What amount was designated for (a) television work and maintaining of the television studio (b) the hiring of freelance broadcasters and writers?

Hon. John Roberts (Secretary of State): I am informed by the Canadian Broadcasting Corporation as follows: 1. and 2. It has not been customary to require the CBC to provide such details of its internal management and administration as the budgets of individual stations and amounts designated for specific projects. The background to this custom is explained in detail in the reply to question No. 2,530, May 22, 1975.

ENTERTAINMENT COSTS

Question No. 748—**Mr. Howie:**

Since April 1, 1976, what amount was spent for entertainment by the Department of Industry, Trade and Commerce?

Mr. Bernard Loiselle (Parliamentary Secretary to Minister of Industry, Trade and Commerce): In so far as the Department of Industry, Trade and Commerce is concerned:

	Total	Foreign Service	Other
	$	$	$
Fiscal year 1976/77—Department	1,923,614.	1,432,574.	491,040.
—FIRA	387.	—	387.
April—October, 1977—Department	408,545.	328,944.*	79,601.
—FIRA	110.	—	110.

*Information from posts abroad, only includes expenditures to July 31, 1977 inclusive.

AIR CARRIER SUBSIDIES

Question No. 753—**Mr. Howie:**

What amount was paid as a subsidy to air carriers operating in the Atlantic Provinces in the fiscal year ended (a) 1975 (b) 1976 (c) 1977?

Hon. Otto E. Lang (Minister of Transport): The Canadian Transport Commission reports as follows: Subsidy paid to air carriers operating in the Atlantic provinces amounted to: (a) $1,553,000; (b) 2,122,265; (c) 1,700,000.

MOBILE HOMES STUDIES

Question No. 756—**Mr. Howie:**

Have any studies been undertaken during the last or current fiscal year on the aspect of mobile homes being acceptable security for CMHC mortgage loans?

Hon. André Ouellet (Minister of State for Urban Affairs): I am advised as follows by Central Mortgage and Housing Corporation: the report to the Minister of State for Urban Affairs—"Mobile Homes: recommendations for alternate federal government actions" by the Joint Study Team on Mobile Homes, has been received.

FINANCIAL ADMINISTRATION ACT

Question No. 769—**Mr. Alexander:**

1. From what specific section or subsection of the *Financial Administration Act* was the mandate of the Planning Branch, Treasury Board Secretariat derived?

2. What were the initial terms of reference of the Planning Branch?

3. Was the Planning Branch supposed to concern itself with reviewing existing policies and programmes or with analysing proposed policies and programmes?

4. Of the 733 man-years allocated to the Treasury Board for planning and evaluation activities since the 1970-71 estimates, how many man-years have been devoted to ensuring that money is spent with due regard to economy and efficiency?

5. How many man-years have been devoted to ensuring that programmes are effective and that the desired results and benefits of the programme are being achieved?

6. What projects have been undertaken by the Planning Branch since 1970-71 in fulfilling its mandate?

7. Which of these projects have been concerned with ensuring that programmes are effective and that the desired results and benefits of the programmes are being achieved?

8. Did the Planning Branch undertake studies which led to the decision to disband Information Canada, the Company of Young Canadians or the Local Initiatives Programme?

9. Has the mandate of the Planning Branch been changed recently?

10. Why was the Organization Division and the Task Force on Decentralization shifted from the Planning Branch to the Programme Branch?

11. Why were the Effectiveness Evaluation Division and the Performance Measurement Policy Division elevated to branch status?

[Mr. Loiselle (Chambly).]

12. Does the Planning Branch presently concern itself with the review of existing policies and programmes or the analysis of proposed policies or programmes?

13. Does the Efficiency Evaluation Branch presently concern itself with the review of existing policies and programmes or the analysis of proposed policies or programmes?

14. Are any of the planning and evaluation studies undertaken by the Efficiency Evaluation Branch used in the budgeting process?

15. Are any of the planning and evaluation studies undertaken by the Planning Branch used in the budgeting process?

16. Are any of the planning and evaluation studies undertaken by the Efficiency Evaluation Branch done in cooperation with the Auditor General?

17. Are any of the planning and evaluation studies undertaken by the Planning Branch done in cooperation with the Auditor General?

18. What will be the relationship between the proposed Comptroller General and the Planning Branch?

19. What will be the relationship between the proposed Comptroller General and the Efficiency Evaluation Branch?

Hon. Robert K. Andras (President of the Treasury Board): 1. The mandate of the planning branch of the Treasury Board Secretariat was derived from section 5(1) (c) and 5(1) (d) of the Financial Administration Act.

2. The initial terms of reference of the planning branch were to initiate and undertake studies of the effectiveness of selected government programmes and the efficiency of selected administrative units and, as techniques and methods of evaluation are developed, to transmit them to departments.

3. The planning branch was not restricted to studying proposed or existing policies and programmes. It could both review existing policies and programmes and analyse proposed policies and programmes.

4. Twenty-five man-years were budgeted each year since the 1970-71 estimates for the study of economy and efficiency by the performance measurement policy division.

5. Forty-eight man-years were budgeted each year for the effectiveness evaluation division to ensure that programmes are effective and that the desired results and benefits of the programmes are being achieved.

6. The information requested refers to internal departmental projects of a confidential nature and cannot be released.

7. The information requested refers to internal departmental projects of a confidential nature and cannot be released.

8. The planning branch did not undertake studies which led to the decision to disband Information Canada, the Company of Young Canadians or the Local Initiatives Programme.

9. Yes, the mandate of the planning branch has recently been changed.

10. The organization division and the task force on decentralization shifted from the planning branch to the programme branch to rationalize the resource reallocation process.

11. The organizational status of the performance measurement policy division has not been changed. It is a division within a new branch called the efficiency evaluation branch. In addition to being responsible for the board's performance measurement policy work, the new branch is responsible for

policies governing procedures for evaluation of programmes by departments.

12. The planning branch currently concerns itself with both the review of existing policies and programmes and the analysis of proposed policies and programmes.

13. The role of the efficiency evaluation branch is to develop and ensure the application of policies, procedures and practices to evaluate and report upon the efficiency and effectiveness of government programmes. The branch is therefore concerned with ensuring that there are appropriate policies and procedures concerning performance measurement and programme evaluation. The branch does not review or analyze existing and proposed policies and programmes.

14. As noted in the response to question 13, the efficiency evaluation branch does not conduct planning and evaluation studies of programmes. However, the two policies for which it is responsible, performance measurement and program evaluation procedures, do relate to the budgeting process. One of the requirements of the performance measurement policy is that measures of the performance of programs be supplied by departments, where feasible, in support of their annual resource allocation requests. The policy governing evaluation of programmes by departments provides for the Treasury Board to participate in such evaluations, where this would be of use in arriving at resource allocation decisions. There is a constant liaison between the efficiency evaluation branch and the programme branch in this work.

15. Yes, the programme branch use planning branch studies in the budgeting process.

16. A close liaison has been established between the Study of Procedures in Cost Effectiveness (SPICE) team of the Officer of the Auditor General and the efficiency evaluation branch. This liaison is to assist SPICE in carrying out its study. A joint review of the "procedures" used for measuring the performance of the income security programme of the Department of National Health and Welfare was carried out by SPICE and efficiency evaluation branch staffs. There are also frequent exchanges of information of techniques for carrying out these reviews of procedures.

17. No, there are no planning and evaluation studies undertaken by the planning branch in cooperation with the Auditor General.

18. As with the rest of the Treasury Board secretariat, all planning branch material will be available to the Comptroller General.

19. The President of Treasury Board plans to transfer the efficiency evaluation branch to the Comptroller General following passage of the legislation establishing the Comptroller General.

Order Paper Questions

QUEEN'S SILVER JUBILEE MEDALS

Question No. 771—**Mr. Cossitt:**

1. Did representatives of the First Battalion, Royal Canadian Regiment, London, Ontario, act as an Honour Guard to Queen Elizabeth II at any point during her visit to Canada and, if so (a) in what locations (b) on what dates?

2. Did the Commanding Officer of the Battalion advise members of the Honour Guard that they would receive the Queen's Silver Jubilee Medal to commemorate the occasion and, if so, have they received the medal and, if not (a) for what reason (b) will the government take steps to rectify the situation?

3. Were approximately 652 medals awarded to National Defence Headquarters, Ottawa, Ontario, and does this figure include those promised to the Royal Canadian Regiment in London?

Hon. Barney Danson (Minister of National Defence): 1. Yes. (a) National War Memorial. (b) October 15, 1977.

2. No. (a) and (b) Not applicable.

3. Seven thousand Queen's Silver Jubilee Medals were allocated for distribution to the regular and reserve components of the Canadian Armed Forces. Included in the distribution are some members of the first Battalion of the Royal Canadian Regiment in London.

PRINTING OF POSTAGE STAMPS

Question No. 776—**Mr. Lambert (Bellechasse):**

1. (a) For the fiscal year 1976-77, how much did the printing of stamps cost the Post Office Department (b) which company printed the stamps (c) were tenders called and, if so, which companies tendered?

2. For the same period, what was the revenue to the government from the sale of stamps?

Hon. J.-J. Blais (Postmaster General): 1. (a) Cost of printing of stamps in 1976-77 was $3,133,448.52 and cost of printing of other stamped postage supplies was $475,711.32 (See No. 2). (b) Postage stamps were printed by Canadian Bank Note Company Limited, British American Bank Note Company Limited and Ashton-Potter Limited. Other stamped postage supplies were printed by DRG International Envelope Limited and Ashton-Potter Limited. (c) Tenders were called for the printing of stamps, and Canadian Bank Note Company Limited, British American Bank Note Company Limited and Ashton-Potter Limited all tendered. Tenders were called for the printing of other stamped postage supplies, and DRG International Envelope Limited and Ashton-Potter Limited both tendered.

2. Revenues derived from postage stamps are not segregated from revenues derived from other stamped postage supplies. The combined revenue for 1976-77 was $207,582,886.63.

STUDIES AS TO REDUCTION IN LABOUR MOBILITY

Question No. 784—**Mr. Herbert:**

Have any studies been made as to whether there has been a reduction in labour mobility attributable to the unemployment insurance programme?

Hon. Bud Cullen (Minister of Employment and Immigration): We are not aware of any studies that identify and measure the impact of the current Unemployment Insurance Programme on labour mobility. There are, however, two major studies that use the pre-1971 UI data base to analyse the

problem of migration in Canada. These studies are "Migration, Income, and Employment: Canada, 1965-68" by T. J. Courchene, published by the C.D. Howe Research Institute, and "The Economic Causes and Effects of Migration: Canada, 1965-71" by E. K. Grant and J. Vanderkamp, published by the Economic Council of Canada.

PROCUREMENT OF PNEUMATIC MATTRESSES

Question No. 791—**Mr. McKinnon:**

Is the Department of National Defence buying pneumatic mattresses from Uniroyal Ltd. of Kitchener, Ontario, for the sum of $418,031 and, if so (a) how many does the contract cover (b) which units will be issued with the mattresses?

Hon. Barney Danson (Minister of National Defence): Yes. (a) 6,500. (b) Regular and militia units of the field force and Canadian Forces Training Establishments.

CANADA WORKS ALLOCATION TO CONSTITUENCY OF RICHMOND

Question No. 801—**Mr. Beaudoin:**

In 1977, were grants under the Canada Works Programme allotted to the Constituency of Richmond and, if so, in what amounts?

Hon. Bud Cullen (Minister of Employment and Immigration): Yes, $1,404,000.

LOANS GRANTED TO CONSTITUENCY OF RICHMOND

Question No. 802—**Mr. Beaudoin:**

From 1970 to date, did the Industrial Development Bank, now the Federal Business Development Bank, grant loans in the Constituency of Richmond and, if so (a) what was the (i) total (ii) average amount (b) what were the interest rates (c) what was the rate of loss?

Mr. Bernard Loiselle (Parliamentary Secretary to Minister of Industry, Trade and Commerce): The I.D.B., now F.B.D.B., does not compile statistics concerning loans by constituency.

TREASURY BOARD SPENDING IN CONSTITUENCY OF RICHMOND

Question No. 803—**Mr. Beaudoin:**

For each fiscal year since 1970, what amount was spent by the Treasury Board and its agencies in the Constituency of Richmond?

Hon. Robert K. Andras (President of the Treasury Board): In so far as the Treasury Board secretariat is concerned: Nil.

ENTERPRISE DEVELOPMENT PROGRAM

Question No. 808—**Mr. Howie:**

As of November 30, 1977, how many applications were received for financial assistance under the enterprise development programme of the Department of Industry, Trade and Commerce from the Province of New Brunswick?

Mr. Bernard Loiselle (Parliamentary Secretary to Minister of Industry, Trade and Commerce): As of November 30, 1977, six applications were received for financial assistance under the Enterprise Development Program from the Province of New Brunswick.

Question No. 809—**Mr. Howie:**

How many grants under the enterprise development programme of the Department of Industry, Trade and Commerce were made to firms in New Brunswick and what was the total dollar value?

Mr. Bernard Loiselle (Parliamentary Secretary to Minister of Industry, Trade and Commerce): There have been two grants made to firms in New Brunswick under the Enterprise Development Program with a total dollar value of $55,132.00.

Question No. 810—**Mr. Howie:**

How many regional boards were established by the Department of Industry, Trade and Commerce under the enterprise development programme and, in each case, where is it located?

Mr. Bernard Loiselle (Parliamentary Secretary to Minister of Industry, Trade and Commerce): Regional boards were established in each of the ten provinces under the Enterprise Development Program as follows: Toronto, Ontario; Montreal, Quebec; Winnipeg, Manitoba; Vancouver, British Columbia; Edmonton, Alberta; Regina, Saskatchewan; Charlottetown, Prince Edward Island; Halifax, Nova Scotia; Fredericton, New Brunswick; St. John's, Newfoundland.

Question No. 811—**Mr. Howie:**

1. Who are the members of the regional board administering the Department of Industry, Trade and Commerce's enterprise development programme at Fredericton, New Brunswick?

2. What is the remuneration paid for the position of chairman and member?

Mr. Bernard Loiselle (Parliamentary Secretary to Minister of Industry, Trade and Commerce): 1. Mr. John S. Donaldson is Chairman of the New Brunswick Region Enterprise Development Board. The Vice-Chairman of the board is Mr. Alyre H. Cormier. The Department of Industry, Trade and Commerce, Regional Economic Expansion and the Federal Business Development Bank are also represented on the board.

2. The remuneration paid to both the chairman and the vice-chairman of the board is $200 per day for each day that they are engaged in the business of the board. The public sector members receive no remuneration.

Question No. 812—**Mr. Howie:**

As of November 30, 1977, how many applications were received for financial assistance under the enterprise development programme of the Department of Industry, Trade and Commerce?

Mr. Bernard Loiselle (Parliamentary Secretary to Minister of Industry, Trade and Commerce): As of November 30, 1977, 270 applications were received for financial assistance under the Enterprise Development Program.

NUMBER AND TYPE OF SHIPS ON ACTIVE SERVICE

Question No. 817—**Mr. Howie:**

How many and what type of ships are on active service with the Canadian Armed Forces?

Hon. Barney Danson (Minister of National Defence): Helicopter destroyers—12; destroyers—8; replenishment vessels—3; submarines—3; coastal patrol escorts—4.

NORTH AMERICAN SPACE AGENCY

Question No. 819—**Mr. Howie:**

How many employees of the government are performing their duties with the North American Space Agency in either Texas or Florida?

Mr. Yvon Pinard (Parliamentary Secretary to President of the Privy Council): I am informed by the Departments of Communications, National Defence, National Research Council, and the Ministry of State for Science and Technology as follows: None.

Question No. 820—**Mr. Howie:**

Since January 1, 1976, was Canada awarded research and development contracts by the North American Space Agency in the United States?

Mr. Yvon Pinard (Parliamentary Secretary to President of the Privy Council): I am informed by the Departments of Communications, National Defence, National Research Council, and the Ministry of State for Science and Technology as follows: No.

OFFICIAL LANGUAGES MINORITY GROUPS PROGRAM

Question No. 826—**Mr. Howie:**

Since April 1, 1975, what organizations or persons in Fredericton, New Brunswick received grants under the Official Languages Minority Groups Programme and, in each case, in what amount?

Hon. John Roberts (Secretary of State): The department has awarded the following grants under the Official Languages Minority Groups Program:

	Fiscal Year	Amount
Cercle français de Fredericton Inc.	1975-76	$14,992
	1976-77	$15,328
	1977-78	$ 4,895

(as at December 8, 1977)

PARKS CANADA

Question No. 835—**Mr. Marshall:**

What is a breakdown of all the details of Votes 60A and 65A, Parks Canada in the Supplementary Estimates (A), 1977-78, amounting to $1,470,000 for the expansion of the Student Summer Employment and Activities Programme, and the reconstruction of Highway 430 in Gros Morne, Newfoundland?

Order Paper Questions

Hon. James Hugh Faulkner (Minister of Indian Affairs and Northern Development): In Vote 60A, $470,000 is being requested through Supplementary Estimates (A) for the expansion of the Student Summer Employment and Activities Programme. This second allotment is broken down as follows: Summer Student Employment (Direct hiring): $330,000; Park Awareness (Contractual agreements): $140,000; Total: $470,000. In Vote 65A, $1,000,000 is being requested through Supplementary Estimates (A) to accelerate reconstruction of Highway 430 within the boundaries of Gros Morne National Park.

FRESH FRUIT VEGETABLE STORAGE CONSTRUCTION FINANCIAL ASSISTANCE PROGRAM—NEWFOUNDLAND

Question No. 883—**Mr. Marshall:**

Were any applications received for financial assistance under the Fresh Fruit Vegetable Storage Construction Financial Assistance Programme from the Province of Newfoundland?

Hon. E. F. Whelan (Minister of Agriculture): Yes. There were two applications received.

MILITARY INSTALLATIONS IN QUEBEC

Question No. 893—**Mr. Jones:**

1. Are the majority, if not all, of the main artillery depots within the Province of Quebec?

2. Are the majority, if not all, of the ammunition depots within the Province of Quebec?

Hon. Barney Danson (Minister of National Defence): 1. No.

2. No.

COMMISSION OF INQUIRY INTO MARKETING OF BEEF AND VEAL—PERSONS UNDER CONTRACT

Question No. 897—**Mr. McKenzie:**

For each year 1975 and 1976, what was the total number of persons under contract to the Commission of Inquiry into the Marketing of Beef and Veal and how many were retired public servants?

Mr. Yvon Pinard (Parliamentary Secretary to President of the Privy Council): 1974-75, nil. 1975-76, 14 (one retired public servant).

CFB GAGETOWN—MARRIED QUARTERS

Question No. 906—**Mr. Howie:**

As of November 1, 1977, how many PMQ units were in existence at CFB Gagetown?

Hon. Barney Danson (Minister of National Defence): 2,203.

Order Paper Questions

PHARMACEUTICAL CHEMICALS INDUSTRY

Question No. 921—**Mr. Herbert:**

Does the government intend to encourage a basic fine chemicals and pharmaceutical chemicals industry in Canada and, if so, what action is contemplated?

Mr. Bernard Loiselle (Parliamentary Secretary to Minister of Industry, Trade and Commerce): Yes, the Government wishes to encourage a basic fine chemicals and pharmaceutical chemicals industry in Canada. At the present time, a broad study of the health care products industry, including the fine chemicals and pharmaceuticals sectors, is under way within the Department of Industry, Trade and Commerce and is being carried out with important inputs from the industry. The purpose of this study is to identify the opportunities and constraints facing Canadian companies in this industry, with the objective of developing a policy or industrial strategy aimed at encouraging increased manufacture of fine chemicals and pharmaceuticals in Canada.

STEINBACH AND BEAUSÉJOUR POST OFFICES

Question No. 931—**Mr. Epp:**

What is the annual cost of operating the (a) Steinbach (b) Beauséjour Post Office?

Hon. J.-J. Blais (Postmaster General): (a) The 1976-77 operating costs for Steinbach were $165,287. This included salaries and allowances, mail transportation and materials and supplies but does not include the government's share of contributions to employee benefit plans or the value of accommodation provided by the Department of Public Works. (b) Beauséjour is a Semi-Staff office and individual cost statements are not maintained for these types of offices but rather are reported collectively by area or district.

VICTORIA HEALTH CENTRE, FREDERICTON, NEW BRUNSWICK

Question No. 968—**Mr. Howie:**

Has any consideration been given by the Department of Veterans Affairs to acquiring more beds to supplement those presently used for disabled veterans in the Victoria Health Centre in Fredericton, New Brunswick?

Hon. Daniel J. MacDonald (Minister of Veterans Affairs): No. Having regard for the demand on the 200 priority beds available to veterans in New Brunswick, 57 beds were acquired at the Victoria Health Centre in Fredericton. This number has proved adequate.

DOMICILIARY CARE FOR NEW BRUNSWICK VETERANS

Question No. 969—**Mr. Howie:**

Does the government intend to acquire beds in nursing homes in New Brunswick for the domiciliary care of veterans so they can remain in or near their home communities in New Brunswick and, if so, how many beds will be available and on what date?

[Mr. Danson.]

Hon. Daniel J. MacDonald (Minister of Veterans Affairs): The Department of Veterans Affairs has the authority which permits any entitled veteran to receive treatment in any hospital of his choice and to see any doctor he wishes for his pensioned condition. The department's authority for the provision of chronic and nursing home care for other than pensioned conditions is limited to departmental facilities or to the priority beds established in contract hospitals. The provision of nursing home beds for veterans in north east New Brunswick is currently under discussion with provincial authorities.

DISABILITY PENSIONS

Question No. 970—**Mr. Howie:**

How many war veterans from New Brunswick are presently waiting for a decision to determine (a) eligibility (b) increase in their disability pension?

Hon. Daniel J. MacDonald (Minister of Veterans Affairs): The records maintained by the Canadian Pension Commission are not kept in such a manner as to identify applicants for pension eligibility or pension increases by their province of residence.

Question No. 971—**Mr. Howie:**

How many war veterans from New Brunswick have been waiting for more than six months for a decision to determine their entitlement to a disability pension?

Hon. Daniel J. MacDonald (Minister of Veterans Affairs): The records maintained by the Canadian Pension Commission are not kept in such a manner as to identify requests for entitlement to disability pension by the province of residence of the applicant.

Question No. 972—**Mr. Howie:**

How many war veterans from New Brunswick have been waiting for more than six months for a decision to determine their right to an increase in their disability pension?

Hon. Daniel J. MacDonald (Minister of Veterans Affairs): The records maintained by the Canadian Pension Commission are not kept in such a manner as to identify requests for pension increases by the province of residence of the applicant.

POST OFFICE—SUPERVISORY AND ADMINISTRATIVE PERSONNEL—FREDERICTON, N.B.

Question No. 1,004—**Mr. Howie:**

On December 1 (a) 1975 (b) 1976 (c) 1977 how many (i) supervisory (ii) administrative personnel were employed by the Post Office Department at Fredericton, New Brunswick?

Hon. J.-J. Blais (Postmaster General):

	Supervisory	Administrative
December 1, 1975	11	3
December 1, 1976	11	3
December 1, 1977	12	3

POST OFFICE DEPARTMENT—PERMANENT AND CASUAL LETTER CARRIERS—FREDERICTON, N.B.

Question No. 1,005—**Mr. Howie:**

On December 1 (a) 1975 (b) 1976 (c) 1977 how many (i) permanent (ii) casual letter carriers were employed by the Post Office Department at Fredericton, New Brunswick?

Hon. J.-J. Blais (Postmaster General):

	Permanent	Casual
December 1, 1975	39	nil
December 1, 1976	40	nil
December 1, 1977	40	2

POST OFFICE—PERMANENT AND CASUAL POSTAL CLERKS—FREDERICTON, N.B.

Question No. 1,006—**Mr. Howie:**

On December 1 (a) 1975 (b) 1976 (c) 1977 how many (i) permanent (ii) casual postal clerks were employed by the Post Office Department at Fredericton, New Brunswick?

Hon. J.-J. Blais (Postmaster General):

	Permanent	Casual
December 1, 1975	54	nil
December 1, 1976	57	nil
December 1, 1977	58	1

POST OFFICE—CASUAL AND PART-TIME EMPLOYEES—FREDERICTON, N.B.

Question No. 1,007—**Mr. Howie:**

On December 1 (a) 1975 (b) 1976 (c) 1977 how many (i) casual (ii) part-time persons were employed at the Post Office Department at Fredericton, New Brunswick?

Hon. J.-J. Blais (Postmaster General):

	Part-time	Casual
December 1, 1975	16	nil
December 1, 1976	19	nil
December 1, 1977	15	3

POST OFFICE—PERMANENT EMPLOYEES—FREDERICTON, N.B.

Question No. 1,008—**Mr. Howie:**

On December 1 (a) 1975 (b) 1976 (c) 1977 how many permanent employees were employed by the Post Office Department at Fredericton, New Brunswick?

Hon. J.-J. Blais (Postmaster General): December 1, 1975, 118; December 1, 1976, 123; December 1, 1977, 124.

PURCHASE BY NORIN CORPORATION OF MIAMI, FLORIDA, TO PURCHASE SHARES OF MAPLE LEAF MILLS LIMITED

Question No. 1,037—**Mr. McKenzie:**

To the knowledge of the government, is NORIN Corporation of North Miami, Florida planning to buy Maple Leaf Mills Limited of Canada and, if so, what is the amount being discussed?

Mr. Bernard Loiselle (Parliamentary Secretary to Minister of Industry, Trade and Commerce): In so far as the Foreign Investment Review Agency is concerned: The Agency is aware that Norin Corporation of Miami Florida held, through its subsidiary Norin Canada Holdings Inc., about 73 per cent of the outstanding common shares of Maple Leaf Mills Limited of Canada before it made an offer in November, 1977 to buy the remaining outstanding shares at a price of $18 a share.

* * *

[*Translation*]

QUESTIONS PASSED AS ORDERS FOR RETURNS

Mr. Yvon Pinard (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, if starred questions Nos. 122, 356 and 807 could be made orders for returns, these returns would be tabled immediately.

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

[*Text*]

PUBLIC SERVANTS

Question No. 122—**Mr. Herbert:**

1. How many public servants work in each office of the Department of Agriculture in Quebec?

2. For each such office, what is its location and geographical area of responsibility?

Return tabled.

LANDED IMMIGRANT STATUS GRANTED FOREIGN STUDENTS

Question No. 356—**Mr. Orlikow:**

1. For each year 1971 to 1976, how many foreign academics were given landed immigrant status and, in each year, to which province did they move?

2. What was the academic discipline of each?

Return tabled.

CANADA COUNCIL GRANTS

Question No. 807—**Mrs. Holt:**

1. Did the Canada Council make grants, directly or indirectly, to Mr. Bertrand Lachance and to Mr. Bill Bissett and, if so (a) how many (b) in what amounts (c) on what dates and over what period of time?

2. (a) What criteria were applied when approval was given to such grants (b) was any of the money applied to travel outside of Canada and, if so (i) in what amounts (ii) for what destinations (iii) for what reasons?

3. How many literary works by either gentlemen have benefitted from Canada Council grants and (a) what are (i) their titles (ii) their themes (b) how many copies have been sold (i) in Canada, by province (ii) outside of Canada, by

country (c) how many copies have been distributed (i) free of charge (ii) at reduced prices?

4. Have any such copies been distributed *gratis* to or purchased by elementary schools, secondary schools, universities, public libraries and, if so, which ones were (a) presented free (b) purchased and, in each case, what is the (i) name, location of the institution (ii) number of books, by title, distributed *gratis* or purchased.

5. By title, how many copies of each were (a) sold (b) otherwise distributed?

6. By title, what was the total cost of production of such works?

Return tabled.

GOVERNMENT ORDERS

[*English*]

BANK ACT

AMENDMENT TO EXTEND OPERATION TO APRIL 1, 1979

Hon. Otto E. Lang (for the Minister of Finance) moved that Bill C-16, to amend the Bank Act and the Quebec Savings Banks Act, be read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs.

Mr. Ed. Lumley (Parliamentary Secretary to Minister of Finance): Mr. Speaker, hon. members will recall that in March of this year the former minister of finance, the hon. member for Rosedale (Mr. Macdonald), introduced a bill to amend sections 6 of the Bank Act and Quebec Savings Banks Act to permit the banks incorporated under those acts to continue to carry on business until March 31, 1978, nine months beyond the date specified. The short bill before us today will further extend the banks' powers to do business until March 31, 1979.

The reasons given in March for the delay in the decennial revision were the following. First, the extent of consultations encouraged by the white paper. Second, the extent and complexity of the task of converting the principles of white paper into legislation and particularly, where appropriate, making the Bank Act consistent with the principles and provisions of the Canada Business Corporations Act and, third, the extent of the pressure of other priorities on the small group of legislative drafters in the Department of Justice.

The consultative process based on the white paper has largely ended but the other two reasons have continued to be a source of delay. However, I am now able to report that the preparation of the legislation is nearing completion and the bill will soon be ready for introduction. This bill will result in an extensively remodelled Bank Act, important amendments to the Quebec Savings Bank Act, amendments to the Bank of Canada Act and the Bills of Exchange Act, and will establish the statutory framework for the creation of the Canadian payments association. It is my minister's intention to introduce this legislation as soon as possible in this session.

The package of legislation I have just described will, of necessity, be long and complex, reflecting, with some changes, the proposals of the white paper on banking legislation. To ensure that parliament will be able to debate the issues unimpeded by a time constraint, and to resolve any uncertainty about the life of the existing act, we are proposing that parliament should proceed immediately with the bill to extend further the powers of the banks to do business.

The bill is quite straightforward, extending the banking powers to March 31, 1979, and reintroducing the wording of sections 6 of both acts as it was prior to the amendment earlier this year. That wording provides flexibility and acts as a safeguard in the event that parliament is not sitting at the end of March, 1979, and has not by then passed the general revision legislation or a further extension bill.

As indicated, we will bring forth the comprehensive banking legislation as soon as possible, and we look forward to full and useful committee consideration and debate.

We assure hon. members that the objectives remain those set out in the government's white paper, that is, to provide for a fair and responsive evolution of Canada's payments system, recognizing the growing importance of near-banks in the financial transactions of the nation; to provide more reasonable rules for the entry of new institutions into banking, or the conversion of existing institutions into banks; to deal with the question of foreign-owned banking institutions in Canada; to deal in detail with the business and corporate powers of the banks.

In all of these areas the goal is to encourage more competition in Canadian banking, while keeping control of our banking and financial system in Canadian hands.

We are confident that these goals are supported by all sides in this House. The extension bill will guarantee us the opportunity to give the new, comprehensive legislation which is to follow the full debate and scrutiny it deserves.

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, I would not want to show any disrespect for the parliamentary secretary, he is a pleasant enough chap, but I think that we on this side of the House feel that the government is now showing its traditional incompetence and laissez faire attitude in dealing with this legislation. We are now in the opening day of the resumed session, and the Minister of Finance (Mr. Chrétien)—who privately had indicated to me his great desire to get through this bill and told me he hoped he would be able to table for first reading the government's proposals to amend the Bank Act by the Christmas adjournment or, if not, shortly thereafter—chooses—and the choice is his because he makes his out of city appointments as he sees fit—not to be here today. All I can say is that the debate is going to be longer

than shorter because I do not think we should handle parliament that way.

With all due respect to the parliamentary secretary, I know he was handed a high smelling basket on this occasion and it is not his fault, but, frankly, I had hoped, when I discussed this first with the Minister of Finance, that he would agree to one speech from each representative of the parties, if need be, and that we should then go into committee of the whole House to amend the motion. I still hope we can amend the motion so that this one paragraph bill does not go to committee and through all the weighty business of the legislative process that flows from that, and that we can dispose of the bill in a matter of an hour and a half in the House. That is what should be done with a bill of this kind, but the circumstances have changed, and my caucus colleagues have convinced me that we should act otherwise.

The revisions of the Bank Act, such as they are today, do not have the same high profile that the 1976-77 revisions had. At that time there was a statutory ceiling on interest rates, there were user charges and minimum balances, and there was the question of foreign ownership. In other words, the Bank Act was strictly out of kilter with business conditions. At that time people were feeling pretty excited about the Bank Act. At the present time there is not that high profile in the general community with regard to banks. Despite this lower profile in the mind of the public there is a very great and urgent need in the business community—and there has been for a long time—for a more up-to-date system of financial institutions. The structure has to be changed.

● (1522)

I remember back in 1972 or 1973 telling the former minister of finance, Mr. Turner, that he should set up a royal commission on banking and financial requirements in Canada, bearing in mind the great increase in the importance of banks. This had been a question in the sixties. The 1966-67 revision was a second go around following the Porter commission report. The government had come up with an atrocious bill. The Porter commission was based on statistics of the late 1950s and early 1960's and on operations based on the 1954 revision.

There has been a fantastic change in business operations and requirements for financing in Canada. It is almost as though we have moved an age in light years. However, the government did not see fit to set up an inquiry and, frankly our Bank Act is totally out of date with our requirements, to the detriment of economic activity in this country. I do not care whether it is for a small operator or a large multinational corporation; our Bank Act is totally out of date. Chartered banks are into all kinds of activities, but they would like to be into many more in a different form.

What I find more disconcerting than anything else are the activities which are beyond the control of the Minister of Finance and the review of the Inspector General of Banks. Let us consider the operations of the so-called satchel, or suitcase, bankers. They represent foreign business interests. They are able to drop into hotel rooms for a week or two weeks in Toronto, Montreal, Vancouver or anywhere else, and carry on their operations. They are able to sign up substantial sums of Canadian savings, finance, make bridge loans, provide intermediate financing or engage in supplementary lines of credit. They can do a number of things. They are not every-day banking operations which cash cheques, open savings accounts, sell travellers cheques and provide traditional over-the-counter banking services. These services are provided by chartered banks, but we also see them provided at credit unions and caisses populaires. There are national and provincial trust companies which also carry on the business of banking, and that to me is the key.

Under the British North America Act the Government of Canada is assigned exclusive jurisdiction over money and banking. I suggest that this is one item in the constitution which is distinguished by its breach 24 hours a day. There are credit unions, caisses populaires and trust companies which carry on the business of banking without any supervision whatever and with total disregard for the monetary policies set down by the Minister of Finance in the discharge of his legal responsibilities. He has no control over them. Our economy is going along on a lopsided pace because of that. If there are rules and guidelines for those who engage in the business of banking, I think they should be complied with.

I said ten or 15 years ago that there is no jurisdiction residing in a provincial government over the conduct of the business of banking, or what is called the quasi business of banking, simply because institutions conducting these operations are incorporated under some form of provincial legislation. One might as well say that because provincial governments have the conduct of the policies and operations of provincial trust companies because they are incorporated under charters issued under the corporation laws of the provinces, in the same way those provincial governments could say to companies carrying on the business of flying by charter or by schedule that "we will lay down the rules with regard to the air operations of your company, the conditions for issuing licences for aircraft and licences for your personnel, et cetera" simply because those companies are incorporated under provincial corporation laws. To me you cannot have it both ways.

I know that one of the problems with the delay in this legislation has to do with the first of the proposals contained in the white paper dealing with a Canadian payments system whereby provincial governments and credit unions are not agreeing to pay the freight to belong to a Canadian payments system. They want all the benefits without assuming any of the obligations. If they want to engage in the business of banking, they should assume the obligations, but the procedure adopted by the government of the day through the hon. member for Eglinton (Mr. Sharp), who was then minister of finance, and under the Canada Deposit Insurance Corporation Act of the 1960's, was to seek the consent or approval of the provinces to set up such a system. The door was opened wide and, of course, there is very much co-operation and so forth.

● (1532)

When the shoe is on the other foot and the government moves into an area of exclusive provincial jurisdiction, it often takes little time for some of the provinces to say, "Keep your cotton picking hands off and stay out." I wish they would sometimes observe that in reverse.

The Bank Act expired on June 30, 1977. It was extended by Bill C-39 passed by this House last April, which is to expire on March 31 next. A rather complicated formula was included in the bill. I would have preferred an extension to July 1, bearing in mind what appeared to be some reluctance on the part of the President of Privy Council (Mr. MacEachen) to do anything about the white paper as far as the standing committee was concerned, but the compromise was made for March 31, 1978. The effective date now, therefore, is March 31, 1979, and if parliament is not sitting at that time a formula date is to be decided by this House and the other place.

At the conclusion of this debate I will ask the parliamentary secretary to level with this House. I know that one of the considerations is the report of the commission on corporate concentration. When the hon. member for Rosedale (Mr. Macdonald) was minister of finance he was always being asked when that was coming forward. Why talk about issuing a white paper when, if the report on corporate concentration is to be worth the paper it is written on, it will make some observations about directorates of the major financial institutions of this country? I do not prejudge that report one way or the other. It may have some very worth-while recommendations to make, but since the administration of our chartered banks and trust companies is of such material import it does not seem to have been worth publishing the white paper of August, 1976. Is it to be thrown in the waste basket because subsequent recommendations are more valid? I have never been able to follow this government's thinking, Mr. Speaker.

This procrastination goes all the way back to the former minister of finance, Mr. Turner. It may have been that his hands were tied by the fact that this government was in a minority position between 1972 and 1974 and was unwilling even to crack a smile for fear it might be thought to be prejudiced. After 1974, when there was a growing unease between the Prime Minister (Mr. Trudeau) and the then minister of finance which culminated in a banging door—"Comme on dit en claquant les portes" resignation by the minister and the appointment of the hon. member for Rosedale as minister of finance, we were into the swim of wage and price controls.

During all of this time the other place was able to consider the contents of the white paper and received representations from interested parties which were of limited value. I am going to suggest that when and if the bill incorporating the amendments to the new Bank Act come in, hon. members of the other place will have to go through the whole process again because conditions will have changed.

Knowing some of the background, it seems to me that the white paper was not referred to the Standing Committee on

Finance, Trade and Economic Affairs because of the unwillingness of the then minister of finance and the government House leader to have a lengthy debate. The opposition was asked to agree to a quick referral of the white paper and then, if the government brought in the bill, to agree that the second reading would be pro forma and the contents of the bill superimposed on the white paper. I never heard of such a mish-mash in my life, Mr. Speaker, and I would have no part of it.

This points out the total inadequacy and the lunatic system of committees that we have in this House whereby legislation and estimates are referred to standing committees. At times the Standing Committee on Finance, Trade and Economic Affairs may have half a dozen bills lined up, as well as the estimates for many departments and agencies. It is by far the busiest committee on average.

It is my view that, in the consideration of estimates, parliament's job is the examination and provision of supply as soon as the blue book on estimates comes down. This year that may occur next week or in the early part of February, but the guillotine falls on May 31. No legislation should go through any committee under this system. A change has been offered to the House but people are frightened of change. There is no way a white paper or Bank Act should be prevented from being referred to a committee on banking—a committee which would die after it accomplished its work. As things stand, the government will not get second reading of the bill and consideration by the committee before May 31.

Let us examine the sequence, Mr. Speaker. There will be a debate on Second reading and at that time members on both sides of the House will be heard *in extenso* because banking is so important. It is twelve years since banking was discussed in depth in this House so we can expect an extended debate. Then there will be public hearings.

● (1542)

It takes a matter of six weeks at least between the reception of a report and the commencement of public hearings. Notices have to be published across the country inviting representations and, depending upon the public reaction, it may be that the hearings will take longer than anticipated. The committee then makes a report which may have some extensive changes. The government has to take time to consider those recommendations and either at committee stage, or the report stage, bring in a whole series of amendments which will occasion debate; and on it goes.

It is a long process, but the act is one of the most important ones we have on the statute books. Mr. Speaker, I cannot foresee that even in an off election year that there should be a shortened process. Certainly it would be shorter if one had special legislative committees rather than just standing committees to consider estimates and legislation each vying for the necessary time. Some day there will be a revolution in some of the thinking around here with regard to our committee structure, and we will have a vehicle that will be far more effective. I am looking at the government chief whip. He knows whereof

I speak; he has seen the framework and I think he understood my purpose, but he was scared by it. He thought he had too many committees to get too many people for. He is wasting away to a shadow, literally in trying to man the committees as they now stand. We are very glad to see the congenial whip back functioning in full bore in his duties now.

Why should there be changes in the Bank Act? First of all incorporation. In the last couple of years we have had that unedifying process of trying to incorporate the Continental Bank via a private member's bill. If there ever was a more disgraceful procedure, costly, uncertain, undignified, unworthy of this House, it was the performance with regard to the Continental Bank. There are certainly proper guidelines laid down by administrative requirements with the control by the governor in council of issuing the permit to commence business after the Inspector General of Banks is satisfied that all the minimum requirements are met. There is absolutely no reason why banks should not be incorporated in the corporate affairs branch.

Then we come to the Canadian payments system. Frankly the credit unions and the trust companies in their desire to participate in the payments system strike me as people wanting to ride a bus and not wanting to pay. They want a free ride. There is no way in my book that that should happen.

And, as I mentioned earlier there are the activities of the foreign banks in Canada. I am not going to say that foreign banks are bad per se. They themselves must think it is a joke right now in the way they can operate without any supervision whatsoever; except if they establish an incorporated subsidiary and carry on from a well posted place. There are foreign controlled banks; there are foreign banks. There is a distinction.

One of the strengths of the Canadian chartered banks system is the extent to which the major Canadian banks are able to operate abroad and, to the extent that they have done so, the strength they possess in certain markets, New York for example. Now, as sure as big apples come from little apples, if the Canadian government in a moment of irresponsibility decided to clamp down and subject foreign banks to impossible conditions, the quick result would be that foreign jurisdictions, the government of the United States, or the legislature of the state involved, or any European country, or any other country in which Canadian banks operate, would retaliate, and not necessarily on a tit-for-tat basis.

There is no way that there can be a sort of punitive control imposed on foreign banks. We invite the competition, but you know right now it isn't competition. Everything is loaded against Canadian banks dealing with some foreign competitors who have no standards to meet, no expenses to meet and who can come in and offer a major line of credit at a quarter per cent or half a per cent less.

I heard of one case today where a large Canadian corporation was offered a line of credit of $60 million. They owed about maybe $200 million, that is potentially in the line of credit extended to them. They were offered a line of credit of $60 million at something less than prime. Why all it took was a flying visit from a representative to call in on the board of directors a few phones calls, and maybe a lunch or two. Of course they can shave off maybe a quarter per cent, or even three eighths of a per cent. But, on $60 million, that means a lot. Fortunately the Canadian bank told its customer that if they wanted to take that line of credit that they could call up the competitor and, ask them to take on the other loan too. Nothing, of course, was heard about the whole blessed operation. But that is the sort of competition, totally unfair and irresponsible and beyond the supervision of the Inspector General of Banks.

I would like to see well defined definitions and guidelines for the conduct of merchant banking in Canada. Goodness knows how many merchant bankers there are from the United States, from Britain, France, and Germany who participate in Canada. Why shouldn't Canadians representing Canadian financial interests participate in the direction and in the administration of Canadian business that they could finance? They cannot do it now; it is impossible.

• (1552)

We want a modern, up-to-date financial system, not one that copes only with the conditions that apply today but with conditions ten years in the future and lays the framework for the next 25 years. That is what we need, not something that looks back at the model "T". You do not build a modern car by looking at a 1945 model. Unfortunately, that is what is being done with the Bank Act. We have to do a lot of rethinking with regard to this.

There is going to be a report by the commission on corporate concentration. I will be very interested in that document. It may show some ways of doing away with difficulties in the structures of banks at present. There are not enough directors representing ordinary shareholders.

I wish to mention a few other matters with regard to banks. I would like to see a reduction in the value and quantity of the qualifying shares of directors. It should not be necessary that you be a director of Power Corporation, Massey Ferguson, Sun Life or any other major company in order of qualify for a bank directorship. They should sort of democratize.

Qualifying shares of some banks today cost as high as $50,000 or $60,000. If the bank wants you as a director and you have empty pockets, they will lend you the $50,000 or $60,000 to buy the qualifying shares. That is wrong. Such a director will be beholden to the administration of the bank. There is a very great danger that that individual will be beholden to the administration and really be a tame director. That is not necessary and should not be there.

There are many other changes we would like to see. I will not go into them in detail. They call for getting on with the changes to the Bank Act. The parliamentary secretary said "at some time in the future", "as soon as possible". That leaves us in a very unsatisfactory position. It is not because parliamen-

tary business is being upset or that it is going to come on in an election year. I am almost prepared to bet some of our good currency that, depending upon the date of the election, it could be that we will be back before this House asking for a further extension. I do not see any activity on the bill prior to June. If the election is not in June but in October or November, then along comes the introduction of the Bank Act and first reading. Second reading will take some time.

I have already shown what the waltz steps are with regard to the public hearings. Therefore, March 31, 1979, will be long past history before the bill is passed and time is given to the banks to get into position. There will have to be a further extension. As one says, that is a hell of a way to run the store.

This goes right back to the former Minister of Finance, Mr. Turner. He missed the boat in 1973 by either failing to persuade the administration or not coming to the decision to have a royal commission, on the style of the Porter commission, laying out in clear terms the requirements of the Canadian financial system for the next generation, seeing what dramatic change there has been in the past 20 years. If that had been done, we would not be talking about this bill today. We would have a new Bank Act in position.

As a final point, the Inspector General of Banks should not play such a passive role. His is a role of merely receiving reports and seeing that certain things qualify under the guidelines and regulations. It is not an initiative on his part to examine as far as I would like. We had the operations of one of the banks that was carrying on here for a while. The public was saved from any disaster by reason of the fact that the other banks arranged that one of them would purchase the business. That is not good enough. The Inspector General of Banks must have more investigative powers than that.

I foresee a much wider role for the Inspector General in that an awful lot more institutions would have to qualify under the Bank Act. If they are carrying on the business of banking, they will have to pay their dues. There is no such thing as a free ride. If people want to carry on the business of banking, let them or their organization comply with the regulations that are designed, not necessarily to protect the competition but to protect the public. It is on that basis that I and my colleagues are very critical of the government with regard to the timing and casual approach to it. Therefore it is conceivable that later this day we will express our displeasure in another way.

Mr. Andy Hogan (Cape Breton-East Richmond): Mr. Speaker, the government's decision to postpone again revision of the Bank Act is a sure sign to the Canadian people of the inefficient way the country is being administered by this cabinet and this Prime Minister (Mr. Trudeau).

The government has experienced for the past five years, not to mention the past ten years this Prime Minister has been in power, a tremendous growth in the civil service. Here, in the national capital region, there has been a dramatic increase in highly paid civil servants in the Prime Minister's office, the Finance Department, and in the Bank of Canada.

[Mr. Lambert (Edmonton West).]

Despite the fact that the Bank Act was supposed to be revised in 1977, the government is now requesting another delay. It will be 1979 before we get around to the so-called decennial revision that was supposed to be done in 1977.

Inflation and unemployment in this country, coupled with the flip-flop by the Prime Minister on wage and price controls, long ago convinced many Canadians that, despite the problem of national unity, this government does not know where it is going with the economy.

The uncertainty and the drift which are apparent at the present time, and which have been building for some time in the business sector of the economy, are being added to by such things as the inability of the government to revise the Bank Act on schedule.

● (1602)

The Bryce Commission on Corporate Ownership is, I understand, almost completely ignoring the extent of financial concentration which finds expression in the chartered banks. As parliamentarians we should be concerned about the expression used by Allan Fotheringham in the January 23 issue of *Macleans* to the effect that Canada "is controlled not by politicians but by a system of interlocking directorships, with the banks as the lynch-pin." This statement seems scarcely exaggerated in the light of recent economic events. We have seen, for instance, Inco shifting certain of its operations to Guatemala and Indonesia at the cost of thousands of Canadian jobs; we have learned of other multi-national corporations deciding to move parts of their operations to countries abroad with a corresponding loss of employment here. Unfortunately, such actions are not discouraged by a government which, far from protesting, supports the corporations lavishly by offering them all kinds of fiscal loopholes and tax breaks, including tax deferrals.

The present over-concentrated and semi-monopolistic banking system is a further factor in encouraging corporate policies of a kind which have been criticized so severely in this House in recent months.

Like so many other big businesses in this country, the banks did not relish the basic premise of the Carter commission that "a buck is a buck from whatever source it comes," though they do not hesitate to act on this premise when dealing with the large non-financial corporations.

Dr. John Porter in his book "The Vertical Mosaic" written, I think it was, in 1966, showed how 907 men in Canada shared 81 per cent of the directorships of the dominant corporations as well as 58 per cent of the bank directorships and a similar proportion of the directorships of the life insurance companies. Mr. Fotheringham, in the article to which I have referred, points out that today the extent of this concentration has become even more pronounced: no more than 300 men centred on the boards of the banks, hold more than 3,000 directorships of corporations with total assets of $700 billion. I may say I am not sure as to the correctness of that latter figure. My information is that nine of the 12 chartered banks in Canada had total assets amounting to $247.4 billion in 1977, up by 21

per cent from the year earlier, with each of the five leading banks increasing its assets—$17.9 billion in the case of the Toronto-Dominion and $23.1 billion in the case of the Bank of Nova Scotia. However, it seems to me Mr. Fotheringham is perfectly accurate in his other statistics.

I suggest the Minister of Finance (Mr. Chrétien) should inform himself on what the Norwegian government has done recently to democratize the banking system in that country because its measures serve as a good example, one which we might well follow instead of allowing the economy to be increasingly controlled by the banks and by the large corporations.

At a time when the whole world is seriously concerned about the operations of the OPEC oil cartel and with the possibility of the existence of a uranium cartel—indeed the Prime Minister has suggested that such a cartel might be used effectively in the nickel industry—it is not surprising that the decennial revision of the Bank Act is being continually postponed by a government which does not wish to interfere too greatly with the cozy cartel of Canadian bankers who, in co-operation with the Bank of Canada, have a monopoly on producing money.

The Prime Minister has referred to the bankers publicly as "the worst bitchers of all in the Canadian economy" and has expressed himself as being ashamed of the profits the banks have been making—some $232 million in 1977. Such being the case one might expect that the right hon. gentleman would want to do something about these "bitchers" with the big profits. But such is not the case. What we, as representatives of the people, get, is a request from him and from the government to postpone revision of the Bank Act further.

Let us briefly review bank profits for the year ended October 31, 1977. First, the figures for total revenue. The Royal Bank showed a percentage increase of 12.3, the Bank of Commerce an increase of 11 per cent, the Bank of Montreal an increase of 11.1 per cent, the Bank of Nova Scotia an increase of 13.3 per cent, and the Toronto-Dominion Bank an increase of 10.8 per cent. This, Mr. Speaker, is at a time when the non-financial corporate sector is on its proverbial you-know-what and when the government is spending $1.5 billion trying to get the rest of the private sector moving.

Let us turn, now, to after-tax profits. Between 1976 and 1977 the Royal Bank saw an increase from $157.4 million to $168.8 million. Profits of the Bank of Commerce rose from $145 million to $150 million—I am rounding these figures out, now. In respect of the Bank of Montreal, they went from $95 million to $122 million; for the Bank of Nova Scotia they went from $116 million to $131 million, and for the Toronto-Dominion Bank they went from $92 million to $100 million. That represents the increase in net earnings of these shares for these large corporations.

● (1612)

One of the reasons the government is not anxious to revise the system and get greater control is the fact that the net earnings per share of the Royal Bank went from $4.30 to $4.61 between 1976 and 1977; in relation to the Bank of Commerce they went from $4.19 to $4.32; for the Bank of Montreal they increased from $2.71 to $3.18; for the Bank of Nova Scotia they went from $2.83 to $3.19, and for the Toronto-Dominion Bank they increased from $2.43 to $2.63. That represents pretty darn good profit in light of the remainder of the economy, and shows again the coddling that has gone on and the special protection of power that has been given to these five large banks, along with the central bank, to control the money supply in a semi-monopolistic if not entirely monopolistic system.

Of course we were not surprised to hear from the representatives of these large corporations, that is, the Canadian Bankers' Association, that the white paper produced by the government followed closely the recommendations of that association. Nor were we surprised to see the stock market shares of the five chartered banks with the largest assets rise to the biggest gain in over two years.

There are really only 12 banks in Canada, and among these, the five I mentioned, since they control 90 per cent of all banking assets, are in effect, if not in a theoretical monopoly position, in a semi-monopolistic position, and in respect of many functions are in a monopolistic position because of their role in the open market operations of the Central Bank of Canada in increasing or decreasing the money supply of this nation.

These banks have historically managed to keep unions at arm's length, even though they control 60 per cent of all consumer lending in this country, by being allowed by the government here in Ottawa to have these so-called banker's hours.

These large banks have ostensibly favoured women for their staff positions such as tellers, etc., where they constitute some 70 per cent of the labour force in the banking industry, but they make sure that only 2 per cent of them ever get management positions. However, the chairman and chief executive officer of the Royal Bank of Canada, Mr. Earle MacLaughlin, had the gall to say they could not find competent women in Canada in the field of economy to sit on the boards of directors. Apparently there are too many Senators looking for the jobs. This is so even though up until 1970 there was only one male head of a Canadian bank who had ever been to a university. In spite of this he suggests that women are not competent to sit on the boards of directors and get a little share of the patronage that is being dished out.

Some hon. Members: Oh, oh!

Mr. Hogan: Of course these banks do not need to worry about such controls being placed on them because the Senate banking committee is dominated by Liberal appointed Senate members, many of whom are often in the same interlocking directorship system the banks' boards have used to dominate so much of the country and the policies of our federal government.

This cosy little arrangement with the Senate banking committee and the domination of the five big banks under the

protection of the federal government verify to a large extent Marx's insight concerning nineteenth century capitalism when he said that the government is but the management committee of the bourgeoisie. This still has a lot of relevance when you read "banks and multinational corporations" instead of "bourgeoisie." I would suggest to you in all seriousness that this insight by Marx is of great relevance to us in the middle of the 19th century—in 1978 here in Canada.

In the *Globe and Mail* of December 23, 1977, datelined Victoria, British Columbia, the British Columbia consumer and corporate affairs minister Mr. Rafe Mair accused the chartered banks, especially the big five, in some cases of using threats, deceit, outright blackmail and other inconceivable practices in connection with consumer lending. He suggested that the laws which have been violated include the Personal Information Act, the Conditional Sales Act and the Debt Collection Act, among others.

An hon. Member: Good NDP legislation.

Mr. Hogan: All progressive legislation in this country comes from the NDP.

Mr. Roland Frasee, president of the Royal Bank of Canada and also president of the Bankers' Association, said in a letter to Mr. Mair, as quoted in the *Globe and Mail*, "that provincial legislation, even of general application, is inapplicable to banks".

Mr. Mair argues that—

Some hon. Members: Oh, oh!

Mr. Hogan: Mr. Speaker, I think the Minister of State (Fitness and Amateur Sport)(Mrs. Campagnolo) will find out what the people think about unemployment in her own riding, which I understand is now reaching some 35 per cent.

Some hon. Members: Oh, oh!

Mrs. Campagnolo: Tell me how many women are heading the church and I will be quiet.

Mr. Hogan: As I was saying, Mr. Mair argued that consumer credit falls in the area of general civil, commercial or property rights areas of concern, and that under the British North America Act this falls to the province. However, the Consumer and Corporate Affairs Department of the federal government has had nothing to do as far as we can find out in writing the proposed revisions to the Bank Act. As I implied earlier, that was left to the efficiency experts of the Department of Finance and of the Bank of Canada who, in spite of their numbers and expertise, ask for 12 years to do a job that was supposed to be done in ten.

The toadyism of the civil servants in these two departments to the five large chartered banks was seen in the proposal in the white paper to bring the so-called near banks, that is, the trust companies, credit unions and caisses populaires, under some form of federal control which would involve these institutions being required to have some form of reserve requirements with the Bank of Canada.

[Mr. Hogan.]

The credit union movement has opposed the white paper for this reason and the provincial governments have generally supported them. The caisses populaires in Quebec have opposed the reserve requirements for similar reasons and have been supported by the province of Quebec, which has raised something along the lines of the B.C. suggestion, namely, that there is a problem here involving federal intrusion in a provincial field.

The leader of our party pointed out in a recent address to the small businessmen of the Canadian Federation of Independent Businesses that we in the New Democratic Party think that bank loans are too difficult to arrange for small businesses. The Small Businesses Loans Act, which was designed to alleviate part of this problem, has become almost totally ineffective, particularly as we in the Atlantic region have seen. The act guarantees a loan made by a bank or other lending institution to a small business as long as the lender is willing to take a rate of interest lower than market rates. Can you imagine the large banks doing that? However, the upper limit is $75,000, which is not much except for the smallest of operations. Moreover, potential lenders are not required to lend any money under the act. They are not required to do so, and this is absolutely shocking. The decision as to whether the money should be loaned out under the provisions of this act, either at market rates, or at all, is entirely up to the lender.

● (1622)

It is not surprising that not much money is lent out under this act, since it can be lent out at higher market rates through the financial sector and especially the banking system. In that connection the Federal Business Development Bank, a federal agency, similarly has been of little help to small business, something which can be documented easily in the Atlantic region. Most small business spokesmen believe it has not been any more congenial to businessmen attempting to start a new business than have the traditional private sector lenders. I wonder why.

In conclusion, the prime reason given in the white paper, or the prime motive behind the change in the act was to increase competition. That was the same reason given in 1967 for taking the ceiling off the 6 per cent that existed. Real competition has not increased since that time. Mr. Fotheringham has indicated that we have had an increase in concentration. We are aware of that. Every now and then there is a price war among banks, which is immediately called off because they are monopolistic in nature. Already that has been suggested by the study of the Economic Council of Canada. Banks have too much market power in the financial sector.

I should like to refer to a provincial brief and indicate that we agree with the provinces of Canada wherein it is stated:

> We have serious reservations about some of the federal proposals and their possible effect on competition. In particular, the range of bank services is to be expanded substantially while the near banks will face new restrictions. The Canadian Banks, according to the Economic Council of Canada, already possess an inordinate degree of market power.

I believe I have clearly indicated that in my speech today.

It continues:

In addition much of the competition that the banks presently face is from the smaller regional institutions as well as a broad range of specialized financial intermediaries.

These financial intermediaries have been peripheral to the main function of banks.

The brief continues:

Therefore, the white paper's proposals to promote competition could actually reduce the alternatives available in the near banks without affecting the degree of concentration in the banking sector.

The failure of the government last year and again this year to come through with a revision of the Bank Act is due primarily to the increase in public service employees, the expertise in the Bank of Canada, the increase which has occurred in the Department of Finance, and the growth of the Department of Consumer and Corporate Affairs which was to have some control over all corporations! That was explained when it was set up, and now we are aware of the fact that it was not involved in the compiling of the white paper. This is not as clear and obvious to the public as the unemployment figures and the cost of living increases, but it indicates the inefficiency of this cabinet and previous cabinets.

Of course the Prime Minister changes his cabinet ministers around so much that they do not get to know their jobs. That is part of the problem. Some cabinet ministers will admit that privately. Obviously the Prime Minister had good intentions about bilingualism and the unity of this country, but he knows absolutely nothing about governing a cabinet that will bring good management to the Canadian economy for the benefit of all. Now he claims he wants to stimulate the private sector, but the revisions to the Bank Act are evidence of gross mismanagement by this government in the last four to five years.

Some hon. Members: Hear, hear!

Mr. David MacDonald (Egmont): Mr. Speaker, I have a few remarks to make with respect to the particular bill before the House today. I see the Minister of Finance (Mr. Chrétien) is present now in this Chamber. It will be interesting to hear his remarks in defence of this legislation. Of course, his parliamentary secretary made a few brief remarks when introducing the legislation.

This is not one of the happier moments for the government. For the second time in the life of this parliament it is asking for an extension of the Bank Act. This particular bill sums up the complete lack of economic good sense and management which puts the government in the ridiculous situation of asking for an extension of legislation which is now well beyond ten years out of date. Already this has been stated by the hon. member for Edmonton West (Mr. Lambert) and the hon. member for Cape Breton-East Richmond (Mr. Hogan).

Important changes have taken place in the economic life of this country. The government has recognized particular pressures which were mentioned in its white paper of a year and a half ago. But the government has failed to have any effective discussion or examination of that white paper by a committee of this House.

As was referred to earlier this afternoon, I recall some of the negotiations that were ongoing with respect to a good and searching examination of the government's proposals in regard to the Bank Act. A number of members had certain regional concerns and certain expectations concerning specific amendments which might be proposed. We were extremely hopeful that a number of the issues raised in the Bank Act would be addressed by the appropriate standing committee in an examination of the white paper. That did not occur because the then minister of finance, the hon. member for Rosedale (Mr. Macdonald), indicated that it would be more appropriate to wait for the bill itself since the government was anxious to move expeditiously on with this legislation.

The government wanted an opportunity to examine the specific contents of the bill in the appropriate standing committee and perhaps to hear from important and key witnesses across the country. In the last year and a half we have been faced with the situation of having neither. We have received the government's statement or its white paper. Members of the other place have had some chance to examine that document and hear witnesses; but it is obvious that by the time we arrive at a point where the actual contents or the measures proposed can be examined in the other place, it will be so hopelessly out of date that the exercise will have to be renewed again.

Mr. Chrétien: Mr. Speaker, is the hon. member aware that the chairman of the Standing Committee on Finance, Trade and Economic Affairs offered to refer this white paper to the committee for study? Also, is he aware that there was unanimity, except for one Conservative member who objected? That member wanted to have a long debate in the House before the white paper was put before the committee. I think the hon. member is not aware of the facts. The Liberal party, the New Democratic Party and the Social Credit party were agreeable to that procedure, but it was vetoed by a Conservative member.

Mr. MacDonald (Egmont): Mr. Speaker, the Minister of Finance has a very selective memory. I do not recall any decision being made by a member of my party to have extended debate. Certainly there was no position taken either publicly or privately. These are purported facts which the minister is attempting to smuggle in by way of a question.

Mr. Chrétien: It is a fact.

Mr. MacDonald (Egmont): It is a fact in the mind of the Minister of Finance, but I do not know whether it is a fact in the mind of anyone else.

Mr. Chrétien: A fact is a fact.

Mr. Cafik: Mr. Speaker, I do not wish to inject any partisan note, but I was the chairman of the Standing Committee on Finance, Trade and Economic Affairs. This question was raised in the House of Commons, and I rose on that occasion. Later in private discussions with the hon. House leader of the Conservative party, it was finally agreed that a mistake in communications had occurred. He indicated that there was no

agreement on the part of the Conservative party to take that stance. The fact is that their representative on the committee would not make an agreement to deal with the matter without debate at the referral stage. That is a very simple fact which is well documented, both in the committee and the House of Commons.

● (1632)

Mr. MacDonald (Egmont): It is interesting to see how defensive both these ministers are. Certainly the Minister of State (Multiculturalism) (Mr. Cafik) is a persuasive fellow, as we have been reading recently in the local papers. But I do not think either of these defences hold a whole bunch of water because the government, in my view, was never blocked at any time either in the move for its white paper to go to standing committee or in the presentation of draft legislation which could have been examined by the committee. Both the interventions by both hon. members are simply smokescreens to try to protect what is left of their reputation, which is certainly very little at this point in time.

Some hon. Members: Hear, hear!

Mr. MacDonald (Egmont): We are faced with this government realizing the kind of major economic problems that we have in this country, and, having nothing better to say after having produced a white paper on banking roughly a year and a half ago, saying at this juncture that what we need now is at least another year's delay, if not more, before we can present any form of amendment to the ten year revision of the Bank Act. If this is the best defence of the Minister of Finance and the Minister of State for Multiculturalism with respect to the situation of their government in terms of dealing with this important legislation, then clearly they have very little to say indeed.

The reason I am speaking in this debate is not that I am an expert on banking, as most hon. members would know, but that I believe that this legislation is central to the wellbeing and economic management activities of this country. The very principle that we have revisions on a regular basis—which is not too often because we do not get them any more often than once every ten years—is an important principle but perhaps one which is not of serious concern to this government. Apparently its members are either being distracted or they are in such poor shape in terms of dealing with these central questions that they have not reached any final decision with respect to the measures that are being advanced in the white paper. Apparently the problems having to do with the growth of near banking activities, or the implications of increased banking activity from foreign sources, or the whole practice of banking in various economic situations across the country, are not of such pressing concern either to the Minister of Finance or to his colleagues that they are prepared at this time to present amendments to the House for discussion. I find it a rather incredible position and in fact I am not at all surprised that the Minister of Finance, for reasons best known to himself, could not be here to speak this afternoon in introducing this bill. I felt somewhat sorry for his poor parliamentary secretary—

Mr. Chrétien: My excellent associate.

[Mr. Cafik.]

Mr. MacDonald (Egmont): He might be excellent but he was left with the most difficult and embarrassing job of presenting, in as few words as he could muster, the defence for this particular exercise. If anything, on the opening day of the second part of this session this symbolizes a complete abdication of responsibility. I cannot think of anything that indicates that more clearly than the legislation that is before us this afternoon.

Here we are with some of the most serious economic problems that this country has faced for many years, as a recent commentator has said, since the depression, and the government has finally recognized the matter is serious. Certainly the Prime Minister (Mr. Trudeau) has learned this lesson as he criss-crossed the country last fall because, while he might not have gone out to meet the ten premiers in the ten provincial capitals with the purpose of discussing economic matters, he came back with that clear message, so much so that when he stood up in December to make an announcement of what he discovered in his fact finding mission, he said he discovered the economic situation in this country was so serious that the first thing that had to be done was to hold a number of preliminary meetings in different sectors to try to solve some of the underlying economic problems that have faced this country for a considerable period of time, roughly paralleling the length of time during which the present government has been in office, and that the major step in this examination will be the holding of a federal-provincial conference on economic questions next month.

With that kind of learning experience for the Prime Minister, and presumably for other ministers including the Mnister of Finance, I find that the government is in a most incredible kind of situation where it is forced on the first day of the resumed session to ask for a further delay in the revision to the Bank Act, without even having the ability, or indeed the good grace, to say, "Look, we are this close to realizing some major decisions with respect to the amendments and very shortly we will be able to table some form of draft legislation and we expect to be able to tell members of the House and the Canadian public what we would like to have happen with respect to the revision of the Bank Act, and we will forward these to the appropriate committee".

It seems to me that it is a clearcut case of mismanagement and of an inability to come to grips with some of the essential questions that face the country at present. While for many of the general public the revision of the Bank Act may seem a rather abstract or erudite exercise, certainly those who are concerned with the efficient and fair working of the Canadian economy believe the question of its updating or clarification, or of helping the banks of this country to work more effectively, is not an inconsiderable and unimportant task. As a matter of fact I believe that the government at one point did think that it was important, otherwise it would not have put forward the white paper in August of 1976.

I am particularly concerned for one or two basic reasons, and one is obviously related to the situation in the Atlantic provinces because of the present functioning of the major

chartered banks and the impact of that functioning on regions of economic and social disparity. I had raised this before in the House and I will not pursue it at length this afternoon, but if you examine the situation with respect to banking activities in the Atlantic provinces you will realize that, with roughly 9.5 per cent of the Canadian population, it is not unreasonable to expect that the banks in terms of their lending activity would parallel their basic responsibility in that area in roughly the same percentage fashion.

When I examine the most recent statistics that I have available I find the percentage of Canadian loans to the Atlantic region in 1975 under the Small Businesses Loans Act is as follows: the Bank of Montreal made loans totalling roughly 8 per cent, the Bank of Nova Scotia, 13.8 per cent, the Royal Bank, 7.8 per cent, the Toronto-Dominion Bank, 0.5 per cent, the Canadian Imperial Bank, 8.3 per cent, and all the other chartered banks, roughly 8.9 per cent. I think it is obvious that the performance level of the chartered banks—with the exception of the Bank of Nova Scotia which, even though the major portion of its banking decisions are made in Ontario, maintains a semblance of a head office in Nova Scotia and has a traditional sense of obligation to the Atlantic region—is not satisfactory.

The other aspect that has concerned me, and I had hoped we would have some discussion of it long before this, was the whole situation with respect to the disclosures of major loans, particularly foreign loans, by Canadian banks. This is a question that is being raised increasingly and repeatedly, first of all by a number of non-governmental organizations, including the major churches of this country and others concerned with the question of economic development and human rights, and it is now also being raised by the government itself. Certainly in the policy that was revealed in December by the Secretary of State for External Affairs (Mr. Jamieson) concerning South Africa there was a very clear indication that it might have some basic relationship to Canadian corporate activity in the Republic of South Africa.

The problem for all Canadians at present is that it is not possible to know what banks engage in economic activities in South Africa and the extent to which that activity may in effect be supporting the present regime. I find it interesting that in the United States one bank in particular has given some leadership in this situation, and I am referring here to the Bank of America Corporation. If the Minister of Finance has not seen it, he might want to look at the recent speech by the president, Mr. A. W. Clausen, in which he indicated they were seriously addressing the possibility of voluntary disclosure. Indeed, last year he announced the implementation of a decision to appoint five members of his executive group to a task force charged with developing a model disclosure code for the Bank of America and its affiliates and subsidiaries. He said that he gave them a time frame, some ground rules, and a complete set of things to look for.

● (1642)

I believe that these two matters alone—the question of disclosure with respect to the foreign activity of banks, and concern about the regional performance of banking activity in this country—plus the matters already mentioned this afternoon warrant the earliest possible consideration.

The hon. member for Cape Breton-East Richmond referred to the attitude of banks concerning women directors. While the hon. member correctly stated the matter in terms of changing a very discriminatory anomaly in Canadian banking practice, hon. members might be interested in recalling that I have a specific bill on this question presently on the order paper which could easily have been incorporated into Bank Act amendments, had such been presented here this afternoon.

I am not going to address the House any further this afternoon. I think I have made my point very clearly. I think it is unacceptable and shocking that the government, at this late date and with so many pressing matters calling for a revision of the Bank Act, should merely ask for a further delay instead of accepting the responsibility which is clearly that of the government, at least until an election.

Mr. Dan McKenzie (Winnipeg South Centre): Mr. Speaker, I wish to speak just briefly about the request of the government for a further extension of the Bank Act. Previous speakers have highlighted the disgraceful performance of the government in this delay. It appears that anything having to do with financial or economic problems is delayed and stalled. The Minister of Finance (Mr. Chrétien) is very proud to say that when he was president of the treasury board he was called "Mr. No". In his present portfolio I believe we could call him "Mr. Stall" or "Mr. Delay". I think "Mr. Stall Stall" would be an excellent name for the minister we have today.

I want to speak briefly on behalf of credit unions and caisses populaires which are very concerned about this delay. During this delay more and more foreign banks are setting up shop in Canada and carrying on the business of banking, in all but name, entirely free of government regulation and control. This is unfair competition.

I have received much correspondence from co-operative credit unions in Manitoba. There are 4,000 credit unions across the country with a membership of 7.5 million. We are talking about many people, and they are very concerned about this delay.

I would like to quote from a brief I received from the Co-operative Credit Society of Manitoba Limited as follows:

> Especially of concern to our members is the matter of proposed credit union inclusion in reserving with the Bank of Canada. We feel, and feel quite strongly, that proposals in the white paper in this regard are based upon the long-since antiquated idea that the chartered banks are the only financial institutions of significance in Canada. Also we feel that based upon this outmoded idea, the proposal regarding reserves with the Bank of Canada by all other financial institutions, which is based upon traditional chartered bank operations, is unrealistic.
>
> This will make competition, the stronghold of any democracy, increasingly difficult for literally every other financial institution in the nation. Certainly it would be particularly harmful to the smaller members within our credit union system.

So again, we feel obliged to draw your attention to the inequity of those specific proposals of the white paper which would impose these reserve requirements on the part of all members of the Canadian payments system. We hold these to be totally inconsistent with the principles of free enterprise. Another more equitable alternative can surely be found. But as indicated in earlier submissions the credit union system is *not* seeking legislation especially beneficial to its members alone at the expense of other institutions of a financial nature. We want only that which is fair to all.

So we can expect complete co-operation from credit unions. They have certainly been very patient; they have been waiting since 1976 for the Bank Act to be brought forward and for changes which would affect them. They presented an excellent brief to members of parliament back in October, 1976, and I would just like to quote one or two of their major concerns. One of them comes under the heading of "Membership and Structures" and reads as follows:

Credit unions offering "chequing" services wish to have access to the Canadian Payments Association—

Here is another delay. They are waiting for access to this association.

—through the Canadian Co-operative Credit Society Limited. We recognize and accept that, as members of the association, credit unions will be required to bear a portion of their physical operating costs. Their contribution to these costs should be calculated on the basis of volume of items processed.

We believe that participating members should have equitable representation in the management of the association. The management structure that is established should ensure that no single category of financial institution can exercise effective control.

That strikes me as a reasonable request. It is unfortunate that this issue is just going to be left in abeyance for another year. Another credit union and Caisse Populaire concern comes under the heading "Assurance for other clearing system participants" and reads as follows:

In support of its proposals for reserve requirements, the white paper states that these requirements provide "some assurance to participants in the clearing system that cheques which they have cleared, and which are drawn on other member institutions, will be paid". We would like to point out that the same assurance can also be supplied, on a day-to-day basis, by maintaining an adequate settlement account and making appropriate arrangements for Bank of Canada credit. In this respect, we are prepared to lodge Government of Canada securities with the Bank of Canada (to support loans from, or purchase-and-resale agreements with, the Bank of Canada) in an amount that will adequately cover reasonable fluctuations in day-to-day clearings.

For longer-run considerations of financial stability, there is a variety of safeguards that is more than adequate to provide other clearing-system participants with the assurance they require. These safeguards include:

—Provincial liquidity requirements, regulation, and inspection

—Federal liquidity requirements, regulation, and inspection under the Co-operative Credit Associations Act

—Provincial stabilization funds

—Voluntary interprovincial liquidity assurance programs

—Access to the Canada Deposit Insurance Corporation by the Canadian Co-operative Credit Society Limited and the provincial centrals certified under the Co-operative Credit Associations Act

—Access to the Canada Deposit Insurance Corporation by provincial stabilization funds

It also might be pointed out that credit union "cheques" are currently honoured with confidence by other institutions in the financial system.

I have been a member of a credit union for many years, and I have always felt very safe in my dealings with it. In many cases credit unions provide better service at less cost than many of our other banking institutions, so we should be co-operating with credit unions in every way we can. Unfortunately, the credit unions will just have to wait. We hope the government will reconsider and bring the Bank Act in at an earlier date. In the meantime, however, seven and one-half million members of credit unions will have to wait for "Mr. Stall" and his bank act.

[Mr. McKenzie.]

• (1652)

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, I shall try not to cover too much of the same ground as I think most members have contributed quite eloquently to the major point, which is that the attempt to delay the institution of changes to the Bank Act is typical of the government's approach to governing the country. In fact what we see is that there is no sense of industrial strategy and no real concern about changing the economy of Canada. If the government were serious about creating employment in Canada and about changing the way we go about our economic business, the place to start would be with the financial institutions of Canada. There is no will on the government side to do so, however.

I noted recently that the Minister of Justice (Mr. Basford) indicated that he does not intend to run in the next federal election. I must say I regret that as I think he has made significant contributions to this House.

Some hon. Members: Hear, hear!

Mr. Leggatt: I think members of all parties would wish to congratulate him on some 16 years of service to the people of Canada and the House of Commons.

Some hon. Members: Hear, hear!

Mr. Leggatt: I am sure one of the great frustrations he experienced was not in his present portfolio, but rather in a previous one when he attempted to bring in a Competition Act that had some teeth and some meaning. I think he would agree with this. In fact we have not had the will in Canada to bring forward legislation to change our economic structure in any way. Even the tampering—and I think it was positive tampering—that he attempted in his previous portfolio could have had some very positive effect on economic conditions today. That is why I say that in Canada we have failed to propose an industrial strategy for the country. We have been going from day-to-day with band-aids trying to stop sores that are no longer just oozing blood but are pouring blood. The economic body of this country is dying because of neglect.

One just has to look at the present structure of banking in Canada. We have six major banks. The United States has 15,000 banks, separate chartered institutions actively lending money with some sense of competition—not enough competition but with some sense of competition. There is no competition whatsoever in banking in Canada. About 300 people sit on all the boards of the major banks and they hold some 3,000 directorships in the major corporations of Canada. They have arranged, for example, that in major shopping centres an

exclusion clause will apply so that only a particular bank can do business in that area.

Just ask any small businessman about getting a loan. In any small town in the United States, if you want to open a business the first people to visit you will be representatives of the banks in that town asking if you need help. The process is reversed in this country. We put great stone fronts on the banks and people are scared to go in and see the manager. In spite of the "red car convertible loans" and such things, Canadian banking today is still conservative. It contributes nothing to the growth of the economy and, in fact, is compounding our very serious unemployment problem.

It does this government no credit that it has failed to introduce banking legislation to break the monopoly and either to expand the number of banks in competition for loans or get rid of the whole lot in a public way. We cannot have both; we must have one or the other. At the moment we are getting the absolute worst of both worlds in Canada.

British Columbia has special problems. I will go back a few years to the time of the NDP government there. It brought forward some very sensible legislation surrounding the whole question of debt recovery. That legislation remains on the books without amendment by the present administration. It took them a long time but they seem to have realized the wisdom of most of the legislation that they said was so bad during the last provincial election.

One piece of legislation dealt with a vital and importnat issue—it is the "seize or sue" legislation which provides that you do not get two kicks at a debtor. For instance, if you want to seize his car, you can do so, sell it, and thus satisfy the debt. But you are not allowed to seize the car and then sue for the deficiency. That adds insult to injury. The interest rate on the original debt is high enough to cover the risk of loss. The legislation also provided that the goods could not be seized if only one-third of the debt remained; in that case, you had to go after the debt itself.

That is pretty sensible legislation and the present administration in British Columbia has accepted it. Surprisingly, the banks of British Columbia do not accept it and have consistently refused to comply with the law. The courts of British Columbia have told the banks that they are wrong and that the province has jurisdiction in this area. In effect, it has told them that if they are going to lend money on a car or take a chattel mortgage, they must comply with the law of the province.

Here is the catch, Mr. Speaker—the forms to be signed by the borrower have not been changed and the banks insist that there is no law requiring a change. In the forms there is a provision that says that if the borrower does not pay, the bank can seize the car and also sue for the deficiency. In spite of the provincial law, therefore, when you go to see the manager he can simply show you the form and have you sign a note for what you still owe. The banks are thus unjustly enriched, but worse, they are arrogant about not complying with the law of the province to protect debtors. They worry about their corporate image and about being seen as nice guys, but I think it is time they were stripped of that image. I think credit should be given to the minister of consumer and corporate affairs in British Columbia for doing a good job in that area.

There is a solution to this particular conundrum, Mr. Speaker. This government could include in banking legislation a provision that bank forms must be approved by the registrar in consultation with the provincial authority. As with most things, however, the government continues to show neglect.

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

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Deputy Speaker: Order, please. It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Capilano (Mr. Huntington)—Transport—Date when harbour patrol boat will be provided for Vancouver; the hon. member for York-Simcoe (Mr. Stevens)—The Canadian Economy—Reason for continuing high level of inflation—Date when level will reach four per cent; the hon. member for New Westminster (Mr. Leggatt)—Labour conditions—Lockout of British Columbia telephone employees—Government action.

● (1702)

PRIVATE MEMBERS' MOTIONS

[*English*]

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

I am informed there is a disposition to proceed with motion No. 9 appearing in the name of the hon. member for Hastings (Mr. Ellis). Is there unanimous consent to stand motions Nos. 2, 4 and 5?

Some hon. Members: Agreed.

Income Tax Act

INCOME TAX ACT

MEASURE TO EXEMPT INTEREST ON MUNICIPAL BONDS

Mr. J. R. Ellis (Hastings) moved:

That, in the opinion of this House, the government should consider the advisability of amending the Income Tax Act to exempt the interest of municipal bonds from income tax.

He said: Mr. Speaker, this motion is appearing in my name for the second time, and the reason for unanimous consent to proceed with it this afternoon is that I did allow it to stand a couple of times in favour of other members who had more pressing matters.

It is unfortunate that private members' hour does not really allow for debate because many of the comments made last time this was introduced, on May 24, 1977, could have been better answered then rather than now. However, as you know, time does not permit. As a consequence I am now bringing this motion forward and I intend to press the motion again and again if necessary until I have some form of support for it.

I am going to deal with the comments that were made when the matter was brought up last year and I intend to add some new arguments. When the matter was brought up last time, the New Democratic Party made an intervention in the afternoon and they actually made mention of three points. First of all they suggested my motion would benefit only the rich. I know that the New Democratic Party have a thing about people being wealthy; however, I think this is nonsense. I started out in municipal life as a councillor for Sidney over 21 years ago and in those days we sold our municipal debentures over the counter to farmers in the area, and they certainly were not wealthy. The New Democratic Party also pointed out that the motion would distort the tax system. The tax system, Mr. Speaker, is so badly distorted as we have seen by the bill this afternoon, the bills in this session so far, and the bills we expect to have, that my suggestion could only serve to clarify it rather than destroy it. Lastly the NDP suggested this would create a tax haven, as in the United States, because the debentures would qualify for deductions. Of course, Mr. Speaker, that is exactly what I am trying to do, provide a tax haven. In the suggestions which I will make later, I will be able to deal with it in more detail.

The Liberal party intervened also last May 24 and they brought up a number of points which I thought were very interesting. Their first point was that the government had no business changing laws to finance municipal governments. The Department of Urban Affairs was set up to do that exactly, to intervene and meddle in urban affairs. In fact, the municipalities are creatures of the provinces. We know that, their activities are governed by the provinces. But there is nothing to say that when the federal government is given an opportunity at no cost to itself to reduce the tax burden on municipalities and their people, that it should not do just that.

The Liberal party mentioned at that time that it was up to the provincial governments to give city governments more taxing powers. This is the very reason that I wish we could have debated the matter at that point. Frankly my dander was up at that point, and my anger at the nonsensical way in which the arguments were presented would have made for a good debate. It is absolute, utter nonsense to think that the municipal governments could have more taxing powers of their own. They are taking from the people in the municipalities now the maximum amount of money through the realty taxes and there is no way more money could be expected from the taxpayers in that particular way. The provincial governments are powerless to change that situation given the restraints they have to face.

The Liberal members suggested at that time that the proposal which I made would have an unfair impact because high income municipalities and individuals would benefit more than low income municipalities. If that is not identical to the socialist doctrine put forward by the NDP I do not know what is. We expect that socialist doctrine from our friends to the left, but coming from across the way, it seems to me, shows the true nature of the Liberal party rather than a concerted effort to deal with the proposal put before them.

I was delighted to see that the Social Credit party at that point in time supported my motion. It is interesting to know that there are in the House of Commons at least two parties that have a free enterprise format in their policy. It is the only other party in the House obviously that is not a socialist party.

Mr. Speaker, having said that, I want to deal briefly with the fact that the voice of the municipalities in the province of Ontario, *The Municipal World* magazine, gave some space to my suggestion and they supported it. In doing so they asked for comments from the Minister of Urban Affairs, which I thought was a very good idea. The Minister of Urban Affairs (Mr. Ouellet) did not then participate, as obviously he is not going to this afternoon because he is not in the chamber. However, the Minister of Urban Affairs did put forward some gobbledygook which was written in a bureaucratic type of language which I am confident the minister himself did not write. His argument, written up in the magazine, was that it would not necessarily offer benefits to the cities. Of course, it would offer benefits to the cities. That is the whole purpose of my motion.

The mail which I received from the various cities in Ontario, and at least one from outside Ontario, indicated that the aldermen in those cities thought that it would benefit them. The minister mentioned that because municipalities rely on foreign borrowing the effectiveness of the measure would be limited. Once again, Mr. Speaker, that is exactly the point I am trying to make. Because municipalities rely on foreign borrowing, this measure is needed. It is necessary. It would reduce the foreign borrowing of the municipalities and allow them to borrow in Canada with all the benefits going to Canadians.

Once you get through the few pages of double talk in the reply by the minister his final point was that it was unlikely it would enhance the Canadian balance of payments, position "in the short run". Of course it wouldn't enhance the balance of payments position in the short run. That is exactly the point I have been trying to make. In the short run there would be very little difference. But surely to goodness this government can

look for once beyond the short run. It could look beyond tomorrow. It could look a few years ahead and make some provision for municipalities and their problems as they continue to grow, so that ten years from now they will be in much better position. The debentures sold with ten, 15 or 20 year coupons will have to be honoured. Those that are being sold today will have to be honoured in ten, 15 or 20 years. It would take that long before this measure could really benefit the municipalities.

● (1712)

I am not going to take the full 20 minutes allotted to me. I want to deal with some points that I may not have fully covered the last time. It may add to my argument.

First, and most important, this is a means of assistance to the municipalities which will not require another costly self-perpetuating bureaucracy. The policy of this party has been clearly enunciated by our leader and others. We do not want to increase the bureaucracy. We have suggested that the controls be removed in a way which would reduce rather than increase the size of the civil service. The proposal I have put forward does not in any way add to the bureaucracy.

Second, unlike the comments by my friends to the left and their colleagues opposite, the small investor would receive a twofold benefit. First, his municipal taxes would be lowered. That was the main thrust of what I said when I presented the motion for the first time last year. The municipal taxes of all taxpayers in the cities, towns, villages and townships in Canada would be lowered. Second, in addition to the benefit of reduced taxes in the municipality, the income would not be subject to income tax. As I said, he would receive a twofold benefit.

More important, the municipalities would be able to finance their public debt from their own citizens. As I indicated a while ago, I started out in political life 21 years ago in Sidney. There we sold our debentures over the counter. If the municipal debentures are sufficiently attractive, there is no reason why they cannot be sold in that way.

I have a tremendous amount of faith in Canadian investors. I know that right now they have very little confidence in the economy of this country. Large amounts of money have been invested in the United States and other countries. I am quite happy to have this referred to as a tax haven. I am confident that given this relief from income tax on municipal debentures, the money will remain in Canada. They could be financed within the communities where the debentures are to be sold.

That would have a corollary benefit, that of adding to the relationship between the citizens and City Hall. They would get to know what is going on in their community much better than they do now. They would feel they are participating. It would make them better citizens and would lead to a better relationship.

I have a very strong feeling it would result in a diminishing of demand for funds in the foreign market. Last time I made the point that some $875 million went out of Canada in payments. Those dollars had to be borrowed in the first place. The resultant diminution of borrowing on foreign markets might well bring down the interest rate even one quarter or one half point. Corporations that borrow abroad, as they necessarily do would be able to borrow at a lower interst rate. The decrease in inflationary pressure would benefit all sources rather than hinder them.

One of the main purposes of the proposed changes in the Income Tax Act would be to enable shareholders and small private companies to receive built up surpluses on a tax free or low tax basis. It would allow them to bring built up tax surpluses into circulation, helping to offset the depressed conditions in which we now find ourselves. This is one more way those tax surpluses could be put into circulation in Canada, making it attractive for people in the cities to invest in their own communities.

As I said before, a good deal of money goes outside Canada into tax havens. A competent professional service is required to enable them to do that. That cost is wasted. Making legal a tax haven for Canadians here at home without the attendant high professional costs would meet the needs of all Canadians and lower interest costs attendant on proposed capital expenditures.

I have gone on longer than I intended. I want to bring out again the two major points of my original proposal. Reliance on foreign markets would be reduced and we would attract investors from Canada. My research indicates that the additional debt surplus would increase. In fact it has increased in recent years.

I was hopeful that the Parliamentary Secretary to the Minister of Finance (Mr. Lumley) would take part in the debate this afternoon. He is a highly respected former municipal politician. He is well aware of the truth of what I am saying. He knows this measure would benefit the municipalities. Now that he has a good deal of clout in the Finance Department, I had hoped he might rise in his place and support this motion. However, we will have to wait and see what happens. I am not particularly hopeful. In the past the government has not been very receptive to suggestions that are sensible and which will help the ordinary individual.

I will leave it at this point, with the caution that if this motion is talked out this afternoon I will bring it back again and again until I get it through.

Mr. Bob Kaplan (York Centre): Mr. Speaker, this motion to permit a tax free treatment of income earned on municipal bonds is one of the oldest chestnuts in the field of taxation. It is not because it has any merit. I do not think it has any merit, for two reasons.

First, because they do it in the United States, the assumption is made that anything that is done in the United States must be better than anything that is done in Canada. Therefore, the idea keeps getting put forward for that reason. Second, it is put forward, and the hon. member for Hastings (Mr. Ellis) knows this as well as the Parliamentary Secretary to the Minister of Finance (Mr. Lumley), because the need of

municipalities for funds is extreme. Their responsibilities far exceed the revenue base they have been given by the provincial governments which set them up. I argue that the need alone is no justification for making an amendment; as the hon. member himself indicated in his conclusion, it would be quite a tax rip-off. It would be a tax haven which he proceeded to justify. I do not think it can be justified. I will come to that in a moment.

Before I get to the substance, I want to reply to the two cheap shots the hon. member lowered himself to take during his remarks. In carefully listening to him, I noted only two cheap shots. The first crack was that the Minister of State for Urban Affairs (Mr. Ouellet) was absent from the House right now. He suggested that indicated a lack of concern for municipalities. If the minister were to be in this House every time the subject of cities is raised, he would have no time for the administration of his department or for meetings with the many delegations across the country that want to meet with him. I hope the hon. member for Hastings was joking when he suggested the Minister of State for Urban Affairs ought to be here to listen to this old chestnut being kicked around again. I would much prefer to have the minister spend this hour doing the administrative side of his job, there being such a heavy demand upon his time.

● (1722)

The second cheap shot the hon. member for Hastings took was that directed toward the Liberal party.

An hon. Member: Shame!

Mr. Kaplan: He said that because we opposed a measure which so obviously favoured the rich, we were therefore socialists. The hon. member was drawing a far-fetched conclusion; there is a great deal of difference between being a socialist and simply wanting a fair tax system, which is the kind of system this party favours. It is simply a question of resisting the introduction into the system of benefits which would do far more for the rich than they would do for municipalities. That is the substantial point and it is one which the hon. member should recognize.

In the United States, where this rip-off has existed for many years, the savings to the rich in the form of income tax concessions have far exceeded the benefit of the lower interest rate which the municipalities are able to achieve by being in a position to offer tax-free bonds to those who buy them. A study recently carried out in the United States for President Carter showed that the loss in taxes to the federal treasury through this income tax privilege was far greater than the saving to the municipalities through lower interest payments. In other words, the municipalities and the whole system in the United States would be better served if municipal bonds were taxable, and if the federal government took the portion of tax which it collected on the interest accruing from municipal bonds and paid it over to the municipalities there would be far more money paid to the municipalities than is now the case through a measure which, in the end, is a tax haven, as the hon. member himself concedes. The fact that it is done in the United States is not, in my opinion, sufficient to recommend the proposal—

An hon. Member: You have always been anti-American!

Mr. Kaplan: This is the first time anyone who knows me has made such a charge against me. In fact, I am very pro-American and very close to the Americans. Nevertheless, I do not think we should copy their mistakes.

I suggest that in addition to it being a rip-off which benefits the rich more than it benefits the municipalities, the proposal of the hon. member for Hastings has the additional disadvantage of operating against free enterprise. I am sure the hon. member's constituents will be sorry to hear he is advocating tax proposals whose adoption would be damaging to free enterprise.

The hon. member, as we know, has been a municipal councillor and he is in a position to understand the need for easier access to capital. I suggest he has a responsibility to look beyond the needs of the municipalities, to stand back and consider the effect of the proposal he is making upon the economy as a whole. After all, his proposal is a far-reaching one and would involve hundreds of millions in lost revenue to the federal treasury, so he ought not to think of it as being simply an easy way by which the municipalities would get extra money. The changes suggested are such as to affect the balance between municipally conducted enterprises and those which operate in the free market.

I should like to quote, if I may, from the report of the Carter Commission on Taxation in which the commissioners rejected out of hand any proposal such as we are considering here. As recorded at page 125 of the fourth volume, the commissioners made this observation:

> Where government undertakes activities which compete with those of private business, the exemption of government instrumentalities from tax to which their privately-owned competitors are subject provides the former with an advantage to which the latter may quite reasonably object. There are many examples of government-owned corporations which compete with privately-owned companies—

Municipalities presently contract out a great many of the activities for which the funds are provided by municipal taxpayers, for example, snow-shovelling, gardening, the cleaning of public buildings and, almost certainly, the construction of buildings which municipalities require. It is evident to me that if the tax benefit proposed were to be available to the municipalities, the balance would change and it would be cheaper for the taxpayers of a municipality through their councils to set up their own contracting companies, buy their own trucks and so on, and take on these jobs themselves because they could secure access to money at lower rates than the private sector.

It is true the municipal taxpayers would benefit—but only as municipal taxpayers. The country as a whole would be poorer because, as I have indicated, the benefit contemplated is one which would cost more than it would save. We would find municipalities putting up buildings and renting them to business, as is the case in the United States today; businessmen there putting up a building have to pay taxes at normal rates,

but municipalities can do it themselves a lot cheaper. If you go to the United States looking for a place to open a business, the first thing you find out is that municipalities are prepared to use this tax loophole for the benefit of individual companies. This is not the case in Canada because we have a fairer tax system.

I submit that in the broader perspective there is no advantage to the country in the type of proposal the hon. member recommends. Not only would it be of undue benefit to the rich but it would operate against the interest of free enterprise. I understand that a great many members on this side wish to speak on this proposal and I therefore am not willing to take up more time. But I believe I have demonstrated that we are certainly not socialists and that this is not a measure such as would warrant the attendance of a minister for an hour this afternoon.

● (1732)

Mr. D. M. Collenette (York East): Mr. Speaker, it gives me great pleasure to get back to the business of the House of Commons on its first day of the new session, although I am rather saddened by the fact that we are once again debating the somewhat ill-conceived and premature motion of the hon. member for Hastings (Mr. Ellis). My colleague, the hon. member for York Centre (Mr. Kaplan), has given an adequate position against the motion as outlined by the hon. member for Hastings. I should like to deal with some other ramifications of the motion should it ever be implemented by the government of Canada.

The exemption from income tax of the interest on municipal bonds has been proposed by the hon. member as a means of assisting local governments. The United States provides such an exemption, as my colleague has outlined. It provides this exemption from taxation of interest earned on both state and local bonds. With the exemption, investors would be willing to buy local bonds with rates lower than the rates on corporate or other government bonds. In this way the new tax advantages would be translated into reduced financing costs for the municipalities. The cost of the measure to the government is the forgone income tax revenue on local bond interest, and the benefit to the municipalities is the decreased interest rates.

I find this a very interesting proposal coming from a member of the Conservative party at this time of economic restraint. It appears from positions that have been made public by members of the Conservative party in the last few months that they are going to ride the big, over-spending government hobby-horse into the next election. However, along comes the hon. member for Hastings who proposes that the federal government should then forgo tax revenues in order to implement the kind of motion he has before us.

Mr. Baker (Grenville-Carleton): We would just like to have what you spill.

Mr. Collenette: While the measure would undoubtedly have some success in achieving this result, there are significant defects which make the proposal undesirable for adoption in Canada. It is interesting to note that the interest exemption for state and local bonds in the United States has been widely criticized both within and outside the government. In fact, there have been numerous attempts by the administration to withdraw this exemption and replace it with a direct subsidy or some other form of financial aid which does not have the serious inequities and costly inefficiencies of the current interest exemption.

I know my colleague, the hon. member for Middlesex-London-Lambton (Mr. Condon), wishes to deal with a number of aspects of the motion. I should like to talk about the problems inherent in the proposal in respect of distribution of benefits by region. This proposed interest exemption is likely to have the opposite effect on local financing from the one it is intended to have, because this measure will benefit larger metropolitan centres more than smaller rural communities.

In making that statement I am fully cognizant of the problems faced by large municipalities since I am a member of parliament from metropolitan Toronto, and that metropolitan area has severe financial problems, whether they be in providing welfare, other social services and community services, or, in particular, transportation. I want to talk about transportation a little later on.

I am taking this position because I feel the hon. member has not really grasped the significance of implementing the motion or the impact this will have on large metropolitan areas to the detriment of smaller municipalities. I know by the constituency he represents that there are many, many small areas which I am sure would not want him to be misled into thinking this would benefit them when in fact it would benefit the large metropolitan areas.

Furthermore, it will help municipalities in the higher income provinces much more than the towns in lower income provinces. Surely this is a perverse effect, and such an outcome is not in the best interest of Canadian municipalities at large.

Municipalities and other local governments come under provincial jurisdiction. The role of the provincial and local levels of government varies greatly from province to province. Because of these regional differences there are substantial variations in the financial arrangements between these two levels of government. For example, there are wide variations in the provision and funding of health care. Provincial governments bear the major responsibility for health services, although municipalities may be delegated a considerable degree of authority. All ten provinces have exclusive responsibility for provincial health insurance, although financing is through premiums in Quebec, Ontario, Alberta and British Columbia, and through general revenues in the remaining six provinces. For other health services, municipalities play varying roles. For example, in Newfoundland the municipalities make no financial contribution to hospitals or public health services. In other provinces, for example New Brunswick, Quebec, Ontario and Manitoba, there are municipal hospitals with municipalities paying at least part of the capital cost of construction.

Differences exist among provinces as to the proportion of local funding for such services as education and also with regard to structure of local revenues. In Prince Edward Island, for example, the operational costs of education are competely financed by provincial grants to local school boards. Funds borrowed by school boards for the construction of schools are also guaranteed by the government in that province. By contrast, in Ontario local property taxes raise nearly half the total expenditures on education, with the balance financed by grants from the Ontario government.

On the revenue side, for example, the proportion of the funds raised through property taxation, debenture issues and other fees and taxes varies across the provinces. Such variations are reflected very clearly in the outstanding per capita municipal debt by province. I will not go into that, however, because I would be prolonging the debate.

When I spoke on this matter, I guess it was last year when the hon. member first brought it forward, I mentioned I felt it was premature because in the province of Ontario a government commission had been created and had reported. That was the Blair Commission headed by a former mayor of one of the municipalities which make up my constituency of York East in Toronto. That commission made certain recommendations to restructure municipal finances which are being studied by the Ontario government. The provincial treasurer says it bears further study, but he cannot accept some of the ramifications which would occur from an implementation of the Report of the Blair Commission. So the kind of proposal the hon. member is making really does not take into account work that is already being done in the province of Ontario in respect of municipal financing.

Therefore, I would like to make the point that we have to look at this proposal in the context of over-all fiscal and constitutional reform. Last election we as a Liberal party made a number of promises in respect of aid to transportation. One of the arguments against that aid was that it was not within federal jurisdiction to interfere in assistance to municipalities, and perhaps it should be done in other ways, such as by making more revenues available to the provinces which in turn would make more revenues available to the municipalities. Perhaps that is, indeed, the solution. Perhaps we will have to say, as we have in respect of health care: Here are additional tax points; the provinces must raise the money and accept responsibility for giving money to the municipalities.

There is another side to that point, one I have been mentioning in speeches in my constituency at public gatherings, and it is that I believe the country is becoming too decentralized; that we are giving up too much fiscal and taxation power to the provinces. What is going to happen is that the rich provinces like Alberta, Ontario and British Columbia, in any further decentralized country, are going to become stronger; the poorer provinces, especially those in eastern Canada, are the ones which will suffer the most through decentralization or a diminution of powers. In any event, that follows from the arguments I have been making. I believe the motion proposed by the hon. member must be seen in the context of over-all constitutional and fiscal reforms. We should not be dealing with it on a piecemeal basis, and for this reason I cannot support the motion.

One other aspect of the motion that bothers me is that it would encourage municipalities even more to raise funds without real recourse to a consideration of the problems that increased municipal expenditures might incur. Over the last few years everyone has been attacking the Government of Canada for not having tight reins on its purse, but provincial governments, municipal governments and provincial utilities have been some of the greatest masters of taxpayers' money.

● (1742)

During the last few years, provincial governments, municipal governments and provincial utilities such as Ontario and Quebec Hydro have gone outside the country in an attempt to raise money. Those utilities raised money in New York. In fact the premier of Ontario has been to Zurich, Geneva and other places in an attempt to raise money for provincial expenditures. The foreign borrowing which has been done by individual municipalities, utilities and provinces has distorted Canada's financial picture as well as the value of the dollar. Over the last few years the Canadian dollar was valued too high. Now we are experiencing a general correction in the value of the Canadian dollar. One of the principal causes for its overevaluation was the enormous provincial, municipal and utilities overseas borrowings.

I have been informed that the government of Canada does not owe a nickel outside of this country, that all of its public debt is raised through pension funds, through Canada savings bonds, and it is floated within the country. Therefore, the government knows what money is likely to be raised on the Canadian market. It does not go abroad to borrow money as the municipalities and provinces do.

Perhaps the hon. member should propose a constitutional amendment or an act of this House whereby the borrowings of municipalities, provincial governments and utilities should be subject to some over-all national financial plan or program.

Mr. Ellis: Another socialistic move.

Mr. Collenette: Hon. members opposite suggest always that there is socialism in pronouncements which are made by anyone who is trying to be progressive. Perhaps that is one of the main problems which the Conservative party has faced over the years. The Conservative party has blinkers; it cannot see over the horizon. Many years ago they adopted the term "Progressive", but in recent years the party has been far from that. If they get on their campaign horses and travel across the country repeating the same lines to Canadians in the next election, as was the case with their partner in Manitoba, I think they are in for a rude shock. Perhaps the voters of Manitoba have just grievances against the New Democratic party, but they should have gone to the Liberal party which was offering a progressive, free enterprise, non-socialistic alternative. That province is recognizing that it will have a tremen-

dous price to pay for the hard line, narrow-minded view of the Tory party there.

Mr. Baker (Grenville-Carleton): There is little to distinguish you from Schreyer.

Mr. Collenette: Hon. members opposite continue to hurl insults. It distresses me that we have reached this level of debate, hurling partisan remarks across the floor at each other. I hate to be a part of that, but I feel compelled to respond. The hon. member for Middlesex-London-Lambton (Mr. Condon), as a former mayor of a distinguished municipality in the province of Ontario, is eager to take part in this debate.

In conclusion, the motion is premature and ill-conceived. It will only further encourage wild spending by municipalities and wild spending by the provinces without recourse to revenues and without recourse to the true financial picture in the country. I find it very, very odd that one of the members of the Conservative party is talking with restraint on the one hand, and then is talking about a motion with severe financial ramifications for the country on the other hand.

Mr. J. Larry Condon (Middlesex-London-Lambton): Mr. Speaker, I compliment the hon. member for York East (Mr. Collenette) on bringing to the attention of Canadians the fallacies of this bill, as well as the conduct of some members in this House when a position is being presented for or against a certain subject. It is amazing that a member of parliament would stand up in these hallowed halls and request the government through a private member's motion to create tax havens. Many Canadians are fighting tax havens, and now at this particular time in our economy he would like to have them put out as protectionism against another group in our society. Tax havens are for people who can afford them. Ordinary people do not have the advantage of a chartered accountant or a big business. Some people do not have the opportunity or the income to find tax havens. The hon. member has forgotten about those people, which is very sad.

As a consequence of lower interest rates, local governments would be encouraged to increase their long term debts. We have heard what happened in the province of Ontario and what the provincial government has done to the municipalities. For eight or ten years the provincial government encouraged people to spend, indicating that it would cover the spending for 80 per cent. Over the last ten or 15 years, this Conservative government has forced municipalities to spend in order to receive tax grants. Now the day of reckoning has arrived. The Conservative government did not have the foresight five or six years down the road to see what was happening. Now it is telling the municipal councils and school boards to cut down. After they have fished out the carrot, they have pulled it in. The provincial government is telling the municipalities that it made a mistake in its long-term financing but will not take any blame for it and it tells the municipalities to tighten up.

In the Strathroy and Middlesex area, the provincial government is giving a 4.8 per cent increase in funds to the education system. Perhaps that is fine and it is within the guidelines, but where was the provincial government when those 4,000-pupil schools were being built and millions of dollars in architectural fees were being paid out? Now the poor taxpayer has to pay for that. He is always the goat, especially in Ontario with its Conservative provincial government.

As was indicated by my colleague, this is a distortion in the financial decision-making process of local governments. The proposed interest exemption creates another serious bias in the capital market for privately issued bonds. If local governments increase their long term debt, either there must be an increase in over-all public-plus-private debt or else there must be a decrease in private debt. It is likely that municipalities will bid away at least some funds from the private sector, even if there is an increase in over-all debt as well. I wonder if this is what we want.

At the present time the backbone of this country is the small businessman. That has been the case for many years. As we have seen, small businesses have done very well in this country over the last 15 or 20 years. Why is that? It is because they are realistic enough to look down the road four or five years. Also, this government has helped and encouraged small businessmen in Canada to invest in the future.

• (1752)

I will not go too far on this, but I brought this to the attention of small businessmen in the Stratford-Middlesex-London-Lambton area. No government is perfect and every government can be criticized. My only criticism of this government with regard to small business is, as I have said on many occasions, that small businessmen are not getting a square deal out of banks. I think there are problems here and, as was mentioned by my friend, the hon. member for New Westminster (Mr. Leggatt), some time ago, banks do not look at small business as a potential for growing and developing, the potential for a bank to make more money out of business, which is the name of the game—free enterprise. At a time when the federal government is placing great importance on the economic contribution of the private sector, a move in the opposite direction is obviously undesirable, as I just mentioned.

Moreover, it is likely that the smaller corporations would be hurt most by this measure, and we do not want that with the economy in a questionable state at present and with the government doing as much as it can to revitalize Canadian industry and business. The people we want to take care of first are the small businessmen who need extra capital advance. That extra one or two men in a small plant are the backbone of our country.

Some people will say that big business is the only way to go, as my friend, the hon. member for Hastings (Mr. Ellis), has said. He wants to get into big business and to give opportunities to people who have tax havens and advantages. I disagree with that. I am critical of this government so far as banking for small business is concerned.

The income tax exemption would be of no use to tax-exempt institutions, such as pension funds, and unattractive to inves-

tors with low marginal tax rates, such as pensioners with low incomes. Where will the money come from for the people who should be given this opportunity? This government has proven time and time again that when they consider the interests of the people, they consider people in all segments of society, not only special tax-exempt classes. The proposed exemption thus also creates a distortion in the type of investor to which municipal bonds are attractive.

The proposed exemption creates a bias in the decision-making process of investors. The tax-exempt status of municipal bonds would be most attractive to investors, both corporate and individual, with the highest marginal tax rates, and not attractive at all to tax-exempt or low tax investors. That, after all, is what this country was built on. This government looks at all the people, not only at certain people to whom it gives special benefits. I do not believe that we should set apart different classes, something which we on this side have not done in the past.

Now I should like to say a few words about subsidies to high income taxpayers. Investors with high marginal tax rates would be willing to buy tax-exempt local bonds as compared to regular bonds so long as their after tax position was no worse with the tax-exempt bonds. If all the tax-exempt securities were purchased by individual taxpayers with the highest combined federal and provincial rates in excess of 60 per cent, then in theory the interest rate required to attract these purchasers would only need to be slightly less than 40 per cent of rates on other comparable bonds.

In this circumstance, the full benefit of the subsidy would be reaped by municipal governments in the form of reduced financing costs. This would occur because the investors would be in about the same after tax position whether they purchased regular, taxable bonds or tax-exempt bonds. The benefit to investors in the form of the tax exemption would be only enough to offset the tax that would have been due on a taxable bond. For the various levels of government, the reduced interest payments by municipal governments would be equal to the revenue lost by the federal and provincial governments. This is the mechanism of tax-free municipal bonds, in theory.

What we are saying on this to the people is: "Yes, this is a great idea, you won't have any problems. It is beautiful for you, the individual, but in the long run the federal and municipal governments will pick up the tab". If we are going to give something to someone, let us give to him and leave it with him, not take it back with the other hand.

In practice, however, municipalities are unlikely to experience a reduction in interest rates of anywhere near the 40 per cent implied by the top marginal tax rates. Approximately half of municipal debentures are currently held by pension funds, foreign investors, other municipalities and other provinces, none of which is taxable. If the interest rates on municipal debentures were to fall significantly, these institutions would no longer find it desirable to hold the debt. As they left the market it would be impossible to sell all the debt to individual taxpayers in the highest marginal tax bracket, and certainly they would not accept it. They would say: "It is good now, but what about the future? You will take it all back from me anyway, so that does not make sense". If you give something to people, make sure they have it in their pockets; do not take it away with the other hand. As a result, significant portions would need to be sold to lower income individuals with lower tax rates and to corporations with combined federal and provincial rates of 46 per cent to 51 per cent. Who in God's name in a low tax bracket can afford to put out money for this? They do not do so anyway so they cannot have any benefit from it. The ones who should be receiving the break are not getting it; and the ones who should not be receiving it are receiving it. So the rich get richer and the poor get poorer.

I can tell you that that is not the Liberal philosophy. This government's philosophy is that we should share. We have done this in the past and we will do it again.

Mr. Alexander: Just like the Minister of Fisheries and the Environment (Mr. LeBlanc). He shares.

Mr. Condon: Did I hear something? No, I did not. As I was saying, as a result, significant portions would need to be sold to lower income individuals with lower tax rates and to corporations with combined federal and provincial rates of 46 per cent to 51 per cent. Both to attract purchasers from these groups and to prevent all the non-taxable investors from discontinuing their investments in municipals, the interest rates could not fall by nearly the full amount which would maximize the benefit to municipalities.

As was mentioned here previously by the hon. member for York Centre (Mr. Kaplan), there was an accusation that we were being anti-American. As he said, we are living side by side with the Americans, and I do not think the feeling on this side is anti-American. We are trying to work together, but we do not have to adopt all their ideas. Many American citizens are now coming to Canada for advice. One example is Senator Edward Kennedy who came here to investigate our health system. I hope that both Canada and the United States can learn from each other. I do not think we are anti-anything. I think we are pro-Canadian.

Mr. Deputy Speaker: Order, please. I regret having to interrupt the hon. member but the hour appointed for the consideration of private members' business having expired, I now leave the chair until eight o'clock tonight.

At six o'clock the House took recess.

● (2002)

AFTER RECESS

The House resumed at 8 p.m.

GOVERNMENT ORDERS

[*Translation*]

BANK ACT

AMENDMENT TO EXTEND OPERATION TO APRIL 1, 1979

The House resumed consideration of the motion of Mr. Lang (for the Minister of Finance) that Bill C-16, to amend the Bank Act and the Quebec Savings Banks Act, be read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs.

The Acting Speaker (Mr. Turner): At five o'clock the hon. member for New Westminster (Mr. Leggatt) had the floor, and he has 31 minutes left.

[*English*]

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, I appreciate your warning hon. members as to how much time I have, but I must say that one is tempted to try to use that time, and I do not think that should be the response of a responsible member of parliament.

At five o'clock I was dealing with the capacity of banks to support small business in Canada. The record of banking institutions supporting and encouraging the growth of small business in Canada is one of the poorest in the western world. We pointed out this afternoon that there are 15,000 separately chartered banks in the United States. In Canada there are 12; probably only six of them are effective in terms of size. A non-aggressive and non-imaginative banking system like ours, which does not go out and seek to help entrepreneurs get small Canadian businesses underway, makes a major contribution to the economic malaise in which we now find ourselves.

I can give an example of this. A small entrepreneur who wants to set up a small hamburger stand will get short shrift from any of the major banks in Canada unless he has a fantastic amount of collateral or guarantees or unless he puts his house, his car and everything he has on the line. However, if instead of going the independent route he decides to associate himself with the McDonald's hamburger chain, the money will start flowing out of the conventional lending institutions of Canada, particularly banks, like you wouldn't believe. The result is that people like McDonald's—and I do not particularly have anything against them as they probably make a very good hamburger—

● (2012)

An hon. Member: "They do it all for you".

Mr. Leggatt: I will tell you who they do not do it for—the small competitive Canadian businessman who does not have the same opportunity to do that kind of massive advertising and use their techniques of merchandising. Their product is market tested in the most successful market in the world, the United States, before it is offered in this country. We had better understand that the small businessman in Canada must have the same kind of help from our financial institutions as they get. He is not getting it at the present time. Anyone who has McDonald's backing can go to any bank in Canada and find that the response is "Away you go if you are associated with the clowns".

They had a wonderful promotion technique in the lower mainland of British Columbia. They invited all the politicians to take a day at a McDonald's hamburger stand and sell hamburgers, with all the profits to go to a worth-while charity. It was worth-while too, as I believe it was for crippled children or some such organization. I told them I would not go. I said that if they wanted to contribute to charity they should go right ahead without sucking in all the political people in the community to promote their hamburgers. I said I would sell hamburgers if the profits were to go to the small businessmen that McDonald's have driven to the wall in my community.

We have to look carefully at the way the lending institutions in Canada are driving small independent businesses to the wall. This all comes back to the way we organize and control the financial institutions in Canada. Unless we start to do something for the entrepreneurs of Canada we will not be able to buy a Canadian hamburger. It will be breakfast at "Denny's" and supper at "McDonald's." There will be franchises from one end of the country to the other and I do not want to see that. I want Canadian independence and I want a uniqueness in our services. All we are getting at the moment is that market tested formula from southern California and New York state. It is impossible for Canadian entrepreneurs to compete without the kind of training, the kind of leadership and the kind of financial assistance from our institutions that they have been crying for and have not been receiving from this government and particularly from the banks of Canada.

We all like to stand in this House and say we are in favour of small business, but little has been done to help small business. Some very specific areas could be tackled. The government could have taken these steps instead of trying to delay changes to the Bank Act for another year, had it had the courage to grasp the nettle. One of the problems with this government is that perhaps the minister would have been kicked out for doing that, as the former minister was; then we would have to start again from square one with a new minister.

I have always heard about the banking lobby, Mr. Speaker. As a member of parliament I have been lobbied from mining, from forestry and from fishing interests, but I have never had a banking lobby in my office. I could not figure out why until I realized that there are so many people in the place next door who hold directorships in banks that there is no point in their coming to an ordinary member of parliament. The conflict of interest in the place next door as it relates to the appointment of members of the Senate to directorships on the boards of the major banks of Canada. And the question of whether that has influenced the legislation presented to this House, should be looked at very carefully.

We had a tough year in 1977. Labour was held down. They attempted to hold wage increases at six per cent, and they are not too much higher than that with inflation at 9.5 per cent. But what happened to the banks in that terrible year? The dear old Royal Bank, the largest, managed to increase its

revenue from $2.44 billion to $2.74 billion, a 12.3 per cent increase in profit in one year. That is well ahead of any wage settlement I saw and well ahead of the majority of profit-taking in other sectors of the Canadian economy.

Banks in this country are given very special privileges. The revenues of the Bank of Nova Scotia increased from $1.5 billion to $1.7 billion last year, or 13.3 per cent. And so it goes with all the banks. They look more out of the economy last year than they deserved. What is the government doing about it? It is delaying changes to the Bank Act.

If there is one thing we should be doing in this House it is to change the way we regulate banking in Canada. Unless we can make the banking system competitive we should think about having a public banking system. It must be one or the other. We cannot continue with what we have now, which is the worst of both worlds in terms of funding and financing the business of this country and creating employment. It is the small businessman who provides most of the employment. His is a labour-intensive business; he needs help. He is not into the area of massive technology and of attempting to eliminate his workers because of the capitalization in his industry. If we are ever to have increased employment it will be in the servicing sector and the small business sector. This is the area we should be encouraging if we are to reduce unemployment.

We get no answers whatsoever from this government when we ask about bringing forward banking legislation which would regulate competition and would require banks to offer small loans and increase the amount of those small loans. Even under the Small Businesses Loans Act you are limited to $75,000. Anyone who has had experience with small business knows that you cannot do much with $75,000, yet loans under the Small Businesses Loans Act are still limited to $75,000—if you can get money under it. In most cases the money is simply not available. There is no legislative requirement on a bank to lend money under its low interest provisions. That is where we should have begun in terms of legislation to help small business and in terms of regulating and controlling banks in order to provide for loans of higher amounts at low interest for small business. I want to see the situation where when a businessman comes to a town there are four banks competing to finance him. The way it is now, you almost have to break down the bank manager's door to get in to say hello! And then he is so fat and sassy that he could not care less, because he is making money by lending to conventional large borrowers or playing games with the American franchise houses all across Canada. The banks of this country had better get interested or they will find changes that will be untenable to them from an operational point of view. They have not performed the service of creating employment in this country, and their record of massive profits in the last two years and little help to small business is a prime example of their neglect in this area.

This government should move toward providing special training for entrepreneurs. I should like to see this done in a private way. We face heavy competition from American entrepreneurs partly because of their larger markets, partly because of the larger variety available to them, and partly because of the greater number of people available to market test products. We have the problem of isolated pockets of population. There is the lower mainland and the Toronto-Montreal complex, but generally it is very difficult to market test a product in Canada compared to the United States, which has such huge market testing areas as New York city with ten million people. We have not given enough consideration to the question of solving this problem but one way would be through a special training program for Canadian entrepreneurs. This program could be offered through the universities or technical schools. We cannot create more employment without giving our small entrepreneurs some help.

• (2022)

West Germany, Japan and many other countries in the western world have set up trading companies. Their purpose is to make contact with overseas businessmen, arrange contracts and then to allow local small business to fill those contracts.

Our own Export Development Corporation, which should be active in this area, unfortunately continues to favour major colossal business over small business. The result is again that the larger businesses, which tend to be foreign owned and foreign controlled, receive by far the most help from the EDC.

In terms of government spending, what we need to do is to allocate a guaranteed portion of that spending to small business so we can allow those entrepreneurs to grow and get into competition with those at the larger business level. This has been done successfully in the United States. They have decentralized their purchasing into areas of need, but again they have decreed that those products should be produced by small business.

We must consider removing the sales tax which is extremely regressive, not only from the point of view of the purchaser but also from the point of view of the small businessman. He cannot continue having to tack this on to his product and expect to have success. Because he is the last genuinely competitive part of our economy, we are handicapping him more and more.

I do not believe for a moment that the various sectors of this economy are in any way competitive with each other. I believe, as most people do, that prices are administered, but they are not at that lower level. Ask the small clothier what kind of competition there is between him and The Bay, Woodward's or Eaton's. They can buy their products at massive discount prices. The small entrepreneur is stuck with buying them at a higher price and he has to give superlative service in order to compete with mass merchandising techniques.

We need, of course, low and middle income tax cuts. We need the employment tax credit that has come up and been suggested in this House many times. But what we need most of all, and this is really where I began these remarks, is an industrial strategy. An essential and vital part of that strategy is change in the financial institutions of Canada to make them competitive, change to make them effective and to put money where it is socially desirable. In Canada today, if you are not talking about creating public employment, the small,

independently owned Canadian business is where loans should go. That is not happening. We have not had an industrial strategy. The failure of this government to process banking changes now rather than the old delay, delay, delay gives the Canadian people, certainly my constitutuents, no reason whatsoever to have any confidence that this government understands anything about improving the economy and solving the massive unemployment that we face.

Mr. Benno Friesen (Surrey-White Rock): Mr. Speaker, this government has always prided itself on bringing forward progressive legislation. This is the supreme example of their progressive legislation—progressing the bill forward one year because they do not have the legislation ready.

I remember just a few weeks ago when we were debating the income tax bill the Minister of Finance (Mr. Chrétien) sat here and harangued the opposition time and again because we were slowing down debate, because we were slowing down legislation when there was so much the government wanted to do. We were impeding all that progress which they had in mind. That was in the middle of December.

One would think with that kind of comment coming from the Minister of Finance that they had a series of bills ready to go and that as soon as we were past that income tax bill there would be another measure ready to work on. Here is a bill that is overdue a year or more. It is not only overdue in terms of the government calendar—because the white paper came out approximately twelve months ago—but it is overdue as well in terms of the needs of the country. Yet the government is sitting on its hands. I suppose the reason might be that some of the members of the banking committee of the other place, which the member for New Westminster (Mr. Leggatt) has talked about, have been running scared of the attitudes toward this legislation and they want it stopped for as long as possible. At any rate, they are not ready to progress as they ought to be. I can imagine that a week or two from now we are going to hear howls from the various ministers saying that we are slowing down legislation.

I know the banks in Canada have enjoyed a reputation for being strong financial institutions. I think they have prided themselves on the fact that during the great depression in the 1930s there was not one bank in Canada that went belly-up. That provides security for the money lenders in Canada. I remember also that while the banks remained very secure during the 1930s, the farmers did not, and the small businessmen did not. There were all kinds of foreclosures all across Saskatchewan where we were living at that time. There were people just walking away from their farms, leaving them and allowing the banks to inherit them. An uncle of mine who had a good farm in central Saskatchewan with excellent farm buildings and a fairly new house sold his whole farming operation for $1 in 1939 and let someone else take over the mortgage. The banks did fairly well in the 1930s and did not feel too much pain.

Whilst we do need that kind of security and stability in our country, we also need some competition in the money market. I took my university undergraduate and graduate training in the United States, and spending seven years in the United States allowed me to look a little bit at the way the lending institutions operate in that country. In the 1930s we in Canada looked with pride at our record compared to the number of bank failures in the United States. You could drive down some of the streets in Chicago and see some of the old bank buildings that were used as banks previously and then folded in 1933 because Mr. Roosevelt closed them. Their security was not very good. In the 1930s they corrected that; they provided insurance for their depositors. What we need is a system similar to the kind they have in the United States.

I spoke to an attorney in Washington, D.C. this afternoon. He specializes in banking and he told me that in the United States there are 14,000 banks; 6,000 national banks, which would be similar to our banks here in Canada, and 8,000 state banks. The national banks have approximately 60 per cent of the assets in the United States, and the state banks have the other 40 per cent, in addition to the savings and loans associations that are scattered all across the United States. If you go to any bank in any city in any state, you find there is some competition.

● (2032)

One of my constituents is building a small chain of retail outlets. They are not very grandiose. They serve the public very well. He is an aggressive salesman. He is trying to establish a new business. He is providing entrepreneurial leadership to some people who want to invest. He is providing employment that was not there before.

When this constituent wants to open a new store, even though he has a record of success he has to go to the bank and prove to that banker that he does not need the money before he has enough security to open another branch. He has to prove that he does not need the money before he can get it.

He decided to open another branch in the city of Bellingham. As soon as he walked across the border, he had two or three banks begging him for the business. I say to myself, what is going on? Here is a fellow, unknown in the state of Washington, who the banks want to serve. They are competing for the opportunity to serve him. However, in British Columbia they look the other way. They thumb their nose at him.

Something is wrong with our system when our Canadian institutions do not want to help Canadian entrepreneurs, when the same Canadian entrepreneurs can go to the United States and get money at just about any lending institution they walk into. Not only that, they can get the money at about 50 per cent less cost than here in Canada. In Canada they must pay 12 per cent or 13 per cent for their line of credit while there they can pick it up at 8 per cent. No wonder business is leaving Canada and going to the United States.

If one of this government's sins has been control of the money supply by printing too much of it, the other one has been allowing the institutions to be so tight-fisted in their policies that they have controlled the money supply in that

way. They have not allowed an equal distribution across the country of opportunity in entrepreneurial business.

Looking again at the system in the United States, you can go into a city bank or a state bank and you know that that private institution is indigenous to that particular area. You can rest assured that the president, chairman and directors of the board of that bank are from that community. They all live there and have their roots there. They want business to succeed in that community. They approach the businessman from an entirely different perspective from the banker here in Canada.

A lot of local bank managers would love to do something for the local businessman, but their hands are tied. The local bank manager has a limit of $50,000 he can lend the businessman. If the required loan is more than that, he must get approval from the district office. If the amount is too large, it goes from the district office to the head office. Where is the head office located? It happens to be in Toronto. They really care about White Rock, Langley or Cloverdale, don't they? Where are they? They could not care less about the prosperity of that particular community they are supposed to be serving.

A bank manager lives in a community. He has his roots there. He would love to do something for a businessman but he cannot because his head office stops him. In addition, often the manager is rotated from one place to another. By the time he barely gets his roots into one community, he is transferred to another branch in another community. He may never get his roots down the way he would like.

This government, with great temerity, is recognizing that the economic base is shifting from what has traditionally been central Canada and is moving westward. The other day the mayor of Winnipeg said that the financial base was moving to Winnipeg. That is the geographic centre of Canada. Certainly the economic base is gravitating toward Alberta and British Columbia. Maybe it is time we had some revisions to the Bank Act that allowed regional interests to express themselves in the financial community.

About ten years ago the then premier of British Columbia, W. A. C. Bennett, came forward with a budget and made a speech in the legislature of British Columbia. He proposed a Bank of British Columbia. I still remember the guffaws and shouts of horror across Canada that the premier of British Columbia would have the temerity to suggest that we ought to have a Bank of British Columbia. It was as though that was some kind of financial heresy. What is wrong with having a Bank of British Columbia that is uniquely British Columbian, that sees as its responsibility the growth of British Columbia, that is sensitive to the needs of that community, that draws on the resources of the people in that community and draws all its personnel from the community to man that bank? What is wrong with that?

It still strikes me with some kind of surprise the chagrin he had to face from the financial community across Canada for even suggesting there ought to be a local bank in British Columbia. By the time that idea got combed through the financial brains of central Canada, it was thoroughly diluted. However, that is the direction we will have to go.

We must come to grips with the need for regional expression of the financial needs of the people in a banking organization, and the investment of the funds of that banking organization to meet the needs of that community. We can no longer afford the days when a farmer, who is a small businessman, walks into a bank and borrows money for the intervening months until his crop comes in, leaving that bank thinking that the bank manager has done him a favour, while he pays 13 per cent interest on the note. The bank is operating a service for these people.

If we want to stimulate our economy and stimulate small business in our country, we must look upon the small businessman as a friend, not as a potential liability. With 60 per cent of the work force in this country employed in small business, we have to realize that these people are the backbone of our country and that they have to be served.

This government's idea of progressive legislation is to postpone for one year legislation we ought to be dealing with today. That is its idea of progressiveness. I say shame for being so slow in keeping its legislative program going that we cannot even deal with issues that ought to be dealt with today to make sure that we have a healthy and thriving economy. It is time we got this legislation moving, so that the people across Canada who are most affected by this restrictive legislation can get the service they deserve and we can get the people of this country working in the way they want to be working.

● (2042)

Mr. Gordon Ritchie (Dauphin): Mr. Speaker, I welcome the opportunity to speak on this measure to extend the Bank Act; the request for extended time in which to consider the revision of the Bank Act is an indication of the government's lack of ability and its failure to deal successfully with the economic situation. We are obviously facing an unsettling and uncertain period economically, and while not all the problems are domestic in origin, a great many of them have certainly been caused by the ineptitude of hon. gentlemen opposite and by the failure of the administration to deal with the financial woes of the country.

The Minister of Finance (Mr. Chrétien) is rarely in the House these days. He goes about the country like an optimistic choirboy telling people how the country is going to grow. But how can it grow when our principal trading partners, the United States, Western Europe and Japan, are all reporting a low level of activity and show little possibility of doing better in the coming year? Surely the minister's statements must be taken with a considerable measure of salt. The outlook for the United States continues to be far from cheerful, only a low level of economic activity being predicted.

Revision of the Bank Act is long overdue. Parliament has to deal with the problems presented by the so-called near-banks, and a situation in which Canadian banks feel they are handicapped when competing with foreign-based banks because of the way in which the regulations presently operate. Then there

are a number of internal banking issues; for example, what should be done about the rapid increase in the financial muscle of the credit unions. The success of the unions is to be applauded, but it makes sense that the regulations and restrictions affecting financial institutions should be of a reasonable nature and applied with reasonable fairness to all.

While the government delays legislation to revise the Bank Act, Canadian banks are going ahead with participation in leasing and factoring, which means managing companies for a fee. The Canadian Imperial Bank of Commerce and the Banque Provinciale du Canada have established wholly-owned leasing subsidiaries, and the Royal Bank of Canada has close to 100 per cent interest in an established leasing company. In banking circles it was felt the revised act would allow the banks to become direct participants in leasing and factoring. It would seem Ottawa has already given tacit approval to the banks to engage in these activities.

This is not a good situation. It might well be an advantage to the economy that banks should become involved in leasing and factoring, but as the law presently stands they may not engage in such activities though they may invest in a portion of the equity of such companies. If the government intends to allow leasing and factoring on the part of the banks, the whole question should be discussed in this chamber as soon as possible. If the banks have received some sort of assurance from the government that their activities in connection with leasing and factoring will be legitimized within a few years, we should know about it. A tacit understanding that legislation will eventually be changed to suit the needs of the banks seems to be both unwise and undemocratic. If parliament is to exercise any influence upon what is to happen, it is time the legislation was brought forward.

That the government has already acquiesced in the situation appears to be substantiated by the fact that the Inspector-General, Mr. William Kennett, has already given permission for several banks to assume 100 per cent ownership of leasing and factoring establishment. If the new Bank Act does not permit leasing or factoring there will certainly be major financial changes forthcoming. All the banks are watching to see whether complete ownership of a leasing company allows better penetration of the market. In fact, there does not really seem to be much difference between leasing and factoring; this aspect of the situation will not be clarified for some time to come.

No discussion of the Bank Act would be complete without some general reference to the financial institutions of our country. The recent controversy as to whether Sun Life should move its head office out of Montreal has directed public attention upon our financial institutions. The Sun Life affair, against the background of other unsettling events in this country and abroad, has brought into question the strength and reliability of many of our financial institutions. We should not lose sight of the fact that Sun Life is the seventh largest corporation in Canada.

The question which has attracted such attention is whether or not a corporation has the right to move its offices and its place of work in accordance with the best interests of its shareholders—the mutual policyholders, in the case of Sun Life. Western Canadians certainly applaud a move of the head offices of many of our institutions out of Montreal because ever since the days of the Northwest Fur Trading Company the west has been at a disadvantage; so many financial and industrial corporations were based in Montreal.

One need only look at the performance of CNR and Air Canada to realize how poorly institutions with head offices in Montreal serve western Canada even though they may be serving eastern Canada adequately. But when it comes to private corporations the government should at least refrain from coercing them to remain in an environment where they cannot do the best for their shareholders. It is often said that corporations should be aware of what is in the national interest. In the case of Sun Life specifically, the projected move should not be made, on the ground that it would not be good for national unity. But this begs the question. Sun Life is a mutual company and its policyholders are also the shareholders. A policyholder in western Canada should surely have the right to make his voice heard if he feels the company would operate better in some other part of the country than at its present headquarters; and the directors surely have the right to move the company in accordance with the desire of its policyholders.

I might add, Mr. Speaker, that head offices are not moved easily. Knowing the directors of Sun Life, one realizes they would probably be most reluctant, personally to leave a city in which the company has been domiciled for a century or more. Incidentally, the suggestion has been made that *Readers' Digest,* which the government tried hard to move out of the country, may also move out of the Montreal area.

The language issue is a practical one. Statistics show that some 80 per cent of the financial operations of Montreal-based companies are carried on with English-speaking Canada or the United States. To conduct such a large portion of business in the other official language would undoubtedly put Sun Life at a serious disadvantage. For instance, it would make little sense to have a Sun Life policy written in Manitoba brought to Montreal and translated into French so that company employees could deal with it and then attempt to recommunicate with the Manitoba policyholder in their official language.

The attempt by the government to lean on Sun Life lends no strength, in the long run, to the movement for unity. It amounts to an attempt to force the company to do business under a set of conditions which it may find innappropriate; it might not be able to cope with such an environment and in the long run the policyholders are the losers. Should the savings of policyholders throughout the rest of Canada be poorly handled because of a government decree?

Some have suggested that Sun Life should be nationalized. I would remind hon. members that a mutual company, widely owned by many individuals, is very close to a co-operative. I cannot help thinking that many policyholders in the company will become uneasy about their savings as, indeed many Canadian investors are now starting to worry.

Bank Act

● (2052)

The failure of the government to deal with the Bank Act shows the low priority the government puts on our financial stability. It is suggested that the Sun Life confrontation with the Parti Québécois in Quebec city has probably halted any early accessibility to markets there. Financial experts predict that Quebec may face additional problems in raising money in the European dollar markets. The New York market has already put premium prices on bonds from that province, and many traditional investors are staying clear of Quebec bonds.

The problem not only reflects on Montreal, it also reflects on the whole of this country, and it is certainly time this government faced up to these problems.One of the ways in which the government could help is to bring forward the amendments to the Bank Act so there can be a thorough discussion of the problems facing this country, and particularly its financial institutions.

Mrs. Jean E. Pigott (Ottawa-Carleton): Mr. Speaker, let me inform the minister from Outremont that I am going to speak about women.

Some hon. Members: Hear, hear!

Mr. Paproski: Something you don't know anything about, Mr. Lalonde.

Mrs. Pigott: It is interesting, Mr. Speaker, how that brings the other side to life. When I first came to parliament one of the first question I asked was when the Bank Act was to be reviewed. With my experience in the business community one area to which I felt I could perhaps bring some fresh light in parliament was in the area of the banking system of this country.

There are three areas in which I should like to see changes. The first is in the attitude, that has been very eloquently spoken about tonight, toward the small and owner-managed businesses in this country, where there needs to be a fresh and new approach. If 90 per cent of our small businesses employ less than 50 per cent of those employed, just think of what could happen if there was a fresh and enthusiastic response from the banking community toward those companies.

I should like also to speak of two other aspects of this situation, the first being the banking community's discrimination against women. The other, which disturbs me as well, is the fact that the banks in this country operate in very tall office blocks or glass houses far from the real world. For example, even our Department of Finance has to live in a rarified atmosphere 30 storeys up. We have this incredible glass house across the way. There is also that almost obscene situation in Toronto where all our banking establishments are bent on seeing which can build the tallest glass house.

What this country needs is a new attitude in the banking community. It does not need to go up. What the banking community needs to do is to spread out across this country and realize there are changes required and a vitality to be stimulated. The preoccupation of the banking community to build banking towers is just a disgrace.

This Bank Act review could do a great deal toward bringing a new economic era to this country if we had the time to talk about it. What sectors and what regions need to be provided for and promoted? Just think of what effects the provision of capital could have on the socioeconomic life of Canadians. How is money to be handled in the future by the banks as business transactions and as savings? There should be a fresh approach toward savings in this country and how our banks should operate in a post-industrialized society. We could have had such a fresh and good time in this parliament had we been able to examine these things.

One lesson I learned, and about which I tell school children when I speak to them about parliament, is the lesson I learned while sitting in that back bench last year. In that small corner in which I sat there were people from the mountains of British Columbia, from the tobacco farms of Ontario, from the ranching country of Saskatchewan; and next to me sat my two NDP colleagues, one from Vancouver and the other from Nickel Belt. What I learned sitting in that corner—

Mr. Knowles (Winnipeg North Centre): You must have learned a lot.

Mrs. Pigott: Yes, I did learn a lot and I am very grateful. What I did learn was that in this House of Commons we speak for and understand all the constituencies in this country. Instead of the Bank Act being talked about in those ivory towers 30 storeys up, it should be brought here where people who know what is going on in this country might have some input.

Let me speak especially about the banking world and what is happening in that regard to women. We might have had meaningful discussions about discrimination in the financial community toward women. There is a great need to re-examine this whole area. In the past ten years many important changes have taken place in Canada, and this may have been one of the great social revolutions so far as women are concerned.

There are significantly more women seeking credit today, and this reflects the fact that more and more women are employed outside the home. We have taken initial steps to protect women against discrimination in the credit field, but the guidelines are voluntary and the credit situation is still unfair. Women's rights to equal access to credit have been denied through misconceptions regarding women's creditworthiness.

In the past when banks were rapidly expanding their share of the personal credit market some personal loans officers were, to use the banks' terms, a little over-cautious in granting credit. That is an understatement. Until 1968 the National Housing Act specified that when a financial institution was calculating how large a mortgage a family could handle it could only include 50 per cent of the wife's income in the total family income. These regulations were changed to remove the implication that the husband was the chief breadwinner, making it possible for the financial institutions to include any or all of the spouse's income in calculating a loan.

In 1971 additional changes stipulated that an applicant for an NHA mortgage could not be discriminated against on the basis of sex or marital status. It is fine to introduce guidelines and regulations, but we cannot ignore the fact that a vastly improved credit situation is still hiding great inequalities. Married women with incomes of their own are still being asked to provide information about their husbands' income on credit applications. It is still true that a newly separated, divorced or widowed woman does not enjoy equal opportunity for credit. In many cases such a woman will find that she has no credit identity separate from her husband's.

The two great bastions of discrimination against women are still senior sections of the federal government and the financial community. The minister from Outremont says he has been doing a great deal about this, but the 1976 statistics show that 70 per cent of all women in the federal service make less than $10,000 a year, while only 20 per cent of men earn less than $10,000 per year. Only 1 per cent of senior management jobs are held by women. I shudder to think what the statistics are in respect of the financial community, but those are the government's own statistics.

If women are to play a more important role in the business community, breakthroughs must come in two key areas, opportunities and access to capital. The same banks which are making strides in promoting women to positions of authority are refusing other women business loans. In my experience a woman president of a company was told that, had she been a man, her loan would have been twice as great. Many bank managers still adopt a negative attitude toward women borrowers. When asked for a business loan, the bank manager said: "Why does a nice little girl like you want to go into business?" That is another story which indicates that a bit of change is needed in the financial community.

● (2102)

An MBA student graduated from university last summer. He was employed in a local bank. He was told to make certain he opened a bank account in a neighbouring bank, because the bank did not want other women working in the bank to know what he was receiving. He has since left that bank.

The requirement that a husband sign a contract made by his wife for credit or a loan, and the issuance of credit cards only to a husband, are two practices which women find unsatisfactory and humiliating. Such policies presume that a married woman will have no income of her own. With the number of women now in the working force, this is no longer a valid assumption.

What share have women in high level decision-making in our corporations? Almost none. Women hold less than 1 per cent of the top corporate positions. The shortage of women is most marked in the fields of finance, mining and utilities. In the early 1970s the chartered banks had one woman director and no female corporate officer. In finance, trust, loans and insurance companies there were four women directors out of 697 and one female corporate officer out of 73. I think that is a great shame. Our women are qualified and well educated but they are not being afforded an opportunity to serve this nation. One would think that the federal government, after the great year of the women, would have seen to it that there were changes in our Crown corporations.

Recently I picked up the annual report of the Central Mortgage and Housing Corporation, and to my utter horror discovered there was not one woman director in that institution. I hope I have rectified the situation by submitting within 24 hours a list of capable women able to sit on the board of the Central Mortgage and Housing Corporation to the Minister of State for Urban Affairs (Mr. Ouellet).

An hon. Member: But were they Liberals?

Mrs. Pigott: I was very careful to make certain that half the list contained names of women who were Liberal.

I notice the hon. member for Outremont (Mr. Lalonde) is not listening to what I am saying. The odds against a non-Canadian getting on a Canadian board of directors are six to one. The odds against a woman getting on a Canadian board of directors are 104 to one, in spite of the fact that 35 per cent of company shares usually are owned by women. It was Stephen Leacock who said: "When I go into a bank I get rattled." It might well not have been Leacock who said that but most Canadian women who seek credit in our banks. Of course, it was a wise woman who said it is a terribly difficult task being a woman, since it consists of dealing principally with men.

I am sorry we did not have an opportunity to bring before committee the many, many briefs from women who believe they should participate in the financial concerns of this country.

Mr. Allan B. McKinnon (Victoria): Mr. Speaker, I was interested when the Minister of Finance (Mr. Chrétien) saw fit to interject some remarks in this debate this afternoon, although he was not here when the bill was introduced. When the hon. member for Egmont (Mr. MacDonald) was speaking, the minister started belabouring him about certain facts. This was refreshing because we have not seen the minister for some time. One of the last times the minister appeared in *Hansard* was on December 7, 1977, when he was asked the following question by the hon. Leader of the Opposition (Mr. Clark):

> Will the minister tell the House when he will be in a position to bring to parliament a specific proposal to embody that employment tax credit, when will it be before the House, and will we have it this month, as the Prime Minister promised?

As reported at page 1634 of *Hansard*, the minister replied as follows:

> I will be able to come to the House with a statement seven days after Bill C-11 is passed.

Bill C-11 was passed on December 13, 1977. Seven days later would have been December 20, 1977. We have not heard his statement as yet. I will be patient. After all, we have waited 11 years in order to have another look at the Bank Act.

I suppose we can wait another day or so for the statement which the Minister of Finance promised in December.

This act was last in front of the House 11 years ago when it was revised. The revision provided that it be reviewed in ten years. One would think the government would consider ten years' notice to be sufficient, but it was unable to get ready a bill in that time. The government required another year, and today it has indicated that it needs yet another year. It is simply a measure of the incompetence of the minister and his staff when they cannot prepare a bill to review the Bank Act after approximately 11 years' notice.

I should like to spend a moment talking about the peculiarity of our banking system. I support the reference of the hon. member for Surrey-White Rock (Mr. Friesen) to the Bank of British Columbia, and the help it has been to the business community having a bank with local interest. I was involved with a problem in my constituency when the Ogden Point pier burned down last August. We set up a committee of public servants, politicians and interested citizens in order to figure out a manner in which to reconstruct the docks, and particularly the warehouse on the docks, so that the business of loading and unloading pulp and paper could resume.

One innovation in the last ten years has been the quasi-bank supported by the federal government. I am referring to the Federal Business Development Bank and the Export Development Bank. These are not banks covered by the Bank Act, but they pass themselves off as banks in any event. The subject of our discussions at that time was how we could finance the reconstruction of the warehouse and the docks in Victoria. The cost was to be approximately $1.5 million. The federal government was unable to promise any help whatsoever, but a representative of the British Columbia Development Bank, when he was asked if he would back a loan to enable construction to go ahead, said he would.

I should like to refer to what has been happening in Canadair with respect to the LearStar aircraft program by referring to an article which appeared in the Ottawa *Journal*, dated February 16, 1977. In part it reads as follows:

On December 2 of last year—

That would be December 2, 1976.

—Hugh Poulin, Parliamentary Secretary to Minister of Industry, Trade and Commerce Minister Jean Chrétien, stated that Canadair estimates it will have to borrow up to $128 million in 1979 for the LearStar program.

Of this amount, he said, $128 million is to be provided by a consortium of two Canadian banks, and Ottawa will guarantee $50 million of the loan while Quebec will guarantee a further $20 million, the balance to be secured by a pledge of Canadair's assets.

The balance would be something in the neighbourhood of $58 million. The assets of Canadair are owned 100 per cent by the government. They were bought for $30 million. Another $8 million was dedicated when Canadair and the federal government got caught in the wrong in a suit laid against them by Northrop aircraft for the mishandling of its contract with them. The government saw fit to divert this $8 million to Canadair and claimed to be increasing its equity in a firm which was already owned 100 per cent by the government.

[Mr. McKinnon.]

Surely the federal government is the only government in the world which owns 122 per cent of a firm. However, they will pledge these Canadair assets to cover the money that the banks are not going to cover.

This was the story of the Canadian banks: Two Canadian banks were supposed to form a consortium to provide that money. It was a rather familiar tale with this company because, hon. members will recall, there was supposed to be a Canadian consortium to find money for the LRPA contract. Now we find quite a different story in the January 6, 1978 issue of the *Globe and Mail* which stated:

● (2112)

The federal government has approved a proposal by Canadair Limited in Montreal, which is wholly owned by the government to raise $70 million (U.S.) in five year promissory notes in international capital markets for use in financing the development and production of the CL600 Challenger executive jet in Canada.

The international financing is to be arranged by Merrill Lynch International and Co., an affiliate of Royal Securities Ltd., of Toronto . . .

At the same time, industry, trade and commerce minister Jack Horner has agreed to several undertakings related to the $70 million financing by Merill Lynch, including an agreement that if cost overruns occur in connection with the Challenger program, he will seek parliamentary authority for whatever additional funds are needed to permit Canadair to meet such unforeseen expenditures.

I suspect those unforeseen expenditures will arise as certainly as the sun will rise tomorrow. The *Globe and Mail* article goes on:

The government also agreed, as long as any of the $70 million in promissory notes is still outstanding, not to sell or transfer its ownership in Canadair or change its shares in such a way that the government's voting rights associated with its Canadair shares are reduced to less than 66.6 per cent or that the government no longer elects all of the members of Canadair's board of directors.

Let me point out two things. To date the directors on the Canadair board elected by the government are all senior civil servants, the majority of whom come from the Department of Industry, Trade and Commerce. Ottawa owns 100 per cent of the common and preferred shares in Canadair and they have guaranteed not to sell them. That is very strange when you consider the original reasons for their purchase of Canadair, which was to put Canadair together with the de Havilland company in Toronto to form a viable aerospace industry which would be attractive for some private company to buy. Now there is no longer any talk of putting together a viable package and selling the industry. They are saying now that they promise not to sell and that they remain committed to cover any overrun cost which might occur in the production and sale of LearStar jets.

I find that the banks of Canada are put in this position on a fairly regular basis by this government, which is the sole organization left in this country that can raise and control large amounts of capital. It is no wonder that banks are confused, and with the management this government provides, it is no wonder that banks are very hesitant to commit their own funds, particularly Canadian banks which know this government better than American banks do, although American banks have locked them into a pretty tough contract in order to provide another $70 million for the Minister of Finance (Mr. Chrétien) to get his favourite plane flying.

I have nothing further to add, Mr. Speaker. I am sorry that the government is too incompetent to bring in this bank bill of which they have had 11 years' notice. I trust the next government will be more competent. I want to point out that I think the Minister of Industry, Trade and Commerce (Mr. Horner) is in a very poor position to predict what will happen at the end of five years to these promissory notes which they are selling in the United States, backed by the government. The Minister of Industry, Trade and Commerce says he wishes to be remembered as a great friend of business, but he has about as much chance of being remembered as a friend of business as Benedict Arnold had of being remembered as the conqueror of Ticonderoga.

Mr. Arnold Peters (Timiskaming): Mr. Speaker, I should like to say a few words on this bill because I think it is important. It indicates one of the weaknesses of this government in relation to the Bank Act, a weakness that has existed for a number of years. When the Bank Act was originally passed, we were to have a revision of the act every ten years. This has been delayed over a period of years now until one of these days we will miss the ten year period and a decade will have gone by with no revision. Although the government is now asking in this bill for the revision to be held over and for parliament to free the government of the responsibility to make changes that are required by law, we are actually talking about changes that should have taken place in 1970, and this is 1978. So we have had considerable slippage in following the provisions of the act for some time. I think one of the reasons for this is that the government is too busy worrying about a number of other problems.

It was interesting to note that the financial institutions are very influential, not only here but in other countries. I was particularly interested in some of the remarks that were made about the changes contemplated by Sun Life in its proposed move from Montreal because of certain conditions for which this government has been responsible for the last two or three years. Perhaps that is why the white paper with which we were presented has never been proceeded with.

It is interesting to note that there are a number of banks in this country which, as hon. members have said, are protected in such a way that they are guaranteed their savings, so that for many years no bank has gone bankrupt in this country. This is in contrast with the hundreds of thousands of banks operating in the United States which collapsed during the depression years. One of the reasons that Canadian banks are not in difficulty is the interrelationship between the Government of Canada and its banking institutions which allows the government to decide what the savings should be, what the margins of the banks should be and what banks may be developed. That control seems to me to have worked very well in protecting the banks but it has not always worked so well in protecting the public.

Much of our trouble in this country stems from the fact that while Canadians have much money in savings, in most instances they are reluctant to put that money into the development of our country, and particularly into the social capital of our nation. When a municipality wants to raise money, it calls on the suitcase bankers to lend much of it. Suitcase bankers are not necessarily bad bankers. As was pointed out recently by one of my colleagues, very seldom is there a foreclosure or a mistake made by a U.S. suitcase banker who comes to this country, makes large loans and returns home, without having run any establishment in this country. We have been very particular in our relations with them. When a different government is formed, it does not matter in what province, a trip is always made to New York—although it does not always happen as fast as has been the case in the past year—to find out whether or not Wall Street will back the debentures or the requirements of the province. The state of the nation has had something to do with their ability to maintain or establish credit ratings which are so important to these suitcase bankers.

● (2122)

It behooves us to study banking in this country. Hon. members are aware that a finance company once came before parliament asking for permission to establish a bank under rules and regulations totally different from those in the present Bank Act. That request was made because the Bank Act was being held up, and it has been held up for approximately three years. Parliament had to consider that application and some changes in the Bank Act which were asked for by that finance company. The government promised that finance company that Bank Act legislation would pass two years ago. The government also promised it would pass last year. Through the efforts of some members of the other place, some of us were convinced that because the Bank Act legislation was going to meet the requirements of the co-operative movement, finance companies, trust companies and others who had gone part way into the banking structure, the requested legislation should be passed, and we now have another bank operating under conditions which are different from those under which other chartered banks operate. This new bank is allowed to exist pursuant to legislation which is anticipated but which has not been passed and may not be passed for a number of years. That bank now operates and has advantages which in my opinion are not available to other banks.

Small community development projects today are at the mercy of ordinary banks. We set up the Federal Business Development Bank, the old industrial development bank. It is supposed to be a bank of last resort, but people find that instead of making the concessions they have to make to the FBDB they might as well make them to ordinary banks.

There are some changes which should be made. We should be discussing the role of trust companies and co-operatives through their credit union and caisse populaire structure. We should be talking about the role of these institutions and whether it should be mandatory, as I presume is the case in the province of Quebec today, that regional consideration be given, and whether the same rules should necessarily apply in natural resource development areas as in the housing industry and in certain small businesses. Perhaps different rules should apply for exploration in the Arctic. There may be a strong argument

that we need to revise the Bank Act to take into consideration the diverse needs of communities.

It has always seemed odd—and this point has been dealt with many times by my colleagues in the Social Credit party—that Canada is not a leader in the field of lending institutions. We are certainly not, however, in the unenviable position of the United States where banks are asked to lend large sums of money to the international community, particularly developing countries. Ten years ago it was felt that if money was lent to those countries, those countries would develop their own resources and eventually become markets. In fact, that has not happened, and thus the International Monetary Fund finds itself in a very serious position. Although money was lent, the IMF has been unable to collect much of what is owing by the third world. Therefore the banking industry, particularly in the United States, is in great difficulty.

I am sure some Canadian banks are also suffering as a result of this, but they have not made loans of that kind to municipalities in Canada which desperately need capital to develop such things as educational systems or to provide sewers and water and other services. These are long-term projects, and they would be secure investments as long as the country remains secure.

Banks could have handled the financing of these kinds of projects. Interest rates could have been much lower; volumes would have been large. The first thing the newly elected premier of the province of Quebec did was go to Wall Street to see what terms he could obtain for borrowing for long-term development. That was also done by the premier of Saskatchewan. This would not be surprising if banking institutions in Canada were weak, but we have more savings per capita than any other country in the world. I was very amused to learn not long ago that we have $282 billion in insurance savings. If we have that amount lying around, we should not really need to go to another country to borrow money. Our banking structure should be such that through the Bank of Canada we could direct banks toward the type of lending in which they should be involved.

In revising the Bank Act we should consider two other matters which are closely connected. One of these has caused the Minister of Justice (Mr. Basford) to announce his retirement at the end of this parliament; that is, our competition legislation. That legislation is obviously a financial instrument, and it should be overhauled in such a way that a much more people-oriented direction could be taken so that not only companies but the public as well could be protected. Companies are certainly already well protected. If a company is bothered by competition, it can buy out that competition. The public must also be protected by our competition legislation, and money must be made available so that there can be competition.

My colleague spoke about the free enterprise system. He referred to the little corner hot dog stand and McDonald's sitting side by side. We say that this is a country of unlimited free enterprise where the little person can compete with

[Mr. Peters.]

McDonald's. However, that is not the case at the bank, and if it is not the case at the bank, there really is no competition at all. There is no competition at the wholesalers, and if a small operation cannot get started with a loan bearing rates and conditions comparable to that enjoyed by McDonald's, that is not competition either.

A great deal of abuse has taken place with regard to bankruptcy, and this abuse has been suffered not so much by banks and financial institutions as by the public. Is there a constituency held by any hon. member in this House which has not experienced the bankruptcy of dozens of little companies? Secured creditors get their money when bankruptcies occur. Workers and suppliers of services and goods do not get any money. The only ones who get any money are financial institutions, and they do pretty well. Surely we must take these factors into consideration when dealing with the Bank Act. If we do not there will be a great deal of distrust resulting from the disparity that exists between large and small borrowers. Although the banks are quite happy to have small borrowers deposit their money, they are not so happy when they apply for loans.

● (2132)

The banking institutions have now entered the field of short term credit. I think there are few people who have not been offered some type of short term credit that will eventually end up in an Econocard or some such thing issued by a bank. I suggest there will be no such thing as money changing hands. The bank will get a note of your credits and deposits and will deal with withdrawals and other services by computer.

Few people who use banks today are unaware of the changes that have taken place in the banking community. I recently spoke to two bank managers from a community other than my own. It was interesting to hear them speak of a new problem: apparently the banks are being unionized. One mentioned that an employee had been made chief accountant, which was a new title. He did not get any more money, just the title. Mr. Speaker, what they are trying to do is put as many people as they can into management by giving them a title so that they will not be able to join a union. People in the banking world have no particular faith in their institutions and are well aware of how poorly many people are being treated.

I think it is high time we reviewed the Bank Act. Legislation should not be introduced the day before an election—which will probably take place in 1979—so that we will just get around at the last moment to putting in a ten-year change as a concession in order to get some thing done. Changing the Bank Act should involve all constituents of the banking community—trust companies, loan companies, the co-operative movement, caisses populaires and credit unions. Perhaps we should look at this question before we expand the activities of banks. I have always found banks to be identical, whether the Banque Canadienne Nationale or the Royal Bank.

If you approach several banks with a proposition you will likely get the same answer from them all; one will not take a chance any more than the other. If you approach a credit

union it will probably consider your character, your past record, whether you get along with your spouse and some other questions that indicate whether you are likely to remain in the community. Then they will probably make you a loan. There is no competition in banking. We must consider whether we have too many banks already or whether we should promote all the near banks to the status of regular banks. We created a bank for the IAC and allowed special considerations to their directors which were not available to any other bank.

We should approach the other place to do a serious study with whatever independence they retain. The chairman of the banking committee in the other place, Senator Hayden, probably holds many directorships in banking institutions. My hon. friend says not. The last time I looked he had five or six directorships and is connected with many other financial institutions. That may not be a bad thing, of course, because it may give him an insight into the institutions that the rest of us do not have. I would find it a very difficult problem, however, if he were to exercise the jurisdiction he gets from his directorships when making decisions in the other place. He made them in the case of IAC and I suggest he may make them for other banking institutions. This is a problem we should look at before the provinces decide to set up their own banks or before cities like Toronto decide to set up banks to serve their own needs. This would only further fragment the banking community and its ability to raise large sums of money for the development of some of the important interests of the nation.

The government should stop worrying about Quebec and get on with running the country. I think it is a cop-out to put this Bank Act off for another year. If there is no election then they will put it off for a further year. There are very serious problems in the banking institutions of this country. They have the ability to extend credit where it sometimes should not be extended, and they have the ability to withhold credit in the areas of housing and community development where it should not be withheld.

I think it is a very serious matter to put off the decennial review of the Bank Act. Instead of reviewing it in 1970, we are postponing it until 1978. We may well lose ten years through this remission we are granting now.

[*Translation*]

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, I would not want to miss this opportunity during consideration of Bill C-16 to express once more my views about the Canadian monetary system which, in my opinion, ought to be modified. It should be amended so as to meet the needs of the population instead of being the master of the economic and financial situation in Canada. Mr. Speaker, I think we have often stated our position on that matter, that monetization of the nation's credit should be done through an institution exclusively owned by the state. I would not want someone to believe that I hold a grudge against bankers.

● (2142)

Certainly not; I respect them as human beings and I want them to do their job in our country, but I would like the legislation under which they operate to be amended. The last time the Bank Act was revised, the Canadian parliament gave them more power. The interest ceiling was removed. They were given access to mortgage loans. While many industries are having great difficulty in surviving and saving their business because of competition from foreign products or on the international market, our banking institutions are making a lot of money because the legislation gives them special protection.

They never made as much profit as during the last few years when we have been plagued by serious inflation and high unemployment, which, far from decreasing, is going up according to the statistics, and it grieves us to repeat this. I would much prefer to be able to say this evening that the employment situation is improving in my constituency, that there are fewer unemployed, that more industries are being developed and can offer employment to the young people who graduate from our colleges, our CEGEPs, our universities and trade schools. I would much prefer to be able to say this, but because of somewhat peculiar circumstances, 1978 may be even worse than 1977. At the end of the year, if we look at the statements of chartered banks, we shall see once again that their profits have increased and that they have made more money while the other economic sectors are having an extremely difficult time.

Mr. Speaker, are we to believe that the government and the Prime Minister of Canada (Mr. Trudeau) are not aware of this? Is the Minister of Finance (Mr. Chrétien) not aware of this? They are aware of this situation, but they are the lackeys of the financial powers, and the Prime Minister himself stated in 1977 that bankers were the worst complainers in Canada. It is because he is aware of the situation that he said this. He said that under his administration, the banks had made more profits than any other economic sector in Canada and that he was ashamed of this situation. Our right hon. Prime Minister said this. This was published in a magazine. All Canadians can read about that and I am sure that when the Prime Minister made that statement he knew what he was saying because he was acquainted with the facts.

Mr. Speaker, surely it does not rest with a single man to give up that authority or that constraint. It rests with Parliament and parliamentarians to help the government and the Minister of Finance to present legislation aimed at removing some powers from chartered banks and at amending section 72 of the Bank Act. I had hoped that during this session the government would introduce legislation to review entirely the Bank Act, but I realize that such is not the government intention. Bill C-16 is quite short since it is only two pages long.

In fact, there is only one clause, but a very important one, which further extends for months the supremacy of chartered banks on the minting of the nation's credit. I was discussing that matter with a former bank manager just before I came to the House and we were deploring the fact that such a section should give so much power to those financial institutions and that the Bank of Canada which is the bank of Canadians should have so little power compared with chartered banks.

We agreed that money is an instrument of exchange and measure of assets and that such an instrument should be totally under the authority of the government through the Bank of Canada.

Mr. Speaker, when it is suggested that Canada's money supply is created by the Bank of Canada, people are not being told the truth because of Canada's money supply which stands at about $100 billion the government of Canada through the Bank of Canada only created about 10 per cent of that. So who created the other 90 per cent of that money supply? Where does that money come from? Where does that money supply come from, if not through the creation of bank deposits made by chartered banks to their clients? And when their clients pay back the loans that were made to them through the creation of deposits, money is being destroyed. That is not the way it should be, Mr. Speaker. In this country that it not the way it should be if we really want to use our monetary system for the benefit of the people as a whole, the benefit of government and, as the hon. member who spoke before me suggested, provincial, municipal and school governments so those governments will be able to achieve objectives within their jurisdictions, provide people with services at decent costs, not being forced to pay back $5 for every $1.

That is the case now in this country, and I urge hon. members to consider the situation very seriously; I think I have spoken about this in the House then I quoted a very particular case when the federal government through the Central Mortgage and Housing Corporation made a loan—it made several but I am quoting a very particular case—to the Quebec Housing Corporation to build 30 housing units. The Central Mortgage and Housing Corporation after obtaining the necessary money from the government, money that it obtained from chartered banks, lent $537,863 to the province of Quebec. Mr. Bourassa, an economist premier, was not economical; he was a professional economist and, good boy that he was, he signed an agreement with the Central Mortgage and Housing Corporation promising to reimburse $57,000 yearly, for 50 years, that is $5 for each $1 borrowed.

Now, far be it from me to want to shock anyone in this House but, in the province of Quebec we are living under another government, another premier. Are things any different? Again, Mr. Speaker, big finance is running the show, dictating its will to the new government of Quebec, deciding what it must and must not do. In other words, the financiers control the credit of the nation, they order the governments around, what we call democratic governments. That is financial dictatorship in parliamentary democracy and the nation is its laughingstock. That is why, Mr. Speaker, I have no hesitation whatsoever to say that I shall vote against Bill C-16 because I did not really expect that we could deal in depth and completely with the Bank Act, to really improve it and assign the monetary system its real role while allowing chartered banks to serve the private sector and serve it well.

[Mr. Lambert (Bellechasse).]

● (2152)

I am not criticizing the accounting system of the banks because it is excellent. They have remarkable officers and they know how to take advantage of a law which serves them well. I would like this act to be amended in such a way that we can be proud to say that in Canada we have an exemplary monetary system, a monetary system which serves the private sector well but which does not dominate the public sector that should be ruled by the representatives of the people.

If we are elected for something, let us prove it, reject Bill C-16 and require the government to get on as soon as possible with the study of legislation with a view to revising the Bank Act and at that time we will debate in an objective manner and bring forward the necessary amendments to this bill so that the Bank of Canada may truly become the bank of Canadians and that it may lend to the chartered banks the necessary credits in proportion to their needs to further the development of our country. This would bring order to our financial system; two separate sectors: the public sector would be financed by the institution of all Canadians and the private sector would be financed by private financial institutions. If we do not come to such a solution, I am convinced that within five, ten or 20 years Canada's debt which has doubled within the past eight years, the gross national debt which amounted to $43 billion in 1968 and which has risen to $86 billion in 1976 will not diminish in the coming years but rather increase. The servicing of the debt will also increase.

The government will either have to again borrow billions of dollars or increase its levies on Canadian taxpayers in order to pay the interest to those who control the minting of the credit in our country. At that time, we will realize that we are facing a tremendous national debt. According to accounting experts we are now indebting ourselves to the tune of $16,000 a minute. In the present budget, it is costing us more than $15 million a day just in interest on the Canadian public debt, and that excludes municipal or provincial debts.

Is that a good system? Let us keep it if it is any good. But then let us stop complaining and I am convinced that if we keep it, our private enterprise system, our capitalist system which should be the best in the world because it should be more likely to represent the aspirations of free men is going to crumble very quickly, because we have asked too much of it. If we refuse to bring about reforms, to correct our system which is increasingly degenerating, one of these days we will wake up to the realization that it is impossible to make this private enterprise system survive and we will then enter an era of dictatorship that nobody wanted in the first place but that we will be compelled to suffer because we will not have had the courage to take up to our responsibilities while it was still time.

This is why very briefly I wish to state again very clearly my position. I still think, like our party, that we should revamp our monetary system and make changes to it. Yet only parliament has authority on that matter and cabinet members, the Minister of Finance (Mr. Chrétien) under the direction of the right hon. Prime Minister (Mr. Trudeau) have the authority, according to our procedure, to present such a legislation. We

can talk about it and make representations but the final decision will be made by the members of cabinet. Then, if cabinet members bring the legislation that will correct the situation I shall be the first to say that owing to them, to the cabinet, to those men who had the guts to confront big finance, to put some order in, if we have good results, I shall recognize that owing to them we have at last a monetary system serving the Canadian people.

The Acting Speaker (Mr. Ethier): Order, please. Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Some hon. Members: No.

The Acting Speaker (Mr. Ethier): All those in favour of the motion will please say yea.

Some hon. Members: Yea.

The Acting Speaker (Mr. Ethier): All those opposed will please say nay.

Some hon. Members: Nay.

The Acting Speaker (Mr. Ethier): In my opinion the yeas have it.

And more than five members having risen:

The Acting Speaker (Mr. Ethier): Call in the members.

● (2202)

[*English*]

The House divided on the motion (Mr. Lang, for the Minister of Finance) which was agreed to on the following division:

(*Division No. 17*)

YEAS

Messrs.

Anderson	Caccia	Cyr
Andras	Cafik	Danson
(Port Arthur)	Campagnolo (Mrs.)	Daudlin
Andres	Campbell (Miss)	Demers
(Lincoln)	(South Western Nova)	Dionne
Appolloni (Mrs.)	Campbell	(Northumberland-
Basford	(LaSalle-Émard-Côte	Miramichi)
Béchard	Saint-Paul)	Dupras
Bégin (Miss)	Chrétien	Duquet
Blais	Clermont	Ethier
Blaker	Collenette	Fleming
Buchanan	Condon	Flynn
Bussières	Corriveau	Foster
Francis	Lefebvre	Philbrook
Gauthier	Loiselle	Pinard
(Ottawa-Vanier)	(Chambly)	Portelance
Gendron	Loiselle	Poulin
Goodale	(Saint-Henri)	Prud'homme
Guay	Lumley	Railton
(St. Boniface)	MacDonald	Raines
Guilbault	(Cardigan)	Reid
Harquail	MacEachen	Roberts
Herbert	MacFarlane	Rompkey
Hopkins	MacGuigan	Rooney
Kaplan	Maine	Roy
Lachance	Marceau	(Laval)
Lalonde	Marchand	Sharp
Lamontagne	Martin	Stollery
Lang	McIsaac	Trudel
Laniel	Nicholson (Miss)	Turner
Lapointe	O'Connell	Whelan
Leblanc	Ouellet	Wood
(Laurier)	Pearsall	Young—87
Lee	Pelletier	

NAYS

Messrs.

Alexander	Gillies	Masniuk
Alkenbrack	Halliday	Mazankowski
Allard	Hamilton	McCain
Andre	(Swift Current-	McGrath
(Calgary Centre)	Maple Creek)	McKenzie
Baker	Hargrave	McKinley
(Grenville-Carleton)	Hnatyshyn	McKinnon
Balfour	Holmes	Munro
Bawden	Howie	(Esquimalt-Saanich)
Beatty	Huntington	Neil
Benjamin	Hurlburt	Nielsen
Blackburn	Johnston	Oberle
Brisco	Kempling	Paproski
Broadbent	Knowles	Patterson
Cadieu	(Winnipeg	Peters
Caouette	North Centre)	Pigott (Mrs.)
(Villeneuve)	Knowles	Ritchie
Clark	(Norfolk-Haldimand)	Roche
(Rocky Mountain)	Lambert	Rodriguez
Clarke	(Bellechasse)	Schellenberger
(Vancouver Quadra)	Lawrence	Scott
Crouse	Leggatt	Smith
Darling	MacDonald	(Churchill)
Dick	(Egmont)	Stevens
Ellis	MacDonald (Miss)	Stewart
Elzinga	(Kingston and the	(Marquette)
Epp	Islands)	Towers
Forrestall	MacKay	Wenman
Friesen	Malone	Wise
Gilbert	Marshall	Woolliams—73

● (2352)

Mr. Speaker: Therefore, I declare the motion carried.

Bill read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs.

Mr. Speaker: It being after ten o'clock this House stands adjourned until 2 p.m. tomorrow afternoon pursuant to Standing Order 2(1).

At 11.56 p.m. the House adjourned, without question put, pursuant to Standing Order.

APPENDIX

(Printed pursuant to order made Monday, December 5, 1977)

IN THE SUPREME COURT OF ONTARIO
TORONTO WEEKLY COURT

IN THE MATTER OF an application for Judicial Review, pursuant to The Judicial Review Procedure Act, 1971, S.O. 1971, Chap. 48;
AND IN THE MATTER OF the Atomic Energy Control Act, R.S.C. 1970, Chap. A-19;
AND IN THE MATTER OF Regulations Respecting the Security of Uranium Information, S.O.R. 76-644;
BETWEEN:
JOE CLARK, SINCLAIR STEVENS, BILL KEMPLING, WALTER BAKER, JIM GILLIES and RON HUNTINGTON

Applicants

—and—
ATTORNEY GENERAL OF CANADA

Respondent

EVANS, C.J.H.C.:—

This application is brought by Joe Clark and five other members of the federal Progressive Conservative party pursuant to s. 6(2) of the *Judicial Review Procedure Act, 1971,* S.O. 1971, c. 48, for judicial review of the Uranium Information Security Regulations, SOR/76-644, promulgated pursuant to s. 9 of the *Atomic Energy Control Act,* R.S.C. 1970, c. A-19. Counsel for the applicants and the respondent submitted that this was a matter of some urgency and, consequently, I agreed to hear them on the merits and granted leave to proceed.

In the Notice of Motion, the applicants seek the following order:

1. A declaration that the Uranium Information Security Regulations (hereinafter referred to as "The Regulations") do not prohibit the applicants from releasing any note, documents or material or communicating the contents thereof to their solicitors and counsel for the purpose of seeking legal advice and facilitating the conduct of any legal proceedings.

2. A declaration that The Regulations do not prohibit the solicitors and counsel for the applicants to release or disclose any such documents in furtherance of the conduct or prosecution of any legal proceedings.

3. A declaration that The Regulations do not prohibit the applicants or any member of the House of Commons from releasing or disclosing any such documents in the course and in furtherance of Parliamentary debate.

4. A declaration that if the said Regulations do prohibit the release or disclosure referred to in paragraphs 1, 2 or 3 above, the said Regulations are *ultra vires* the Governor General in Council and therefore of no force and effect because:

i) The Regulations contravene The Canadian Bill of Rights, 8-9 Eliz. II, Chap. 44 as amended, in that they abrogate, abridge or infringe freedom of speech and the applicants' right to security of person and enjoyment of property and their right not to be deprived thereof, except by due process of law;

ii) The Regulations deprive the applicants of their right to counsel.

iii) The Regulations abrogate, abridge and infringe the privileges, immunities and power of the applicants and other members of the Official Opposition as members of the House of Commons.

5. A declaration that The Regulations are invalid because they are not authorized by the *Atomic Energy Control Act,* R.S.C. 1970, Chap. A-19.

6. A declaration that The Regulations are invalid because they were not validly promulgated pursuant to the *Atomic Energy Control Act.*

7. A declaration that The Regulations are invalid or are not yet in force by reason of the non-compliance with s. 3 of the *Canadian Bill of Rights,* 8-9 Eliz. II, Chap. 44, as amended.

At the hearing, counsel for the applicants stated that he did not propose to make submissions respecting grounds 6 or 7 and the application for a declaration based on grounds 6 or 7 is therefore denied.

At the outset a motion was brought on behalf of the Canadian Civil Liberties Association for leave to intervene *amicus curiae.* Despite the submissions of counsel for the Association, I denied the application on the grounds that the issues raised were fully covered in the facta filed by counsel and that submissions by the intervenor relative to the same issues would serve no useful purpose. Moreover, I did not consider it either necessary or proper to widen the issues which the parties proposed to present to the Court. Counsel for the intervenor conceded that there is no right of intervention and that the grant of such indulgence is within the discretion of the Court. Under the circumstances, I was not satisfied that this was an appropriate case for the intervention *amicus curiae* and exercised my discretion accordingly. Before proceeding to deal

with the issues presented by the parties, however, I feel compelled to deal with the question of interventions *amici curiae*.

In the Supreme Court of Canada, provision is made in the Rules for interventions. Rule 60 states that:

> (1) Any person interested in an appeal between other parties may, by leave of the Court or a Judge, intervene therein upon such terms and conditions and with such rights and privileges as the Court or Judge may determine.
>
> (2) The costs of such intervention shall be paid by such party or parties as the Supreme Court shall order.

The intervention is by leave and is within the discretion of the Court. In *Dr. Henry Morgentaler* v. *Her Majesty the Queen and A.G. Canada,* [1976] 1 S.C.R. 616, the Court granted leave to six associations and heard submissions from each. The Court apparently was of the view that the submissions of each intervenor would serve a useful role in determining the controversial issues presented to the Court. (See also *The Nova Scotia Board of Censors and A.G. Nova Scotia* v. *McNeil,* [1976] 2 S.C.R. 265.)

In England, intervention *amicus curiae* is granted primarily to government agents such as the Attorney-General or the Official Solicitor (see, for example, *Morelle* v. *Wakeling,* [1955] 2 Q.B. 379; for a discussion, see Alan Levy, "The Amicus Curiae", *Chitty's Law Journal,* March, 1972, pp. 94-95). J. M. L. Evans, Official Solicitor of the Supreme Court of England, in a Communication dated November 26, 1969, had this to say about the role of *amicus curiae*:

> It is . . . a comparatively rare procedure and is usually invoked where it is considered by the Court that an important point of law is involved which the Court wishes fully argued and *which is unlikely to be dealt with by the parties before it*. I think it is practically unknown in my experience for any such procedure to be initiated by a bystander as indicated in these old works. (Levy, p. 95) (Emphasis added)

Where both sides are represented by able counsel and the issues are squarely put to the Court, interventions *amicus curiae* are not appropriate.

In *Re Drummond Wren,* [1945] 4 D.L.R. 674, Mackay, J. permitted intervention by the Canadian Jewish Congress. In that case, the applicant, who was the owner, sought to set aside a restrictive covenant which provided that the land was "not to be sold to Jews, or to persons of objectionable nationality". There was no respondent.

In *Rex rel rose* v. *Marshall* (1962), 48 M.P.R. 64 (Nfld. Dist.Ct.), Kent, D.C.J., dealt with the issue of whether certain publications were obscene. The distributors did not contest the seizure of the publications and did not make submissions at the show cause hearing. However, one of the publications was "Playboy" and counsel for Hugh M. Heffner, the publisher, sought to intervene as *amicus curiae* in order to argue that "Playboy" was not obscene. At pp. 66-67, Kent, D.C.J., stated:

> At this time I did not see that Mr. Barry, appearing simply for and on behalf of Playboy and under that name on the record, had a right to be heard. However, *in the particular circumstances of this case* and the fact that I felt the hearing of all persons who might in any capacity properly be permitted to be heard before the Court, *would be of assistance to the Court, particularly where there was no voice before the Court on behalf of the publications seized,* I therefore told Mr. Barry that I would not permit him to be heard as representing a party to the action nor place him on the record as representing a party to the summons, but *as a matter of indulgence* I would hear him simply as "amicus Curiae". (Emphasis added)

The distributors did not make any submission on the issue of obscenity and the trial judge considered that counsel for Playboy could assist the Court in determining that legal issue.

In *Re Chateau-Gai Wines Ltd. and Attorney-General of Canada* (1970), 14 D.L.R. (3d) 411, Jackett, P. dealt with an application in the Exchequer Court involving the *Canada-France Trade Agreement Act, 1933.* At pp. 412-3, Jackett, P. States that:

> Before turning to a recital of such events, however, I should mention that, while the *registrant,* being a sovereign power, *is not a party to this application,* the Court did cause the proceedings to be brought to the attention of the Deputy Attorney-General of Canada with the suggestion that, as a *matter of courtesy,* they might be brought to the attention of the Government of the French Republic and that, while such action was taken more than two years before the commencement of the hearing of this application, neither the Government of the French Republic nor the Attorney-General of Canada had, prior thereto, intervened in the matter. However, counsel instructed by the Attorney-General of Canada did appear during the first part of the hearing as amici curiae and were *very helpful to the Court on the issues upon which they undertook to assist the Court.* Subsequently, after an adjournment, the Attorney-General of Canada was granted leave to appear as a party, and, as such a party, has opposed the application. (Emphasis added)

Given the circumstances in that case, the Attorney-General had a clear interest in seeking to uphold the provisions of the Agreement.

Subject to statutory or court-made rules, it is my view that interventions *amici curiae* should be restricted to those cases in which the Court is clearly in need of assistance because there is a failure to present the issues (as, for example, where one side of the argument has not been presented to the Court). Where the intervention would only serve to widen this *lis* between the parties or introduce a new cause of action, the intervention should not be allowed.

While it may have been preferable to have dealt with the application for intervention following the argument of counsel for the applicants, I concluded, in the present case, that the experience and competence of counsel for the applicants guar-

anteed a complete canvas of the legal issues involved and that intervention was therefore not appropriate.

Although the issue of jurisdiction was not raised in either Statement, I put it to counsel that it may well be that the matter should have been brought in the Federal Court pursuant to s. 17 or s. 18 of the *Federal Court Act*, 1970-71-72 (Can), c. 1 (now R.S.C. 1970, c. 10 (2d Supp.) Counsel then made submissions on the question of jurisdiction and I reserved decision. However, I proceeded to hear counsel on the merits in order to facilitate the hearing of this matter and with the hope of preventing a multiplicity of proceedings.

Given the nature of this application, there are a number of considerations relating to jurisdiction. In the first place, the applicants challenge the validity of the Regulations. This challenge involves a consideration of the nature and extent of the powers of the Board under s. 9 of the *Atomic Energy Control Act*. Therefore, I must consider the effect of s. 18 of the *Federal Court Act*. Moreover, the applicants seek review of the approval of the Governor in Council. This involves a consideration of s. 17 of the Act. Finally, the applicants seek an interpretation of the application of the Regulations. This also involves a consideration of the ambit of s. 17.

Section 17(1) of the *Federal Court Act* provides:

> The Trial Division has original jurisdiction *in all cases where relief is claimed against the Crown* and, except where otherwise provided, the Trial Division has *exclusive original jurisdiction* in all such cases. (Emphasis added)

Section 2(m) reads:

> 'relief' includes *every species of relief* whether by way of damages, payment of money, injunction, *declaration*, restitution . . . *or otherwise*. (Emphasis added)

"Crown" is defined in s. 2 and meaning "Her Majesty in right of Canada". Counsel for the applicants strenuously argued that the application for a declaration was not "relief . . . claimed against the Crown". This argument has two aspects. The first is that Parliament, the Cabinet and the Atomic Energy Control Board do not come within the meaning of the word "Crown". The second aspect is that s. 17(1) is designed solely for tort and contract actions and similar proceedings.

The issue of jurisdiction is discussed by Donnelly, J., in *Denison Mines Ltd.* v. *A.G. Canada,* [1973] 1 O.R. 797, in which he dealt with an application for a declaration that the *Atomic Energy Control Act*, R.S.C. 1952, c. 11 (now R.S.C. 1970, c. A-19) was *ultra vires* the Parliament of Canada. The issue of the *Federal Court Act* was raised and Donnelly, J., concluded at p. 802:

> "It asks for a declaration that the *Atomic Energy Control Act* is *ultra vires* the Parliament of Canada. *This is a matter directly affecting the Crown and its right to control atomic energy*. Whether such an action could be heard in this Court before the passing of the *Federal Court Act* need not be decided as s. 17(1) of that Act gives the Trial Division of the Federal Court exclusive jurisdiction *in all cases* where *relief* is claimed against the *Crown including relief by way of declaration.*" (Emphasis added)

Donnelly, J., goes on to state at p. 804:

> "Section 17(1) of the *Federal Court Act* when read with s. 2(m) is adequate to clothe the Trial Division of the Federal Court with exclusive jurisdiction where a *declaration* is sought in a *matter that affects the Crown* as is done here and to *exclude this Court from entertaining this case*." (Emphasis added)

When s. 17 and the definitions of "relief" and "Crown" in s. 2 and read together, they appear to oust the jurisdiction of this Court where an applicant directly challenges the validity of a federal statute by means of an application for a declaration. The approach taken in *Denison Mines* would also appear to be relevant to any attack on federal regulations and to any application for a declaration interpreting such regulations.

The decision in *Denison Mines* is criticized by Dale Gibson, Faculty of Law, University of Manitoba, in a note entitled "Constitutional Law—Power of Provincial Courts to Determine Constitutionality of Federal Legislation" in 54 C.B.R. 372-380. At p. 373, he states that:

> Apart altogether from the constitutional implications, which will be discussed later, this decision is mistaken for several reasons. Section 17(1) applies only to cases where relief is claimed against the Crown, and the only claim involved in the Denison case was against the Attorney General of Canada. The mere fact that the outcome of the litigation might affect the Crown does not mean that relief is claimed against the Crown. Even if the court were right on that point it is difficult to see how Crown rights were involved in the case. The legislative powers of the Parliament of Canada were certainly involved, but it is one of the most fundamental principles of constitutional law that Parliament and the Crown are distinct legal entities. The former is a legislative body and the latter is an executive body. Reference to the Crown in section 17(1) of the *Federal Court Act* cannot reasonably be construed to mean Parliament; section 2(f) of the Act removes any possible doubt about that by defining Crown to mean Her Majesty in right of Canada. Finally, even if there were an ambiguity which permitted more than one meaning to be assigned to the term Crown, the ambiguity should have been resolved in favour of jurisdiction by the High Court, since, in the words of Maxwell (*Interpretation of Statutes* (12th ed, 1969), p. 153):
>
> A strong leaning exists against construing a statute so as to oust or restrict the jurisdiction of the superior court . . . a statute should not be construed as taking away the jurisdiction of the courts in the absence of clear and unambiguous language to that effect.

The main thrust of Professor Gibson's criticism is that he apparently feels that the term "Crown" does not include Parliament. Implicitly, Professor Gibson is restricting s. 17 to civil actions against the Crown involving tort or contract liability. (This is supported by his reference, *infra*, to *McNeil* v. *Nova Scotia Board of Censors* (1975), 53 D.L.R. (3d) 259

(N.S.C.A.), involving the provincial *Proceedings Against the Crown Act*, R.S.N.S. 1967, c. 239, discussed *infra*).

Despite his conclusion on *Denison Mines*, Professor Gibson admits, at pp. 373-4:

> The Denison approach received some support from the British Columbia Supreme Court in *Canex Placer Ltd.* v. *Attorney-General of British Columbia* (1975), 56 D.L.R. (3d) 592 (B.C.S.C.); (rev'd on other grounds (1976), 58 D.L.R. (3d) 241 (B.C.C.A.).) That case also involved a claim for a declaration that certain legislation was unconstitutional. Since the statute concerned was provincial, the meaning of the *Federal Court Act* did not arise. However, the case did deal with the question of whether an action to determine the constitutionality of legislation is a proceeding against the Crown. Verchere, J. held that such an action cannot be brought against the Attorney-General of the province because it is a proceeding against the Crown, and provincial legislation requires that the Queen in the right of the province should be the designated defendant in such proceedings.

Therefore, an action to determine the validity of a statute would be a "proceeding against the Crown". This is entirely consistent with *Denison Mines*.

Professor Gibson also cites *McNeil* v. *Nova Scotia Board of Censors, supra,* in which the Court held that a "proceeding against the Crown" did not include an application for a declaration that an Act was *ultra vires*. It should be pointed out, however, that the *Proceedings Against the Crown Act*, R.S.N.S. 1967, c. 239, is basically designated to deal with tort or contract "proceedings" against the Crown. Section 1(f) of the Act states that:

> "proceedings against the Crown" includes a claim by way of set-off or counterclaim raised in proceedings by the Crown, and interpleader proceedings to which the Crown is a party;

Section 3 states that:

> 3. Subject to this Act, a person who has a claim against the Crown may enforce it as of right by proceedings against the Crown in accordance with this Act in all cases in which:
>
> (a) the land, goods or money of the subject are the possession of the Crown; or
>
> (b) the claim arises out of a contract entered into by or on behalf of the Crown; or
>
> (c) the claim is based upon liability of the Crown in tort to which it is subject by this Act. R.S., c. 225, s. 3.

Thus, "proceedings against the Crown" may not be comparable to "relief . . . against the Crown". There is nothing in the *Federal Court Act* to indicate whether s. 17 is limited to tort or contract proceedings. The definition of "relief" in s. 2(m) would appear to go beyond such proceedings and includes "every species of relief". Unfortunately, Professor Gibson does not take cognizance of these distinctions.

The effect of the decision of Donnelly, J. in *Denison Mines* on the current application is not entirely clear. In this case, I am concerned with an application for review of the approval by the Cabinet of Regulations 76-644 and the power of the Board under s. 9. I am not convinced that s. 17 of the *Federal Court Act* was designed to cover this situation. The application before me does not involve an attack on the validity of a statute and *Denison Mines* is not entirely relevant. As a result, I am reluctant to relinquish any jurisdiction existing in this court. I must assume that the jurisdiction of this court continues in the absence of the clearest words to the contrary.

Given the fact that we are concerned with the powers of a federal Board, it is also necessary to consider s. 18 of the *Federal Court Act*. Section 18 reads:

> The Trial Division has exclusive original jurisdiction:
>
> (a) to issue an injunction, writ of certiorari, writ of prohibition, writ of mandamus or writ of quo warranto, or *grant declaratory relief*, against any federal *board, commission* or other tribunal; and
>
> (b) to hear and determine any application or other proceeding for relief in the nature of relief contemplated by paragraph (a), *including any proceeding brought against the Attorney-General of Canada, to obtain relief against a federal board,* commission or other tribunal (Emphasis added)

The extent of s. 18 is considered in *Hamilton* v. *Hamilton Harbour Commissioners* (1972), 27 D.L.R. (3d) 385 (Ont. C.A.). In that case, the Court held that the Supreme Court of Ontario did not have jurisdiction to grant a declaration against the federal Harbour Commission. The Court affirmed that s. 18 ousts the jurisdiction over federal boards. At p. 386, Gale, C.J.O. states that:

> It appears to us that the Hamilton Harbour Commissioners clearly come within the plain language of s. 2(g). They are a federal board, commission or other tribunal because they are a body . . . 'exercising or purporting to exercise jurisdiction or powers conferred by or under an Act of the Parliament of Canada'. That is so by reason of the provisions of the *Hamilton Harbour Commissioners' Act*, 1912 (Can.), c. 98, passed in 1912 by the Parliament of Canada, and subsequently amended from time to time. That being so, the above provisions of s. 18 apply, and it is our view that this Court no longer has any jurisdiction in a matter wherein declaratory relief is sought against such 'federal board, commission or other tribunal'.

The *Hamilton Harbour Commission Act*, S.C. 1951, c. 17 confers two basic powers on the Commissioners:

> a) the power to regulate and control the use of the harbour;
>
> b) the power to deal with certain real property.

The *Harbour Commissions Act*, R.S.C. 1970, c. H-1, imposes on a commission the duty and power to regulate and control the use and development of all property within the limits of the commission's harbour jurisdiction (section 9) and authorizes a commission to purchase and lease or sell property in the

harbour (section 10). It is clear that the operation of a commission as a land owner raises the question of provincial jurisdiction. Consequently, s. 18 may not be designed to cover such activities. The decision in *Hamilton Harbour Commissioners*, therefore, may be limited to commission activities relating to the regulation and control of harbour activities. Again, the practical effect is that the extent of the decision in *Hamilton Harbour Commissioners* is not entirely clear.

Another factor which must be considered in assessing the applicability of s. 18 is that s. 9 of the *Atomic Energy Control Act* confers the power on the Board subject to the "approval of the Governor in Council". In this respect, the applicants are seeking relief against the Board and the Governor in Council. The decision of one depends on the other and the decisions are not mutually exclusive. The complementary nature of the decision-making process takes the situation out of the ambit of s. 18 of the *Federal Court Act*.

Counsel for the applicants spent considerable time evaluating the right of the applicants to challenge the Act and the Regulations and to seek a declaration of rights. I am of the view that *Thorson* v. *A.G. Can.*, [1975] 1 S.C.R. 138 and *Nova Scotia Board of Censors* v. *McNeil*, *supra*, is sufficient authority for the proposition that every citizen has the right to challenge the validity of a Statute or a Regulation. The fact that the applicants go beyond this and ask alternatively for an interpretation of the application of the Regulations does not alter their basic right.

There is one aspect of this application which does concern me. In their alternative submissions, they seek a declaration that a Member of Parliament cannot be prevented from using the information in Parliament. Moreover, they seek a declaration that the Regulations do not abridge the solicitor-client privilege. In this respect, they are seeking "absolution before sinning". In my view, they should advance these two arguments as a defence if they are charged. Practically speaking, they may not be charged, in which case this part of the application is simply an academic exercise.

In *Dyson* v. *Attorney-General*, [1911] 1 K.B. 410, Cozens-Hardy, M.R., at p. 417, had this to say about applications for a declaration:

> The Court is not bound to make a mere declaratory judgment, and in the exercise of its discretion will have regard to all the circumstances of the case. I can, however, conceive many cases in which a declaratory judgment may be highly convenient, and I am disposed to think, if all other objections are removed, this is a case to which r. 5 might with advantage be applied. But I desire to guard myself against the supposition that I hold that a person who expects to be made defendant, and who prefers to be plaintiff, can, as a matter of right, attain his object by commencing an action to obtain a declaration that his opponent has no good cause of action against him. The Court may well say 'Wait until you are attacked and then raise your defence', and may dismiss the action with costs.

The same approach could be taken in this case. Counsel for the applicants argued that the applicants could not obtain meaningful legal advice due to the refusal of counsel to receive information which might contravene the Regulations. If the applicants are willing to release the information but counsel refuse to receive it, it is counsel not the applicants who are seeking the exoneration of the Court in order to justify their receipt of the information. *Once again, I am concerned that these proceedings are inappropriate.*

Despite these concerns, I intend to deal with the merits of the application in the hope that it will finalize this matter although I enter the caveat that such applications should be considered most carefully. The role of the Court is not to grant "absolution before sinning" nor to deal with academic issues.

In dealing with the validity of the Regulations, the preamble of the *Atomic Energy Control Act* must be considered:

> WHEREAS it is essential in the national interest to make provisions for the control and supervision of the development, application and use of atomic energy, and to enable Canada to participate effectively in measures of international control of atomic energy which may hereafter be agreed upon; Therefore, His Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:

Only Parliament is entitled to judge what steps must be taken in the "national interest". *The Courts are reluctant to interfere with actions deemed to be taken in the "national interest".*

Section 9 of the Act grants a wide power to the Board to make Regulations. Counsel for the applicants and respondent argued that the power to pass Regulations 76-644 must be found in s. 9 (d)(e) or (g). Those provisions read:

> The Board may with the approval of the Governor in Council make regulations
>
> . . .
>
> (d) regulating the production, import, export transportation, refining, possession, ownership, use or sale of prescribed substances and any other things that in the opinion of the Board may be used for the production, use or application of atomic energy;
>
> (e) for the purpose of keeping secret information respecting the production, use and application of, and research and investigations with respect to, atomic energy, as in the opinion of the Board, the public interest may require;
>
> (g) generally as the Board may deem necessary for carrying out any of the provisions or purposes of this Act.

At first blush, the power to make regulations is fairly extensive.

Regulations SOR/76-644, entitled Uranium Information Security Regulations are dated September 23, 1976. The preamble reads.

His Excellency the Governor General in Council, on the recommendation of the Minister of Energy, Mines and Resources, pursuant to section 9 of the Atomic Energy Control Act, is pleased hereby to approve the annexed Regulations respecting the security of uranium information made by the Atomic Energy Control Board.

Section 2 of the Regulations states:

Security of Information

2. No person who has in his possession or under his control any note, document or other written or printed material in any way related to conversations, discussions or meetings that took place between January 1, 1972 and December 31, 1975 involving that person or any other person or any government, crown corporation, agency or other organization in respect of the production, import, export, transportation, refining, possession, ownership, use or sale of uranium or its derivatives or compounds, shall

(a) release any such note, document or material, or disclose or communicate the contents thereof to any person, government, crown corporation, agency or other organization unless

(i) he is required to do so by or under a law of Canada, or

(ii) he does so with the consent of the Minister of Energy, Mines and Resources; or

(b) fail to guard against or take reasonable care to prevent the unauthorized release of any such note, document or material or the disclosure or communication of the contents thereof.

Prima facie, this would cover Members of Parliament and would appear to abridge the solicitor-client relationship.

Mr. Lederman argued that s. 9(d) was not sufficiently broad to cover the nature and extent of s. 2 of Regulations 76-644. I agree with that submission. He also argued that s. 9(e) was not broad enough since it dealt with information "respecting the production, use and application of and research and investigations with respect to, atomic energy" whereas s. 2 of Regulations 76-644 deals with the "production, import, export, transportation, refining, possession, ownership, use or sale of uranium or its derivatives or compounds". I do not find it necessary to decide that issue since I consider that s. 9(g) provides sufficient authority for the promulgation of the Regulations. While Mr. Lederman argued that s. 9(g) is procedural or administrative only, I cannot accept that argument. Section 9(g) grants considerable power to the Board to make regulations as it "may deem necessary for carrying out any of the provisions or purposes of this Act". The purposes set out in the preamble of the Act, include control of domestic atomic energy and the participation in international control. In my view, s. 9(g) must have some substantive basis in order to enable the Board to carry out the purposes and provisions of the Act.

This conclusion is supported by the decision of Robins, J. in *Duquesne Light Company et al* v. *Westinghouse Electric Corporation*, unreported, dated June 29, 1977. In that case, Westinghouse Electric Corporation brought two applications before Robins, J. The first was to enforce letters rogatory issued by the United States District Court for the Eastern District of Virginia and the second was to enforce letters rogatory issued by the Court of Common Pleas for Allegheny County, Pennsylvania. In dealing with the applications, Regulations 76-644 were raised. It was argued that an Order enforcing the letters rogatory would compel certain Canadian companies to release information respecting atomic energy contrary to Reg. 76-644. Consequently, Robins, J., felt bound to deal with the issue of the validity of the Regulations. Since the determination of the validity of the Regulations is an issue peripheral to the main application, he was correct in assuming jurisdiction to determine the issue.

Robins, J., exhaustively analyzes the validity of Reg. 76-644. At pp. 17-18 of the judgment, he deals with the background of the Regulations:

> On September 21, 1976, the Government of Canada approved a regulation under the Atomic Energy Control Act to prevent the removal from Canada of information relating to uranium marketing activities during the period 1972-75. This action the Minister has said was taken 'in the light of the sweeping demand for such information by U.S. subpoenas, which, while served on officers of United States companies, call for the presentation of information in the possession of subsidiary or affiliate companies "wherever located".' The regulations, cited as the Uranium Information Security Regulations, SOR/76-644 (P.C. 1976-2368, September 21, 1976) prohibit the release or production of any document or material relating to these activities and prevent the giving of any oral evidence which would result in the disclosure or communication of the contents of such documents . . . . Their validity is attacked by Westinghouse in these proceedings. In his press release of September 22, 1976, the Minister concluded:
>
> Given this background, it is not surprising that the Canadian material called for by the U.S. subpoenas contains information in respect of activities approved and supported by the Canadian government. Clearly this must be regarded as an issue of sovereignty. The government has therefore moved to prevent the removal of such documents from Canada.

No evidence has been presented in this application which would indicate that the true purpose of the Regulations is anything other than that set out by the Minister. Counsel for the applicants continually referred to the Regulations as a "cover-up" and argued that since the Regulations were passed in September, 1976, and covered the period of January to December, 1975, there was every indication that the Regulations were a "cover-up" for the alleged illegal cartel. The Government has given the reason for the Regulations and I am bound to accept that in the absence of persuasive evidence to the contrary. Whether it was necessary to cast such a wide net in order to achieve the stated purpose is a matter for Parliament.

Before embarking on an evaluation of the validity of the Regulations, Robins, J., sets out the terms of reference to be applied. At p. 41, he states that:

> The question in substance is whether the Security Regulations fall within the scope of the regulation-making power conferred by the Act on the Atomic Energy Control Board. In determining this question the meaning of the Regulations when read in the light of their object and the facts surrounding their making should be ascertained as well as the words conferring the power in the whole context of the authorizing statute. The intent of the statute transcends and governs the intent of the Regulations: Driedger, The Construction of Statutes, at p. 199 et. seq.

Mr. Lederman also quoted from Driedger for the proposition that s. 9(g) was procedural. However, I am convinced that the approach taken by Robins, J., is the correct one and that it is necessary to look to the intent of the Statute in determining the extent of the regulation-making power.

In considering the extent of s. 9, Robins, J., deals specifically with s. 9(e) and s. 9(g). At p. 42, he states that:

> . . . Even if this is so, it is not imperative that the authority for these Regulations be found in s. 9(e) of the Act. The Regulations do not, of course, indicate under which subsection of s. 9 they were made. Sufficient authority may, in my opinion, be found in the general power under s. 9(g) given by Parliament to the Board with the approval of the Governor in Council to make regulations generally as it 'may deem necessary for carrying out any of the provisions or purposes of this Act.'

Robins, J., then goes on to evaluate the scope and purpose of the Act in order to substantiate his conclusion on s. 9(g). At pp. 42-3, he states that:

> One of the reasons for the Act according to its preamble is that it is essential in the national interest to control and supervise the development, application and use of atomic energy. The real subject of the legislation is, as McLennan J. expressed it in *Pronto Uranium Mines Ltd.* v. *The Ontario Labour Relations Board et al.*, [1956] O.R. 862 at p. 869, 'the control of the production and application of atomic energy and *that control is exercised from the stage of discovery of ores up to its ultimate use for whatever purpose* . . . ' In this context regulations 'necessary for carrying out any of the provisions or purposes of this Act' include, in my view, measures respecting intermediate steps such as the import, export, transportation, refining, possession, ownership or sale of atomic energy or substances capable of releasing atomic energy *or any information in respect thereto.* (Emphasis added)

This approach is consistent with the principle enunciated by Driedger.

Robins, J., then goes on to discuss the discretion granted to the Board. At pp. 43-4, he concludes that:

> To effect the control of the production and application of atomic energy Parliament enacted basically a skeletal statute to be supplemented by the conferral on the Board with the approval of the Governor in Council of broad general powers to make regulations establishing not only details of this legislation but its principles. Whether the regulations are 'necessary for carrying out any of the provisions or purposes of this Act' is a matter to be determined by a *subjective test of necessity. The regulation-making authority is the sole judge of necessity and the court will not question its decision unless bad faith is established.* See *R.* v. *Comptroller General of Patents, Ex Parte Bayer Products Ltd.*, [1941] 2 K.B. 306 per Scott L.J. at pp. 311-312:
>
> > '. . . the effect of the words 'as appear to him to be necessary or expedient' is to give to His Majesty in Council a complete discretion to decide what regulations are necessary for the purposes named in the sub-section. That being so, it is not open to His Majesty's courts to investigate the question whether or not the making of any particular regulation was in fact necessary or expedient for the specified purposes. The principle on which delegated legislation must rest under our constitution is that legislative discretion which is left in plain language by Parliament is to be final and not subject to control by the courts.'
>
> See also *Re Chemical Reference*, [1943] S.C.R. 1. *In my view the Security Regulations are within the purposes of the Act and as such their expediency or necessity cannot be challenged.* (Emphasis added)

It is not proper for the Court to re-think the concerns of the Board in deciding whether such Regulations were necessary. Since the "expediency or necessity" are a "subjective" determination, the Court should not substitute its own opinion on the issue.

In the absence of probative evidence of bad faith, the Court is not justified in impugning the motives of the Board. As Robins, J., states at p. 44:

> Bad faith going to impugn the Regulations is not apparent in this case either on the face of the Regulations or anywhere else.

As previously stated, there is no evidence before me which would justify a finding of bad faith. The Regulations are valid on their face.

Finally, Robins, J., concludes that:

> In short, the Security Regulations can be construed, in my opinion as being in harmony with the purposes of the statute. No conflict exists between the Statute and the Regulations; the Regulations are within the scope of the powers conferred upon the Board and accordingly are *intra vires* the *Atomic Energy Control Act.*

Although I am not bound by the decision of Robins, J., it is of considerable persuasive effect and I am in complete agreement with his conclusion.

As a result, I find that Regulations 76-644 are *intra vires* the Atomic Energy Control Board and the Governor in Council.

There is one aspect of the Regulations which causes some concern. Section 2(a) prohibits the release of information concerning uranium but provides for two exceptions. The second exception reads:

> 2(a)(ii)
> ... he does so with the consent of the Minister of Energy, Mines and Resources...

Counsel for the applicants argues that this offends the maxim *delegatus non potest delegare*. After considering s. 9 of the Act and s. 2 of the Regulations, I have come to the conclusion that s. 2(a)(ii) is *ultra vires* the Atomic Energy Control Board. I agree with Mr. Sopinka's submission that the Minister of Energy, Mines and Resources is effectively doing the regulating. Counsel for the respondent argued that this was comparable to a case of agency rather than delegation. However, there are no guidelines provided for the Minister and there is no indication that the Board maintains a principal — agency type of arrangement with the Minister. The real effect of the exemption is to vest the regulation-making power of the Board in the Minister. The Minister could give exemptions to everyone and could effectively nullify the application of the Regulations.

In *Judicial Review of Administrative Action*, 3d ed., S.A. de Smith considers the principles to be considered in applying the maxim *delegatus non potest delegare*, at pp. 268-9:

> a) Where an authority vested with discretionary powers affecting private rights empowers one of its committees or subcommittees, members or officers to exercise those powers independently without any supervisory control by the authority itself, the exercise of the powers is likely to be held invalid ... (*Madoc Township* v. *Quinlan* (1972), 21 D.L.R. (3d) 136; *R.* v. *Sandler*).
>
> b) The degree of control ... maintained by the delegating authority over the acts of the delegate or sub-delegate may be a material factor in determining the validity of the delegation. In general the control preserved ... must be close enough for the decision to be identifiable as that of the delegating authority ... (*Osgood* v. *Nelson* (1872), L.R. 5 H.L. 636; *Devlin* v. *Barnett*, [1958] N.Z.L.R. 828 ... *Hall* v. *Manchester Corporation* (1915), 84 L.J. Ch. 734, 741 ... *Cohen* v. *West Ham Corporation*, [1933] Ch. 814, 826-827 ... *R.* v. *Board of Assessment, etc.* (1965), 49 D.L.R. (2d) 156
>
> c) It is improper for an authority to delegate wide discretionary powers to another authority over which it is incapable of exercising direct control, unless it is expressly empowered so to delegate ... (*Kyle* v. *Barbor* (1888), 58 L.T. 229) ... A Canadian provincial marketing board, exercising delegated authority, could not sub-delegate part of its regulatory powers to an interprovincial authority ... (*Prince Edward Island Potato Marketing Board* v. *Willis (H.B.) Inc.*, [1952] 2 S.C.R. 391).
>
> ...

On the basis of these principles, I have concluded that s. 2(a)ii) is *ultra vires*.

Counsel for the respondent referred me to the case of *Reference re Chemicals Regulations*, [1943] S.C.R. 1. In that case, the Governor-General in Council was empowered to make such regulations as he might by reason of the existence of the war deem necessary or advisable for the defence of Canada. The Court held that this power was wide enough to permit sub-delegation to the Controller of Chemicals.

The point of distinction in the *Chemicals Reference* case is that the Court was dealing with a war-time situation. In this respect, the Court was willing to apply a much more flexible approach to the powers of the Executive. This is apparent in the words of Duff, C.J., at p. 11:

> The duty of the Governor General in Council to safeguard the supreme interests of the state, as contemplated by section 3, may, it seems plain, necessitate for its adequate performance the appointment of subordinate officers endowed with such delegated authority. I find it impossible to suppose that the authors of that enactment did not envisage the likelihood of the Executive finding itself obliged, in discharging its responsibility in relation to the matters enumerated in sub-paragraphs (a) to (f), to make use of such agencies.

From a practical viewpoint, the Court concluded that the Executive could not possibly handle the myriad of tasks delegated to it by the legislation. Therefore, the Court interpreted the regulation-making power as implicitly including a power to sub-delegate part of the regulation-making power to a subordinate body. Duff, C.J., goes on to state at p. 12:

> The enactment is, of course, of the highest political nature. It is the attribution to the Executive Government of powers legislative in their character, described in terms implying nothing less than a plenary discretion, for securing the safety of the country in time of war. Subject only to the fundamental conditions explained above ... when Regulations have been passed by the Governor General in Council in professed fulfillment of his statutory duty, I cannot agree that it is competent to any court to canvass the considerations which have, or may have, led him to deem such Regulations necessary or advisable for the transcendent objects set forth.

Duff, C.J., then concludes that the wording "necessary or advisable" is wide enough to permit the sub-delegation to the Controller (p. 12).

The approach of the Supreme Court of Canada in the *Chemicals Reference* case is dictated by the exigencies of the war-time situation. That is not so in the present case. In the first place, it is not an over-burdened Executive delegating to a subordinate. It is a federal Board delegating to a member of the Cabinet. There is nothing in the *Atomic Energy Control Act* which justifies the conclusion that the Board is entitled to delegate the powers granted to it by the Act. Finally, the Board is established to carry out the "policing" of the atomic

energy field. One can assume that the Board is comprised of people who are experts in the field and are experienced in administrative practice. Consequently, the Board and not a Minister is best suited to handle the powers given to it by Parliament.

This conclusion appears to be consistent with the decision in *A.G. Can.* v. *Brent*, [1956] S.C.R. 318. In that case, the Court dealt with a delegation to Special Inquiry Officers under the *Immigration Act*, R.S.C. 1952, c. 325. Section 61 provided:

> The Governor in Council may make regulations for carrying into effect the purposes and provisions of this Act . . .

Section 20(4) of Order in Council, P.C. 859, [1953] S.O.R. 536, stated:

> Subject to the provisions of the Act and to these regulations the admission to Canada of any person is prohibited where in the opinion of a Special Inquiry Officer such person should not be admitted by reason of . . .

The Section then goes on to list three reasons. In delivering the opinion of the Court, Kerwin, C.J.C., states, at p. 321:

> I agree with Mr. Justice Aylesworth, speaking on behalf of the Court of Appeal, that Parliament had in contemplation the enactment of such Regulations relevant to the named subject-matters, or some of them, as in His Excellency in Council's own opinion were advisable and not a wide divergence of rules and opinions, ever-changing according to the individual notions of Immigration Officers and Special Inquiry Officers. There is no power in the Governor General-in-Council to delegate his authority to such officers.

The use of such words as "deem necessary" in s. 9(g) of the *Atomic Energy Control Act* and "deem necessary or advisable" in s. 3 of the *War Measures Act,* 1914, does not distinguish the application before me and the *Chemicals Reference* case from the *Brent* case. Section 61 of the *Immigration Act* was sufficiently wide that the conclusion of the Court is particularly relevant to the application before me. The decision in the *Chemicals Reference* case can be distinguished because of the circumstances then existing.

Notwithstanding my conclusion on the applicability of the *Chemicals Reference* case to the issue of sub-delegation, the approach of the Supreme Court of Canada in both the *Chemicals Reference* case and in *Brent* supports my conclusion that s. 9(g) grants substantive and not merely procedural powers. Indeed, the *Chemicals Reference* case is cited by Robins, J., in *Duquesne* at p. 44, to support his conclusion that the Regulations are *intra vires* the Board.

As a result, I have concluded that s. 2(a)(ii) of Regulations 76-644 is *ultra vires* the Atomic Energy Control Board. However, this does not invalidate the entire Regulation. The appropriate approach is simply to strike s. 2(a)(ii) out of the Regulations. Therefore, apart from s. 2(a)(ii), the Regulations are *intra vires* the Atomic Energy Control Board.

In dealing with the issue of Parliamentary privileges, counsel for the respondent submitted that the Courts have no jurisdiction to determine the nature and extent of such privileges. He argued that Parliament is the source and the sole judge of the privileges of its members. This would create an interesting obstacle for the applicants in the present case. I would point out, however, that I am asked to interpret Regulations 76-644. In doing so, I am asked to determine whether Regulations 76-644 override or abridge existing Parliamentary privileges. In this respect, I do not consider that I am infringing on the jurisdiction of Parliament.

Historically, there has always been some question whether the Courts have jurisdiction to determine the nature and extent of Parliamentary privilege. As the supreme law-giving body, it would seem only natural that Parliament should be the source of authoritative guidelines on the subject. On the other hand, there is something inherently inimical about Members of Parliament determining the nature and extent of their own rights and privileges. The Courts have seized on this to consistently review the nature and extent of Parliamentary privilege.

In Thorpe's case, 1452, Chief Justice Fortescue wrote an opinion favouring the supremacy of Parliament in determining the nature and extent of Parliamentary privilege:

> That they ought not to answer to that question, for it hath not been used aforetyme, that the justices should in anywise determine the privilege of this High Court of Parliament; for it is so high and so mighty in its nature, that it may make law, and that this is law it may make no law; and the determination and knowledge of that privilege belongeth to the Lords of Parliament, and not to the justices. (5 Rot. Parl. 240; I Hatsell, pp. 28-34)

This approach has largely been overlooked in other cases.

In May, *Parliamentary Practice,* 19th ed., the author sets out the arguments on both sides at pp. 200-201:

> The House of Commons claims that its admitted right to adjudicate on breaches of privilege implies in theory the right to determine the existence and extent of the privileges themselves. It has never expressly abandoned its claim to treat as a breach of privilege the institution of proceedings for the purpose of bringing its privileges into discussion or decision before any court or tribunal elsewhere then in Parliament. In other words, it claims to be the absolute and exclusive judge of its own privileges, and that its judgments are not examinable by any other court or subject to appeal.
>
> On the other hand, the courts regard the privileges of Parliament as part of the law of the land, of which they are bound to take judicial notice. They consider it their duty to decide any question of privilege arising directly or indirectly in a case which falls within their jurisdiction, and to decide it according to their own interpretation of the law.

This passage is cited by the House of Lords in *Re Parliamentary Privilege Act, 1770*, [1958] A.C. 331 at pp. 353-4. Unfortunately, the Court does not draw any conclusions and merely reflects that "the old dualism remains unresolved" (p.

354). May, on the other hand, comes to the following conclusion, at p. 202:

> Since the House of Commons has not for a hundred years refused to submit its privileges to the decision of the courts, it may be said to have given practical recognition to the jurisdiction of the courts over the existence and extent of its privileges. On the other hand, the courts have always, at any rate in the last resort, refused to interfere in the application by the House of any of its recognized privileges.
>
> It is a remarkable fact that the modern solution of the problem was anticipated by Clarendon at the beginning of the struggle between the House of Parliament and the courts. 'We are', he represents the Commons as saying, 'and have always been confessed the only judges of our own privileges: and therefore whatsoever we declare to be our privilege is such: otherwise whoever determines that it is not so makes himself the judge of that whereof the cognizance only belongs to us'. And he solves the 'sophistical riddle' by showing that the proposition is only true if 'rightly understood'. 'I say the proposition rightly understood: they are the only judges of their privileges, that is, upon the breach of those privileges which the law had declared to be their own, and what punishment is to be inflicted upon such breach. But there can be no privilege of which the law doth not take notice, and which is not pleadable by, and at law'.' (History of the Rebellion, Book iv, quoted by McIlwain, High Court of Parliament, pp. 240-1)

Consequently, the Courts apparently have an implicit jurisdiction to deal with questions of Parliamentary privilege.

Notwithstanding the submission of counsel for the respondent, I have no hesitation in proceeding to evaluate the effect of Regulations 76-644 on the privileges of Members of Parliament. *Roman Corp. Ltd.* v. *Hudson's Bay Oil & Gas Co. Ltd.*, [1971] 2 O.R. 418 (Houlden, J); [1972] 1 O.R. 444 (C.A.); [1973] S.C.R. 820, (discussed, *infra*), is sufficient authority for the proposition that the Courts of law in Canada have jurisdiction to adjudicate on matters involving the privileges of Members of Parliament.

The privileges of a Member of Parliament are set out in the *Senate and House of Commons Act*, R.S.C. 1970, c. S-8. Section 4 reads:

PRIVILEGES AND IMMUNITIES OF MEMBERS AND OFFICERS

> 4. The Senate and the House of Commons respectively, and the members thereof respectively, hold, enjoy and exercise,
>
> (a) such and the like privileges, immunities and powers as, at the time of the passing of the *British North America Act*, 1867, were held, enjoyed and exercised by the Commons House of Parliament of the United Kingdom, and by the members thereof, so far as the same are consistent with and not repugnant to that Act; and
>
> (b) such privileges, immunities and powers as are from time to time defined by Act of the Parliament of Canada, not exceeding those at the time of the passing of such Act held, enjoyed and exercised by the Commons House of Parliament of the United Kingdom and by the members thereof respectively. R.S., c. 249 s. 4

The privileges which currently exist in England developed gradually over many centuries.

The history of Parliamentary privilege in England follows an interesting course. The imprisonment of Strode in 1512 for words spoken in Parliament resulted in what is known as *Strode's Act*, 4 Hen. 8, c. 8 which not only declared that the proceedings of Stannary Court which had imprisoned and fined Strode were void but also that all future proceedings against a member of Parliament "for any bill, speaking or declaring of any matter concerning the Parliament", would be void and ineffective. The nature and extent of this terminology has been disputed for many centuries. The demand for freedom of speech was succinctly stated in a petition of Sir Thomas More (Speaker in 1523) that "if any man in the Commons House should speak more largely than of duty he ought to do . . . all such offences should be pardoned" (*Hall's Chronicle* (ed. 1890), p. 653). This petition, however, is not recorded in the Parliament Roll. In 1554, the three claims of freedom from arrest, freedom of speech, and of access, were first made together (C.J. (1547-1628), 37). By the end of the sixteenth century the practice seems to have become regular.

The Commons Protestation of December 18, 1621 was prepared by the English House of Commons and was made known to James I (I Hatsell's Parliamentary Precedents, p. 79). The prostestation reads:

> And that in the handling and proceedings of those businesses every Member of the House hath, and or right ought to have Freedom of Speech to propound, treat, reason and bring to conclusion the same:
>
> . . . And that every Member of the said House hath like Freedom from all Impeachment, Imprisonment or Molestation (other than by censure of the House itself) of or concerning any Bill, speaking, reasoning or declaring of any matter or matters touching the Parliament or Parliament business.

This protestation was not in accordance with the king's conception of the liberties of the Commons and Hatsell, *supra*, reports that the king sent for the Journal Book and "in council with his own hand rent it out", and by a memorial of December 30, 1621, he declared it to be annulled, void and of no effect.

The recognition by law of the privilege of freedom of speech received final statutory confirmation after the Revolution of 1688. By the 9th Article of the *Bill of Rights* it was declared: "That the freedom of speech, and debates or proceedings in Parliament, ought not to be impeached or questioned in any court or place out of Parliament" (I William and Mary, sess.

2, c. 2). The aforesaid language makes it clear that a Member is not amenable to the ordinary courts for anything said in debate however criminal its nature. The term "proceedings in Parliament" connotes more than speeches and debates. A general idea of what the term covers may be gathered from looking at the cases and at the principle followed by the British House of Commons.

In *Ex Parte Wason* (1869), L.R. 4 Q.B. 573, Mr. Wason laid an information relating to a promise by Earl Russell to present a petition to the House of Lords. The information charged that Earl Russell, Lord Chelmsford and the Lord Chief Baron conspired to make statements in the House of Lords in respect of the petition designed to defeat its object. This conspiracy was alleged to have taken place outside the precincts of the House. The court held that the criminal conspiracy was so related to what would ultimately be a proceeding in the House that the act itself was a proceeding in the House.

In *R.* v. *Bunting* (1884-5), 7 O.R. 524, the Ontario Queen's Bench held that a conspiracy to change a Government by bribing members of the provincial legislature was not in any way connected with a proceeding in Parliament and therefore the Court had jurisdiction to try the offence. The Court distinguished *Ex parte Wason, supra*, on the ground that in *Wason* the whole transaction of defeating the petition could not be complete without a proceeding in the House. In *Bunting,* however, the offence of bribing, for whatsoever purpose, was said to be complete without any reference to what might or might not happen in the House. O'Connor, C.J., in his dissent, stated the law in general terms:

> . . . I desire it to be understood, however, that I do not hold that a member of Parliament is not amenable to the ordinary courts for anything he may say or do in Parliament. I merely say he is not so amenable for anything he may say or do within the scope of his duties in the course of parliamentary business, for in such matters he is privileged and protected by *lex et consuetudo parliamenti*. (p. 563)

According to Erskine May in his book *Parliamentary Practice*:

> What is done or said by an individual Member becomes entitled to protection when it forms part of a proceeding of the House in its technical sense, i.e., the formal transaction of business with the Speaker in the Chair or in a properly constituted committee. But it does not follow that everything that is said or done within the Chamber during the transaction of business forms part of proceedings in Parliament. Particular words or acts may be entirely unrelated to any business which is in course of transaction, or is in a more general sense before the House as having been ordered to come before it in due course. This is a test which may be useful in deciding how far crimes committed during a sitting may be entitled to privilege. (p. 89)

May observes that the privilege which formerly protected Members against action by the Crown now serves largely as protection against prosecution by individuals or corporate bodies:

> Subject to the rules of order in debate . . . a Member may state whatever he thinks fit in debate, however offensive it may be to the feelings, or injurious to the character, of individuals; and he is protected by his privilege from any action for libel, as well as from any other question or molestation. (p. 78)

P.S. Pachauri in his book *The Law of Parliamentary Privileges in the U.K. and in India* (1971) after discussing *R.* v. *Bunting, supra*, and *Ex parte Wason* states:

> The sum total of the various judicial dicta on the subject is that there must be some reasonable nexus between the acts or words and the business of the House so as to make them part of the proceedings of the House and the place where the words are spoken or acts are done are immaterial. (p. 86)

The principle followed by the British House of Commons in determining what is a proceeding in Parliament has been discussed on several occasions. A general idea of what the term covers is given in the *Report of the Select Committee on the Official Secrets Act,* H.C. 101, p. V. (1938-39).

> It covers both the asking of a question and the giving written notice of such question, and includes everything said or done by a Member in the exercise of his functions as a member in a committee of either House, as well as everything said or done in either House in the transaction of Parliamentary business.

The Committee concluded that disclosures by members in the course of debate or proceedings in Parliament could not be made the subject of proceedings under the *Official Secrets Act* and a disclosure made by a member to a Minister or to another member directly relating to some act to be done or some proceeding to be had in the House, even though it did not take place in the House, might be held to form part of the business of the House and should be similarly protected. But the Committee also observed that a casual conversation in the House could not be said to be a proceeding in Parliament and disclosure in the course of such conversation could not be protected as it was not in the course of a proceeding in Parliament. On the same ground the Committee also held that a member who discloses such information in a speech in his constituency or anywhere else beyond the precincts of the House would also not be protected by the Parliamentary privilege. (*Supra*, paras. 9, 10 and 15). The House agreed with the conclusions of this Committee on Nov. 21, 1939 (H.C. Debates, Vol. 353, c. 1083). (For a discussion, see Pachauri, *The Law of Parliamentary Privileges in U.K. and India*, pp. 87-89.)

The Report of the Committee and the ruling of the House of Commons has obvious implications for the present case. The *Official Secrets Act* can be compared to Regulations 76-644 in that both require strict confidentiality of specific information.

In this respect, the Members of Parliament would be free to use the information in Parliament but could not release it to constituents.

Counsel for the respondent concedes that the information can be used in Parliament but argues that the information cannot be released outside of Parliament in any manner.

Counsel for the applicants argued that the Members are entitled to release the information to the press. They argued that the right to release the information to the press would have no practical value unless the press were covered by a similar privilege. Finally, counsel submitted that the Members have the right to release the information to their constituents. I cannot accede to these latter two arguments. The privilege of the Member is finite and cannot be stretched indefinitely to cover any person along a chain of communication initiated by the Member. The privilege stops at the press. Once the press have received the information, the onus falls on them to decide whether to publish. They cannot claim immunity from prosecution on the basis of the parliamentary privilege which protects the Member releasing the information. Whether they have a valid defence under the Regulations is another matter. Finally, the Member does not have the right to release the information to any one he chooses outside of Parliament. The concept of "proceedings in Parliament" cannot be extended beyond all logical limits. I am not satisfied that the privilege enables the Member to release the information to his constituents. The concept of "proceedings in Parliament" has not been extended to cover the informing function of a Member. This is consistent with the ruling of the House of Commons in the *Official Secrets Act, supra.*

In coming to the conclusions set out above I have relied on the authorities discussed above and on the recent decision in *Roman Corp. Ltd. et al* v. *Hudson's Bay Oil & Gas Co. Ltd. et al.* The reasons delivered by Houlden, J., in the High Court and Aylesworth, J.A., in the Court of Appeal are of particular relevance to the current matter.

At p. 425 of his reasons, Mr. Justice Houlden quoted from Vol. 28 of Halsbury's Laws of England, 3d ed., at pp. 457-8:

> An exact and complete definition of proceedings in Parliament has never been given by the courts of law or by either House. In its narrow sense the expression is used in both Houses to denote the formal transaction of business in the House or in committees. It covers both the asking of a question and the giving written notice of such question, and includes everything said or done by a member in the exercise of his functions as a member in a committee of either House, as well as everything said or done in either House in the transaction of parliamentary business.
>
> In its wider sense proceedings in Parliament has been used to include matters connected with, or ancillary to, the formal transaction of business. A select committee of the Commons, citing and approving a Canadian dictum, stated in its report that it would be unreasonable to conclude that no act is within the scope of a member's duties in the course of parliamentary business unless it is done in the House or a committee thereof and while the House or committee is sitting.

Houlden, J., then considers the Commons Protestation of 1621 and the *Bill of Rights,* 1689, at p. 425:

> . . . the wording of the Commons Protestation of 1621, with its very similar wording to art. 9 of the *Bill of Rights, 1689,* furnishes a good indication of what was meant by the words Proceedings in Parliament as used in the *Bill of Rights, 1869,* and these words were not limited to matters in Parliament but, as the Protestation states, included speaking, reasoning or declaring of any matter or matters touching the Parliament or Parliament business.

Following the statements in the House, the Prime Minister and a Member of the Cabinet sent a telegram to the plaintiff and made a statement to the press. Houlden, J., held that the privilege of a Member extended to statements in a press release where such statements had been previously made in the House.

On appeal, Aylesworth, J.A., in delivering the judgment of the Court, agreed that the telegram dispatched to the appellant Roman by the respondent Trudeau and the press release issued by the respondent Greene were mere extensions of the statements made by the respondents in the House and therefore they were protected by the same absolute privilege as the communications made in the House itself. Aylesworth, J.A., states at p. 450:

> That is to say, that these actions were, in essence, 'proceedings in Parliament' within the extended meaning of that hallowed phrase as judicially interpreted and applied.

Aylesworth, J.A. went on to say at p. 451:

> . . . I venture also to express the view that the modern judicial concept of the meaning and application of the phrase 'proceedings in Parliament' is broader than had been the case in some instances in the past. If this be so, certainly there would appear to be ample justification for it in the development of the complexities of modern government and in the development and employment in government business of the greatly extended means of communication.
>
> The object of the privilege is, of course, not to further the selfish interests of the Member of Parliament but to protect him from harassment in and out of the House in his legitimate activities in carrying on the business of the House; consideration of the interest of the public in this regard overbears the usual solicitude in our law for the private individual. Viewed in this manner, and that approach, I think, is historically correct, it becomes abundantly clear to me that all of the actions of the respondents complained about, and specifically the sending of the telegram and the issuing of the press release, were no more and no less than the legitimate and lawful discharge by the respondents of their duties in the course of parliamentary proceedings as Ministers of the Crown and Members of the House.

Aylesworth, J.A., follows Viscount Radcliffe in *A.-G. Ceylon* v. *de Livera,* [1963] A.C. 103. Aylesworth, J.A., concluded that both Trudeau and Greene were discharging their "essential functions" in making the statement to the media and in sending the telegram.

In *A.-G. Ceylon* v. *de Livera,* Viscount Radcliffe states, at p. 120:

> . . . , in what circumstances and in what situations is a member of the House exercising his real or essential function as a member? For, given the proper anxiety of the House to confine its own or its members' privileges to the minimum infringement of the liberties of others, it is important to see that those privileges do not cover activities that are not squarely within a member's true function.

And further at p. 121:

> The most, perhaps, that can be said is that, despite reluctance to treat a member's privilege as going beyond anything that is essential, it is generally recognised that it is impossible to regard his only proper functions as a member as being confined to what he does on the floor of the House itself.

Consequently, it is necessary to determine whether the act complained of is a "real or "essential" function of the Member.

In delivering the judgment of the Supreme Court of Canada in *Roman Corp.,* Martland, J. quotes at length from the judgments of Houlden, J., and Aylesworth, J.A., and adds at p. 828:

> Without dissenting from the views expressed in the Courts below as to the privilege attached to statements made in Parliament, I would prefer to deal with this appeal on the broader issue, on which those Courts have also expressed an opinion.

Following the authorities set out above, I have come to the conclusion that a Member of Parliament may utilize information proscribed by Reg. 76-644 in Parliament and may release that information to the media. However, I hold that the privilege of the Member cannot be extended to protect the media if they choose to release the information to the public. Nor do I consider that the "real" and "essential" functions of a Member include a duty or right to release information to constituents. The cases indicate that the privilege is finite and I would not be justified in extending the privilege to cover information released to constituents.

The applicability of the Regulations to the solicitor-client relationship raises an issue of more general concern. The solicitor-and-client privilege is one that is well recognized and protected by law. A tremendous wealth of judicial pronouncements has evolved over the years dealing with the nature and extent of the privilege. The issue in this case is whether Regulations 76-644 override or abridge that privilege. My reading of the authorities, does not convince me that the Regulations can prevent the applicants from disclosing the information to their solicitors for the purpose of obtaining legal advice.

Counsel for the applicants seeks to extend the privilege beyond the solicitor-client consultation. They argue that if the privilege is to have any meaning at all, it must be extended to enable the solicitors to initiate legal proceedings on behalf of their clients. Counsel for the respondent, on the other hand, seeks to restrict the privilege to cases of *bona fide* consultation. He argues that if the real purpose of the consultation is to circumvent the Regulations and not to obtain advice on the applicant's legal position then the privilege cannot be extended. This argument is analogous to the principle that the privilege does not extend where the consultation involves the commission of a crime. In my opinion, however, it is impossible to predict in advance whether the consultation will be *bona fide.* Consequently, it must first be determined whether the solicitor-client privilege remains intact notwithstanding the Regulations. If that is so, then the principles relating to the nature and extent of the privilege come into play.

The interplay between statute law and the solicitor-client privilege is considered by Chief Justice Jackett in *Re Director of Investigation and Research and Shell Canada Ltd.* (1975), 55 D.L.R. (3d) 713 (Fed. C.A.). By virtue of s. 10(1) of the *Combines Investigation Act,* R.S.C. 1970, c. C-23, the Director of Investigation and Research was empowered to:

> . . . enter any premises on which the Director believes there may be evidence relevant to the matters being inquired into and may examine anything on the premises and may copy or take away for further examination or copying any book, paper, record or other document that in the opinion of the Director . . . may afford such evidence.

The issue before the Federal Court of Appeal was whether that Section abridged the solicitor-client privilege. The Court held that it did not.

In delivering the reasons of the Court, Jackett, C.J., makes a number of observations concerning solicitor-client privilege. At p. 722, he states that:

> What has to be decided in this case is whether Parliament, by conferring on the Director fact finding powers in the widest possible terms, intended to undermine the solicitor-and-client relationship of confidentiality that made necessary the solicitor-and-client privilege in connection with the giving of evidence in the Courts. In my view, that question must be answered in the negative.
>
> There must always be cases where the Courts, faced with unqualified language used by Parliament to accomplish some important public objective must decide whether it was intended by Parliament, by such language, to make a fundamental change in some law or institution to which no reference is explicitly made (Compare *George Wimpey & Co. Ltd.*. v. *B.O.A.C.,* [1955] A.C. 169 per Lord Reid at p. 191, and *R.* v. *Jeu Jang How* (1919), 32 C.C.C. 103, 50 D.L.R. 41, 59 S.C.R. 195, per Duff, J., at pp. 105-6 C.C.C., p. 43 D.L.R., p. 179 S.C.R.) In my view, this is such a case.

He then goes on to discuss the nature of the privilege:

> In my view, however, this privilege is a mere manifestation of a fundamental principle upon which our judicial system is based, which principle would be breached just as clearly, and with equal injury to our judicial system, by the compulsory form of pre-prosecution discovery envisaged by the *Combines Investigation Act* as it would be by evidence in Court or by judicial discovery.

In this respect, then, the solicitor-client privilege is *prima facie* paramount to such legislation. This reasoning is particularly persuasive in the present case.

Chief Justice Jackett also considers the problem of *bona fide* consultations. At p. 723, he states that:

> It must not be forgotten that all that is being discussed in this case are *bona fide* communications between solicitor and client. Any conspiracy between a solicitor and some other person to commit a crime and any use of a solicitor-and-client relationship to cloak relevant evidence or facts from discovery falls completely outside the principle of confidentiality protected by the law.

The same principle can be applied in the present case. However, *bona fides* can not be determined in advance and can only be challenged in the light of subsequent events.

In the present case, it is impossible to predict whether the consultations would be *bona fide*. The mere possibility that they would not does not detract from the *prima facie* right to the privilege. If subsequent evidence arises demonstrating that the consultations were not *bona fide* then the privilege is lost. Again, I would point out that the problem in dealing with "absolution before sinning" is that we have no way of knowing what the motive of the applicants actually is or whether any "sin" will be committed. Consequently, I can only offer an academic evaluation of the principles of solicitor-client privilege and can express no opinion on the *bona fides* in this particular situation.

The decision in *Re Director of Investigation and Research and Shell Canada Ltd.* is cited with approval by Osler, J., in *Re Presswood et al and International Chemalloy Corp.* (1975), 11 O.R. (2d) 164. In that case, s. 186(3) of the *Business Corporations Act*, R.S.O. 1970, c. 53, provided that company accounts and records were to be produced for examination by an inspector. The company claimed privilege for certain documents. Osler, J., cites the reasons of Jackett, C.J., in *Re Director and Shell*, at p. 166, and concluded that the company was entitled to maintain the privilege and left to the master the determination whether privilege extended to particular documents.

In the absence of precise and unequivocal language, I am satisfied that Regulations 76-644 do not override or abridge the solicitor-and-client privilege.

The nature and extent of the privilege is somewhat more troublesome. I agree with counsel for the applicants that the Members can initiate legal proceedings. I do not agree, however, that the information can be released to the public simply because legal proceedings are undertaken. The Court might consider that it was bound to maintain the integrity of the Regulations by sealing all pleadings and material and maintaining such confidentiality during the course of the proceedings. Indeed, there may be an onus on the party initiating the proceedings to apply for an order directing that confidentiality be maintained throughout the proceedings before placing the proscribed information in the hands of the appropriate court officials. Proceedings in camera, while rare, are not unknown in our Courts. In this way, the integrity of the Regulations is maintained while the applicants are free to seek a judicial interpretation whether the Government was involved in an illegal cartel and whether such cartel vitiates the validity of the Regulations.

I am supported in this conclusion by the fact that s. 2(a) does not refer to Court proceedings. The section refers to "any person, government, crown corporation, agency or other organization". The administration of justice cannot be slotted into any of these. In my view the Regulations would have to contain the clearest words to negate the right of a citizen to seek redress in the Courts.

The Director of Investigation and Research under the *Combines Investigation Act*, R.S.C. 1970, c. C-23, is in a somewhat different position. Section 2(a) of Regulations 76-644 would clearly cover the Director. Consequently, the applicants would be prohibited from releasing the information to the Director. Since the *Atomic Energy Control Act* is passed in the "national interest" and the Regulations are deemed to be necessary or advisable by the Board, the inevitable conclusion is that the Regulations must take precedence over the remedies in s. 7 and s. 8 of the *Combines Investigation Act*. The question remains whether the remedies in s. 7 and s. 8 are totally inapplicable in view of the Regulations.

Section 7(1) states that:

> 7.(1) Any six persons resident in Canada who are not less than eighteen years of age and who are of the opinion that
>
> (a) a person has contravened or failed to comply with an order made pursuant to section 29, 29.1 or 30,
>
> (b) grounds exist for the making of an order by the Commission under Part IV.I, or
>
> (c) an offence under Part V or section 46.1 has been or is about to be committed,
>
> may apply to the Director for an inquiry into such matter. (1974-75, c. 76, s. 3(1)).

Section 7(2) sets out the material which must be filed in support of such an application:

> (2) The application shall be accompanied by a statement in the form of a solemn or statutory declaration showing
>
> (a) the names and addresses of the applicants, and at their election the name and address of any one of their number, or of any attorney, solicitor or counsel, whom they may, for the purpose of receiving any communication to be made pursuant to this Act, have authorized to represent them:

(b) the nature of

(i) the alleged contravention or failure to comply,

(ii) the grounds alleged to exist for the making of an order, or

(iii) the alleged offence

and the names of the persons believed to be concerned therein and privy thereto; and

(c) a concise statement of the evidence supporting their opinion. (1974-75, c. 76, s. 3(2)).

Obviously, s. 7(2)(c) creates a problem for the applicants.

In my opinion, the applicants herein are entitled to make such an application and can include as much *public* information as possible. Section 7(2)(c) does not say that the applicants must *prove* the offence. It simply states that the applicants must provide evidence to support "their opinion" that the offence was committed. The Director then seeks out the evidence necessary for a prosecution or other action. I recognize that the investigation may be fruitless. The Director may run up against the confidentiality problem created by Regulations 76-744 or by a claim of "Crown Privilege" wherever he goes for information. That possibility is not in issue in this application.

In the result, I have concluded that Regulations 76-644 do not override or abridge the solicitor-client privilege. The situation, however, is governed by the same principles which apply to any other privileged occasion and a consultation or conspiracy concerning the proposed commission of a crime would not be privileged. The privilege does not allow the applicants or the solicitor to release any proscribed information to any other "person, government, crown corporation, agency or other organization". Moreover, the Regulations do not prohibit the institution of court proceedings provided that such proceedings maintain the confidentiality of the information.

Finally, the privilege or the ability to initiate proceedings does not enable the applicants to release proscribed information to the Director of Investigation and Research under the *Combines Investigation Act*, although the applicants are entitled to trigger an investigation under s. 7 and s. 8 without releasing such proscribed information.

Counsel for the applicants also sought to impugn the validity of the Regulations by arguing that they were contrary to s. 1(a) and s. 1(d) of the *Canadian Bill of Rights*, 8-9 Eliz. II, c. 44. Despite the forceful submissions of counsel, I am not satisfied that the Regulations can be set aside on that basis.

Section 1(a) reads:

1. It is hereby recognized and declared that in Canada there have existed and shall continue to exist without discrimination by reason of race, national origin, colour, religion or sex, the following human rights and fundamental freedoms, namely,

(a) the right of the individual to life, liberty, security of the person and enjoyment of property, and the right not to be deprived thereof except by due process of law;

Counsel for the applicants argued that Regulations 76-644 deprive Canadian citizens of very basic rights without "due process of law".

The concept of "due process of law" is considered by the Supreme Court of Canada in *Curr* v. *The Queen*, [1972] S.C.R. 889, in which the Court considered the validity of s. 223(1) of the *Criminal Code* dealing with breath samples. It is quite true that the approach taken by the then Chief Justice and Ritchie, J., avoids the issue of the *Canadian Bill of Rights* altogether, but Laskin, J. deals with the issue at great length. I cannot conclude that what Laskin, J., says is merely *obiter* since it forms a substantial basis for his reasons.

At p. 892, Laskin, J., starts off with the admonition that:

The *Canadian Bill of Rights,* 1960 (Can.). c. 44 is invoked in this case to sterilize certain provisions of the *Criminal Code,* viz., ss. 223 and 224A(3), as enacted by s. 16 of the *Criminal Law Amendment Act,* 1968-69 (Can.), c. 38. That it may have a sterilizing effect upon federal legislation was decided by this Court in *Regina* v. *Drybones,* [1970] S.C.R. 282. Whether that must be the result here in no way depends upon what was decided in *Regina* v. *Drybones.*

Consequently, it is necessary to deal with each case according to its peculiar circumstances and with particular consideration for the legislation involved.

In dealing with the phrase "due process of law" Laskin, J., states, at p. 897:

The phrase "due process of law" has its context in the words of s. 1(a) that precede it. In the present case, the connection stressed was with the right of the individual to . . . security of the person. It is obvious that to read due process of law as meaning simply that there must be some legal authority to qualify or impair security of the person would be to see it as declaratory only. On this view, it should not matter whether the legal authority is found in enacted law or in unenacted or decisional law. Counsel for the applicant does not, of course, stop here. He contended for a qualitative test of legislation to meet the standard of due process of law and urged that the Court find that s. 223 fell below it. This was, however, a bare submission, not reinforced by any proposed yardstick.

What it amounted to was an invitation to this Court to monitor the substantive content of legislation by reference to s. 1(a). The invitation is to take the phrase 'except by due process of law' beyond its antecedents in English legal history, and to view it in terms that have had sanction in the United States in the consideration there of those parts of the Fifth and Fourteenth Amendments to the American Constitution that forbid the federal and state authorities respectively to deprive any person of life, liberty or property without due process of law.

He then concludes, at pp. 899-900:

In so far as s. 223 may be regarded, in the light of s. 223(2), as having specific substantive effect in itself, I am

> likewise of the opinion that s. 1(a) of the *Canadian Bill of Rights* does not make it inoperative. Assuming that 'except by due process of law' provides a means of controlling substantive federal legislation—a point that did not directly arise in *Regina* v. *Drybones*—*compelling reasons ought to be advanced to justify the Court in this case to employ a statutory (as contrasted with a constitutional) jurisdiction to deny operative effect to a substantive measure duly enacted by a Parliament constitutionally competent to do so, and exercising its powers in accordance with the tenets of responsible government, which underlie the discharge of legislative authority under the British North America Act*. Those reasons must relate to objective and manageable standards by which a Court should be guided if scope is to be found in s. 1(a) due process to silence otherwise competent federal legislation. Neither reasons nor underlying standards were offered here. For myself, I am not prepared in this case to surmise what they might be. (Emphasis added)

At pp. 902-3, Laskin, J., reiterates and concludes:

> The very large words of s. 1(a), tempered by a phrase ('except by due process of law') whose original English meaning has been overlaid by American constitutional imperatives, signal extreme caution to me when asked to apply them in negation of substantive legislation validly enacted by a Parliament in which the major role is played by elected representatives of the people. Certainly, in the present case, a holding that the enactment of s. 233 has infringed the appellant's right to the security of his person without due process of law must be grounded on more than a substitution of a personal judgment for that of Parliament. There is nothing in the record, by way of evidence or admissible extrinsic material, upon which such a holding could be supported. I am, moreover, of the opinion *that it is within the scope of judicial notice to recognize that Parliament has acted in a matter that is of great social concern, that is the human and economic cost of highway accidents arising from drunk driving, in enacting s. 223 and related provisions of the Criminal Code*. Even where this Court is asked to pass on the constitutional validity of legislation, it knows that it *must resist making the wisdom of impugned legislation the test of its constitutionality*. *A fortiori* is this so where it is measuring legislation by a statutory standard, the result of which may make federal enactments inoperative. (Emphasis added)

This approach is particularly relevant to the current case. If we accept the finding in *Pronto* that the legislation involves the "national interest" and the finding in *Duquesne* that we cannot question the decision of the Board on the subjective necessity of the Regulations, we are left with the position that we should not impugn the legislation or the Regulations on the basis of s. 1(a) of the *Canadian Bill of Rights*. On considering the principles enunciated in *Curr, Pronto* and *Duquesne,* I have concluded that the *Bill of Rights* does not invalidate the *Atomic Energy Control Act* or Regulations 76-644.

Moreover, the Regulations are approved by the Governor General-in-Council and we must assume that due consideration has been given to the effect which the Regulations will have. It is not my function to assess the wisdom of the Regulations or whether their scope was excessive. The Regulations have been properly promulgated under the Act and have been passed by "due process of law".

I am also of the opinion that the same approach should be taken to s. 1(d) of the *Bill of Rights* ("freedom of speech"). It is trite law to say that freedom of speech is not absolute but is freedom governed by law. As Laskin, J., points out in *Curr,* we must consider the effect of the particular legislation in determining the effect of the *Bill of Rights*. The Preamble of the *Atomic Energy Control Act* states that it is passed in the "national interest" and I am not prepared to dispute Parliament's decision in that respect. The Members of Parliament are fully cognizant of the effect that the Act might have and of the considerable power granted to the Board under s. 9. The Board has decided that freedom of speech must be abridged in the national interest. I realize that there is an inherent repugnance in allowing an administrative tribunal to take such drastic steps but I recognize that the Regulations also have the approval of the Governor General-in-Council.

Having considered all these factors, I am of the view that Parliament is the best judge of the measures which should be taken in the public interest. By applying the principles enunciated by Laskin, J., in *Curr,* I find that the Act and Regulations 76-644 are valid notwithstanding the *Canadian Bill of Rights*.

Since I have already held that the privileges of the Members continue notwithstanding the Regulations, I need not consider the effect of s. 1(d) on such privileges in relation to Regulations 76-644. Moreover, since I have also concluded that the solicitor-client privilege exists notwithstanding Regulations 76-644, I need not consider the extent of s. 2(c) (right to counsel).

While this matter was reserved, Counsel advised me that the Regulations have been amended. On October 13, 1977, the Cabinet approved Regulations SOR/77-758 which replace SOR/76-644:

Short Title

1. These Regulations may be cited as the *Uranium Information Security Regulations*.

Interpretation

2. In these Regulations, "foreign tribunal" includes any court or grand jury and any person authorized or permitted under foreign law to take or receive evidence whether on behalf of a court or grand jury or otherwise.

Security of Information

3. No person who has in his possession or under his control any note, document or other written or printed

material in any way related to conversations, discussions or meetings that took place between January 1, 1972 and December 31, 1975 involving that person or any other person in relation to the exporting from Canada or marketing for use outside Canada of uranium or its derivatives or compounds shall

(a) release any such note, document or material or disclose or communicate the contents thereof to any person, foreign government or branch or agency thereof or to any foreign tribunal unless

(i) he is required to do so by or under a law of Canada, or

(ii) he does so with the consent of the Minister of Energy, Mines and Resources; or

(b) fail to guard against or take reasonable care to prevent the unauthorized release of any such note, document or material or the disclosure or communication of the contents thereof.

Application

4. Section 3 does not apply to a person unless he has such possession or control by reason of the direct or indirect acquisition by him of the note, document or material because of his being or having been

(a) engaged in the mining, exporting, refining or selling of uranium or its derivatives or compounds;

(b) appointed to a public office or by a Minister pursuant to subsection 37(1) of the Public Service Employment Act or employed in the public service; or

(c) a director, an officer, employee or agent of

(i) a person engaged as described in paragraph (a),

(ii) a company incorporated in Canada that is or was a parent, subsidiary or affiliate of or related to another company incorporated in Canada so engaged or to a foreign corporation so engaged; or

(iii) the Atomic Energy Control Board, Eldorado Nuclear Limited or Uranium Canada, Limited.

It can be seen that Section 4 of the new Regulations has a profound effect on this application. Subsequent to the amendment counsel attended upon me and agreed that I should deliver judgment without regard to the amendment, I have done so.

As a result, an order will go granting a declaration as follows:

1. That the Uranium Information Security Regulations do not prohibit the applicants from releasing any note, documents or material or communicating the contents thereof to their solicitors and counsel for the purpose of seeking legal advice.

2. That the Regulations do not prohibit the applicants or any member of the House of Commons from releasing or disclosing any such documents in the course of Parliamentary debate or to the press.

3. That Subsection 2(a)(ii) of the Regulations is *ultra vires* the Atomic Energy Control Board and the Governor in Council under S. 9 of the *Atomic Energy Control Act*.

Apart from this, the application is dismissed. This is not a case for an award of costs. I am grateful to counsel for their assistance in this matter.

HOUSE OF COMMONS

Tuesday, January 24, 1978

The House met at 2 p.m.

● (1407)

ROUTINE PROCEEDINGS

[*English*]

AIR TRANSPORT

REQUEST FOR DETAILS OF GOVERNMENT JETSTAR FLIGHT—MOTION UNDER S.O. 43

Mr. Benno Friesen (Surrey-White Rock): Mr. Speaker, I rise under the provisions of Standing Order 43. On December 24 last, the office of the Minister of Labour called for the government JetStar to come to Hamilton at about 4 p.m. to take the minister to Sault Ste. Marie. Because of weather conditions they could not land in Sault Ste. Marie and had to land in Toronto. In view of the fact that the exercise took more than six hours, and in view of the fact that the flight crew was denied inflight meal service because of the government's austerity program, I move, seconded by the hon. member for Okanagan-Kootenay (Mr. Johnston):

That the Minister of Transport table in the House the manifest for that flight and a copy of the request for the aircraft, and the statement of government business which necessitated that flight to Sault Ste. Marie on Christmas eve.

Mr. Speaker: The presentation of such a motion for debate pursuant to Standing Order 43 can be done only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

INDUSTRY

BID BY FOREIGN COMPANY TO TAKE OVER NEWFOUNDLAND FISH PROCESSING COMPANY—MOTION UNDER S.O. 43

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I rise under the provisions of Standing Order 43 concerning an application before the Foreign Investment Review Agency involving a bid by Nordzee, a West Germany subsidiary of Unilever, to take over the Newfoundland fish processing company, Ocean Harvesters. Because FIRA refuses to consider the views of fishermen and the communities directly involved, I move, seconded by the hon. member for Cape Breton-East Richmond (Mr. Hogan):

That this House directs the Minister of Industry, Trade and Commerce and the Minister of Fisheries to intervene with FIRA on behalf of the Newfoundland fishermen to inform that agency of the serious threat to the inshore fishery and the livelihood of the communities involved should this unnecessary foreign takeover bid be allowed.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

ADMINISTRATION OF JUSTICE

LIFE IMPRISONMENT FOR KIDNAPPING, ABDUCTION AND HOSTAGE-TAKING—MOTION UNDER S.O. 43

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, I rise on a matter of urgent and pressing necessity under Standing Order 43. I wish to move, seconded by the hon. member for Marquette (Mr. Stewart), a motion which reads as follows:

That section 24.7 of the Criminal Code relating to kidnapping and abduction and hostage-taking be amended so that where other kinds of violence are involved, such as we see today in the tragic affair in Manitoba, a mandatory sentence of life imprisonment be imposed instead of the discretionary power given a judge to impose sentence "liable to life imprisonment".

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

UNEMPLOYMENT INSURANCE

SUGGESTION LAW BE AMENDED TO GIVE JUSTICE TO SENIOR CITIZENS—MOTION UNDER S.O. 43

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

Since when passing Bill C-52 parliament has recognized the vested right to unemployment insurance before January 1, 1976 of individuals 65 years of age; since before passage of that bill several senior citizens, realizing that the Unemployment Insurance Commission was ignoring the principle of the vested right, applied for pensions from the Canada Pension

Plan or the Quebec Pension Plan; since due to that fact, thousands of aged persons are penalized because the Unemployment Insurance Commission refuses to pay benefits to which they are entitled under the pretext that they have received pensions from the Canada Pension Plan or the Quebec Pension Plan, I move, seconded by the hon. member for Bellechasse (Mr. Lambert):

That the House enjoin the federal government to appeal to the Unemployment Insurance Commission so that the latter reconsider its decision as a result of the glaring injustice now experienced by some 18,000 pensioners and at the same time to introduce legislation which would correct in the shortest possible time the injustice of the Unemployment Insurance Commission toward those senior citizens.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

● (1412)

[*English*]

DEPARTMENT OF SOLICITOR GENERAL

PURCHASE OF PAPER-SHREDDING MACHINES—MOTION UNDER S.O. 43

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In view of the extravagant efforts of the Solicitor General (Mr. Fox) to separate himself, his predecessors and the Prime Minister (Mr. Trudeau) from the RCMP and to shift responsibility for alleged wrongdoing from the government, and in view of reports that the Solicitor General recently purchased three paper shredding machines and is considering ordering others, I move, seconded by the hon. member for Edmonton Centre (Mr. Paproski):

That this House directs the Solicitor General to divest himself of any and all paper-shredders now in use in his department and orders the Solicitor General, or preferably his executive assistant, to assure the House that this is absolutely the last instance in which he will allow the purchase and use of paper-shredders for his files.

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

Some hon. Members: Agreed.

Some hon. Members: No.

[Mr. Allard.]

GRAIN

IMPLEMENTING OF HALL COMMISSION RECOMMENDATION TO CLEAR EXPORT BOTTLENECKS—MOTION UNDER S.O. 43

Mr. Frank Hamilton (Swift Current-Maple Creek): Mr. Speaker, I rise under the provisions of Standing Order 43. Net farm income from grain is down, and over 20 million bushels of west coast grain exports have been shipped behind schedule. This annual winter foul-up has once again cost us millions of bushels in exports, the farmers millions of dollars in demurrage costs, and it has jeopardized future trade with our important Asian customers. I move, seconded by the hon. member for Moose Jaw (Mr. Neil):

That the minister responsible for the Canadian Wheat Board be instructed to implement the recommendations of the Hall commission forthwith with a view to straightening out west coast export grain bottlenecks.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

UNEMPLOYMENT INSURANCE COMMISSION

RELOCATION OF REGIONAL BOUNDARIES—MOTION UNDER S.O. 43

Mr. Derek Blackburn (Brant): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of very pressing and urgent necessity. In view of the fact that Unemployment Insurance Commission regional maps with respect to minimum attachment qualifications are terribly outdated, and in view of the fact that my riding of Brant, for example, is listed as having only 7.1 per cent unemployment when in fact the rate is about 15 per cent—a human and economic tragedy in itself—I move, seconded by the hon. member for Northwest Territories (Mr. Firth):

That the Unemployment Insurance Commission scrap its outdated 16 regional boundaries and immediately introduce realistic attachment qualifications that accurately reflect current unemployment in any specific location in Canada.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

RAILWAYS

SOUTHERN ONTARIO—REFERENCE OF SUBJECT OF RAIL SERVICE TO COMMITTEE—MOTION UNDER S.O. 43

Mr. William Knowles (Norfolk-Haldimand): Mr. Speaker, I wish to move a motion under the provisions of Standing Order

43 on a matter of urgent public necessity. In view of the fact that Canadian National Railways is further curtailing essential rail services in southern Ontario, as now evidenced by the closing of the Caledonia station and the dismantling of train order signals at that station as of December 30, 1977, I move, seconded by the hon. member for Halton-Wentworth (Mr. Kempling):

That the whole matter of deteriorating rail service in southern Ontario be referred to the Standing Committee on Transport and Communications for the hearing of evidence in this matter and reporting back to the House of Commons.

Mr. Speaker: The presentation of such a motion pursuant to Standing Order 43 can be made at this time only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

EXTERNAL AFFAIRS

LANDING OF SOVIET SATELLITE ON CANADIAN SOIL

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, my question is to the Prime Minister and it refers to reports of a Soviet satellite which apparently descended in the Great Slave Lake area today. We understand that the Prime Minister was advised of this matter by an early morning telephone call from the President of the United States.

This seems to raise a very important question touching Canadian sovereignty. Canada is supposed to be an equal partner in the NORAD arrangement which would be surveying the movement of this kind of vehicle into Canadian orbit. Since Canada is an equal partner in NORAD, why was the Prime Minister of Canada not advised by Canadian officials about this penetration of Canadian territory; and if he was not advised by Canadian officials, does that indicate that the only way Canada becomes informed of possible threats to itself is by telephone calls from American officials?

● (1417)

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I regret to inform the Leader of the Opposition that his facts, as sometimes happens, are completely wrong. As to the equal partnership, when I visited the NORAD centre at Colorado Springs in December, the officials there, both the commander-in-chief and the deputy who is a Canadian, were extremely forthcoming in their giving of information to Canada about their surveillance in space of such objects.

Mr. MacDonald (Egmont): How about answering the question?

Mr. Trudeau: Mr. Speaker, I understand there was an allegation that there was no equal partnership. I am explaining that there was an equal partnership. In so far as being informed about this particular instance of an orbit out of control, of course I was advised several days ago by Canadian officials that there was knowledge that there was a satellite out of control, that it was tumbling through space, that we were jointly, with the Americans, at NORAD monitoring its path, and if it became apparent that it might land in Canada, we would know and would let the Americans know and we would be in a position to take whatever preventive action was necessary.

Mr. Clark: A supplementary question, Mr. Speaker. If the Prime Minister and the Government of Canada were advised several days ago, I presume they would have taken some action to prepare Canadian experts who might have been interested in this descent into Canadian territory. Could the Prime Minister tell the House precisely what arrangements and preparations were made by Canadian officials? Could he tell the House what Canadian experts are now on site in the Northwest Territories looking at this matter, or are all the investigations in this matter being left to the Americans?

Mr. Trudeau: No, Mr. Speaker, I am afraid the supplementary question is just as badly informed as the first question. As soon as it became apparent that the satellite might land in Canada, the federal government took several preventive measures, including contacting people at the highest level in the provinces concerned with civil defence. But, once again, there was not at the outset, an identification of the area where the landing might take place. One hour before the landing, I understand it was still possible it might have landed in the southern hemisphere rather than the northern hemisphere.

Obviously, we did not want to alert every square inch of territory in Canada where something might land. We took whatever preventive actions were necessary in order to let us act quickly as soon as the landing site had been precisely defined. When that was established, our officials knew right away. The President of the United States telephoned me around seven o'clock this morning and said they had it on their radar and it was about to land, and he indicated where he thought the landing would be. Of course, we were having the same approximate—

An hon. Member: Why? Did Canadians take any action?

Mr. Trudeau: Mr. Speaker, if the hon. gentleman over there has a supplementary question, you might want to recognize him later. The real reason the President of the United States telephoned me was to offer to the Canadian forces, should they need it, airborne detecting devices for any possible radioactivity. That was a fair offer, and I undertook to see if it would be needed. I understand that the Minister of National Defence carried on from there, and that our own experts are involved in the detection process.

Mr. Clark: Mr. Speaker, the Prime Minister has replied with his usual evasive generalities.

Some hon. Members: Oh, oh!

Mr. Clark: Hon. members on the other side can continue to try to shout me down. The question was put, and the Prime Minister did not answer it except to say that Canadians are involved, which is a very general statement. The question was whether there are Canadians en route to the site or are on site—that question was not answered—or whether we are leaving this matter to the United States. The matter I now want to turn to is this. We seem to have a very curious system here in relation to NORAD.

• (1422)

We seem to have a system that requires the President of the United States to call the Prime Minister of Canada when there is some decision made as to where an object is going to fall.

Will the Prime Minister not only give us a general assurance, now, that the system is more secure than that, but will he check and make a direct report to this House to assure the House of Commons—it is very difficult, sir, to speak over the shouting from the other side of the House. I know they are developing a deliberate tactic of trying to shout down the opposition.

Some hon. Members: Oh, oh!

Mr. Clark: I can stand through this Liberal catcalling for some time, Mr. Speaker. I would like to ask for an undertaking from the Prime Minister that there is a system more efficient and less demanding upon Presidents and Prime Ministers when an event of this kind occurs. I ask, in addition, that there be a direct means whereby the Canadian chief of government or the minister of national defence is advised, by Canadians, of a potential infringement of Canadian sovereignty and soil, rather than relying upon the President of the United States to awaken the Prime Minister with this kind of information.

Mr. Trudeau: Mr. Speaker, I find the attitude of the Leader of the Opposition somewhat puzzling. His first assumption was that it was not an equal partnership and that we were only informed for the first time at seven o'clock this morning by the President of what was about to happen—

An hon. Member: You did not deny it.

Mr. Trudeau: This is presumably the way in which he chooses to conceive relations between the two governments in NORAD. My first answer was to put clearly to him that I had been informed several days ago by Canadian officials. Indeed, members of the Department of National Defence have been on standby for a week for just such an eventuality.

An hon. Member: Skiing in Aspen with you?

Mr. Trudeau: It could not be more clear, Mr. Speaker, that Canada was informed as soon as the landing became probable. The objection now seems to be that the President of the United States chose to phone me around seven o'clock this morning. I can understand why the Leader of the Opposition does not understand that kind of thing. It seems to me that this is the kind of courtesy which probably escapes members of the Tory party.

Some hon. Members: Hear, hear!

Mr. Trudeau: But, Mr. Speaker, I find it strange that we would fault the President of the United States for choosing to phone me to offer co-operation in such an important matter, when the thesis of the Leader of the Opposition is that it should be a co-operative approach.

Mr. Clark: Mr. Speaker, the Prime Minister continues to try to evade a very simple question. The question is: Why did Canadians in this partnership not advise the Prime Minister of the final descent on to Canadian soil of a Soviet satellite? Why do we rely on the Americans in this matter? Let me ask one other question. The Prime Minister might be able to answer my question if his backbenchers ceased shouting at us from across the way.

Mr. Speaker: Order. The hon. Leader of the Opposition.

Mr. Clark: Sir, can the Prime Minister inform the House of Commons as to the method of disposal of the debris from the satellite? Is it the intention of the government of Canada to turn that debris over to the U.S.S.R.?

Mr. Trudeau: Mr. Speaker, these matters are dealt with in an international treaty which states that the country which is the launcher and owner of the satellite is responsible for the damage caused.

• (1427)

We will have to establish what damage there was, if any, and what operations have to be embarked upon in order to make any possible unsafeness safe. Then we will be able to ask the Soviets—

Mr. Clark: That is not the question, Mr. Speaker. The Prime Minister is having trouble with the question.

Mr. Trudeau: I am not having trouble.

Mr. Clark: The question related to the debris.

Mr. Trudeau: Mr. Speaker, it is entirely possible that the satellite burned itself out in its re-entry and there is no debris. That is entirely possible. I think it is reasonable to answer the question by saying that we will first establish if there is debris. Second—

Mr. Clark: I suggest you ask Jimmy Carter.

Mr. Trudeau: —what possible damage might have been caused by the debris, and third, what possible action is needed in order to remove this adverse effect. Then it would be reasonable to address ourselves to the Soviets and say there is debris; second, there is damage, and third, "What are you going to do about it?"

Some hon. Members: Hear, hear!

INDUSTRY

CANADIAN CONTENT OF PIPE TO BE MANUFACTURED FOR NORTHERN PIPELINE—EFFECT ON EMPLOYMENT

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I would like to bring the Prime Minister back to earth. The Deputy Prime Minister said in Ottawa on September 9 that 100,000 man-years of employment would be created—that is a phrase right out of his press release—not "might be" or "could be", but would be created in Canada as a direct result of the construction of the Alcan pipeline. When we asked an officer of the pipeline company what this figure was based on, we were told it was based on the assumption that Canada would produce 98 per cent of the pipe for the Canadian section of the pipeline.

My question to the Prime Minister is as follows. Considering that the Deputy Prime Minister yesterday, both in the House and, if I understood it correctly, outside the House, withdrew the government's promise to produce 98 per cent of the pipe in Canada, and therefore withdrew entirely the very specific commitment to produce the 100,000 man-years of employment which he categorically promised on September 9, does this turnaround by the Deputy Prime Minister reflect government policy?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the leader of the New Democratic Party persists in seeing a contradiction between the reality of what we said—

Mr. Broadbent: There is a contradiction.

Mr. Trudeau: This is based on an assumption by the leader of the New Democratic Party that if there is a good piece of news for Canada, such as the construction of a pipeline which will involve spending some $3 billion or $4 billion on construction work in Canada, he must make sure that the down side of that good news happens, so that everyone will be convinced that the good news is not happening.

Some hon. Members: Hear, hear!

Mr. Trudeau: Mr. Speaker, it should be a cause of satisfaction to every Canadian that this very important pipeline will be built and that the Foothills part of it will be built in Canada, by Canadian companies, and that it will be calling for Canadian content for that building. I can understand the leader of the New Democratic Party wanting to get some guarantee that Canadian businessmen and Canadian workers—

Mr. Broadbent: You gave the guarantee. You gave the promise.

Mr. Trudeau: Yes, Mr. Speaker, we negotiated an agreement with the United States according to which both countries, for the part of the pipeline built in their territory, would assure the maximum content for their country. We did not ask that the Americans guarantee that we would not be able to bid on their part of the pipeline, that if Canadian technology and Canadian materials were more competitive they would keep us out of their territory, because we have confidence in the future of the Canadian entrepreneur and the Canadian worker. That is our position.

Some hon. Members: Hear, hear!

● (1432)

Mr. Trudeau: Surely, in a joint operation like this, we have to be consistent. If we get a guarantee from the Americans that they will not bid on our section, then we have to give an equal guarantee. We did not want to give that guarantee, because we have confidence that we can compete with any other producer.

Some hon. Members: Hear, hear!

Mr. Broadbent: Mr. Speaker, the Prime Minister took two minutes not to deal with the question at all. What is at stake here is the integrity of the government regarding a categorical promise made by the Deputy Prime Minister of Canada in Ottawa on September 9. The Deputy Prime Minister said that we were going to get 100,000 man-years of employment. He broke it down into three subsections. I will not repeat the figures that he gave. He did not say that we might get them, we could get them, or it would be dependent upon the situation: he said that Canada would get 100,000 man-years of jobs. Is that the situation, or is it not? Yesterday, in the House, the Deputy Prime Minister seemed to withdraw entirely that commitment made by the government on September 9.

Mr. Trudeau: Mr. Speaker, I would say the same: we will get that many jobs, and probably we will get more if we can compete in the United States section.

Mr. Clark: Always conditional.

Mr. Broadbent: Mr. Speaker, any doubt about the betrayal has now been cleared up. We now know we do not have a commitment to get jobs.

Some hon. Members: Oh, oh!

Mr. Broadbent: Would the Prime Minister agree that practically the only benefit Canada was going to receive as a result of the Alcan pipeline was the jobs? If he would agree with that, would he also assure the House with regard to stories going around suggesting that Canadians have yielded to American pressure to change the kind of pipe required to build the pipeline? That will exclude many Canadians from the kind of jobs the government promised. The Prime Minister committed the government in order to get public support for this major project.

Mr. Trudeau: Mr. Speaker, we did not need public support. We had the support of the New Democratic Party, the Progressive Conservative party and the Social Credit party.

Mr. Broadbent: On the condition there would be jobs.

Mr. Trudeau: This pipeline was envisaged as the right pipeline for Canada, at the right time, in the right way. The NDP voted for it.

Mr. Broadbent: We have not had a vote yet.

Mr. Trudeau: That discussion took place in the House of Commons early last August, when the New Democratic Party indicated that this was the proper course to take, and the government took it. Within a short time, the government successfully negotiated a contract with the United States government which indicated that each side would seek the maximum amount of content for the section constructed in its own country. This was a decision taken by the governments. The Canadian government does not intend to own the steel mill. It does not intend to take the steelworkers unto its bosom. We are now turning to the private sector and asking if it can produce effectively, compete and build a pipeline in Canada. The private sector is indicating that it can. We have faith in the entrepreneur and the worker. Therefore, we have faith that the agreement we signed with the Americans is one which will result in great benefit to Canadians. The hon. leader of the New Democratic Party does not seem to have that faith in the future. We do.

Some hon. Members: Hear, hear!

* * *

[*Translation*]

ROYAL CANADIAN MOUNTED POLICE

POSSIBILITY OF TERRORIST ACTIVITIES BEFORE 1971

Mr. René Matte (Champlain): Mr. Speaker, I would like to put a question to the right hon. Prime Minister.

Although the Solicitor General had formally stated that the RCMP had done nothing illegal other than those acts concerning events which took place in 1972 and 1973, last January 9 he disclosed another act by that police force as incredible as having made a public announcement in 1971 in the name of the FLQ. Would the Prime Minister tell us if he can give the House absolute assurance that no illegal or irregular act has been done by the RCMP before 1971 in relation to the terrorist activities that have been committed in Quebec?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, if I could give the House an absolute assurance of that, there would have been no need for instituting a commission of inquiry. We have established such a commission so that indeed it could inquire on this police force and find out whether or not other illegal acts have been committed by the force and finally make its findings public, at which time the hon. member will be satisfied.

Mr. Matte: I would like to ask a supplementary question, Mr. Speaker.

Since the Prime Minister seems to show some good will, would he tell the House if he will change his mind about the federal government cooperating with the Keable inquiry on the operations of the RCMP related to terrorist activities in Quebec?

Mr. Trudeau: Mr. Speaker, we did cooperate, we have made several depositions and we have handed back a whole series of documents to the Keable Commission. We have stated before the courts that this commission of inquiry should look into problems related to the administration of justice within the province of Quebec and not turn it into an inquiry on a federal institution. Just as the hon. member certainly does not believe that the federal government would be entitled to establish a federal commission of inquiry on, say the school system within the province of Quebec, so do we not think that a provincial commission of inquiry, either from Quebec, Ontario or Alberta, should lead an investigation on a federal institution as such.

* * *

[*English*]

NATIONAL DEFENCE

MINISTER'S KNOWLEDGE OF SOVIET SATELLITE LANDING ON CANADIAN SOIL

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, this is a very happy day. It reminds me of March and April of 1957, when one after the other, opposition speakers were howled down as the hon. Leader of the Opposition was today and two months later the government went out.

Some hon. Members: Hear, hear!

Mr. Diefenbaker: We have witnessed a disgraceful performance today on the part of the government.

An hon. Member: Right on.

Mr. Diefenbaker: I direct a question to the Minister of National Defence and ask him what time this morning he became aware of the fact that this satellite had, in fact, exploded over Canadian soil.

Hon. Barney Danson (Minister of National Defence): Mr. Speaker, I have been aware of the satellite being out of orbit for the best part of a week.

Mr. Diefenbaker: At what time today?

Mr. Danson: My officials have known this was possible since December. I knew around seven o'clock or 7.15 this morning when my officials called to let me know that it had re-entered the atmosphere on Canadian soil.

Mr. Diefenbaker: Mr. Speaker, is the minister in agreement with the description of this satellite as it was given a few moments ago by Associated Press in the United States, as a military spy satellite?

Some hon. Members: Oh, oh!

Mr. Diefenbaker: Does he accept that? Why was the announcement of what had taken place made in the United States, and not in Canada? When I was prime minister—

Some hon. Members: Oh, oh!

Mr. Diefenbaker: Mr. Speaker, I do not mind being howled down. I would again remind government members that what happened in 1957 is going to happen again this year.

Some hon. Members: Hear, hear!

Mr. Diefenbaker: I ask the minister why the announcement was made in Washington and not Ottawa, where it should have been made.

Some hon. Members: Hear, hear!

Mr. Danson: Mr. Speaker, first, I remember what happened to our relationships with the United States and other countries during that period of time.

Some hon. Members: Hear, hear!

Mr. Danson: It is not what I would describe as a spy satellite. It is a surveillance satellite, a radar-type satellite.

Some hon. Members: Oh, oh!

• (1442)

Mr. Danson: If my friends over there want to laugh and howl down this side, they can do it all they want. But if they are interested in the truth, I will give it to them. Everybody has surveillance satellites to check on their fleets, on search and rescue, on the position of ships, and on pollution. That is part of the peaceful use of satellites. We co-operate with all nations of the world, and in our co-operation we maintain the peaceful use of satellites with our allies in NATO and in NORAD. There is complete communication going on at all times. It is not a matter of making announcements or not making announcements.

In the words of the press in Canada, it was ten minutes. This is not a great deal of time, but things happen very quickly with satellites, as my friends over there might begin to learn after a while. The announcement to the press here was made prior to the announcement made to the press in the United States. That was done in full understanding with the United States, I must say. Action is taking place because we have continuous co-operation. It is not a matter of who asked who, what. We are working together as a partnership and as a team, and it is working very well.

We are accepting the assistance offered by the United States government with four aircraft which are either on their way or in Edmonton now, or on their way to the site. We have our own full team of 23 anti-nuclear, anti-fallout people in Yellowknife ready, on the job, to render whatever assistance they can on the remote chance that particles from the satellite have penetrated the atmosphere. In most cases they burn up and dissipate in the atmosphere. There may be some indication that some have landed. Our troops are ready; they are on the job. We have nuclear alert teams on the job—

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

Mr. Diefenbaker: It is all very well to talk about co-operation. We also have co-operation with Cuba.

Some hon. Members: Oh, oh!

Mr. Diefenbaker: I will repeat my question to the minister. Why was this announcement not made from Ottawa, where it should have been made?

Some hon. Members: Oh, oh!

Mr. Danson: I repeat that the announcement, if you can call it an announcement, the information which the press was given in Ottawa, was given here before it was given in Washington. I held a press conference as soon as possible, as soon as we could bring the press together. They were in my office this morning, where I gave them as much full and frank information as I could, and I shall continue to do so.

Some hon. Members: Hear, hear!

Mr. Paproski: You knew about it a week ago.

U.S.S.R. DEVELOPMENT OF NUCLEAR PLANTS VIS-À-VIS WESTERN WORLD

Mr. Allan B. McKinnon (Victoria): Mr. Speaker, my question, also, is for the Minister of National Defence. Reports about the satellite which descended in the Great Slave Lake area indicate that it was nuclear-powered while in flight. Can the minister inform us if this is to be taken as an indication that the Soviet Union is ahead of the western world in the development of small nuclear plants?

Hon. Barney Danson (Minister of National Defence): No, Mr. Speaker.

Mr. McKinnon: Can the minister inform us if the power plant in use in Cosmos 986 is equivalent to, or ahead of, the Slowpoke which is being developed by Canadian scientists,? Also, could he tell us—the Prime Minister dodged this question, and when he dodges questions usually there is a reason—whether, as the minister says, on the remote chance that debris is found, and the international agreement covering it requires that Canada return such debris to the U.S.S.R., it is our intention to do so?

Mr. Danson: I cannot at this time give a relative assessment of the nuclear power plants on different satellites. I must say that if there is debris on the ground, we would want to contain it or preserve it and seal off the area. We will look after the safety of Canadians first and then we will determine what is required under the international régime. The most important

point to which we have to address ourselves is the safety of Canadians and our sovereignty.

* * *

ENERGY

REPORTED INCREASED NATURAL GAS SUPPLIES—EFFECT ON CONSTRUCTION OF NORTHERN PIPELINE

Mr. Erik Nielsen (Yukon): Mr. Speaker, I have a question for the Prime Minister based on recent news reports with respect to additional gas supplies and accelerated or additional gas exports from Alberta to the United States. Can the Prime Minister inform us how long the government has been aware of this situation, which may merit slowing down the pace of construction of the northern pipeline, or may necessitate the prebuilding of the southern portion of the pipeline in order to facilitate additional gas exports to the United States? Did the Prime Minister discuss this issue with Vice-President Mondale when they met last week? If so, with what result? Was any agreement reached?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, if I may answer the question, I would say yes, there was discussion with the vice-president on this question and there was agreement on the part of both governments that it might be very useful to prebuild a section of this pipeline using some of the gas bubble at present for that purpose, provided—it is a very important proviso—there is a swap arrangement giving Canadians a call on Alaskan, American gas at a later date. The other proviso is that the regulatory authorities of the province of Alberta and of the federal government fully endorse such a swap.

Mr. Nielsen: Can the President of Privy Council inform the House whether the prebuilding of the southern section was discussed during the September negotiations regarding the pipeline agreement, and whether the delay in bringing the pipeline legislation before the House is because it had been submitted to the government of Alberta for their observations and suggestions? Is this one of the reasons for the delay in the legislation coming before us?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): No, Mr. Speaker.

Mr. Nielsen: I have a final supplementary question, Mr. Speaker. Can the President of Privy Council tell us why Canadians were denied knowledge of the possibility of prebuilding this pipeline, since no mention of the subject was made in the government's news releases, despite the fact that the U.S. President's decision and report to Congress concerning the same topic makes repeated mention of the possibility of prebuilding? When he answers that question, could he assure us that all the appropriate governments and agencies, including the native organizations, will be consulted before a final decision is made on this specific question?

[Mr. Danson.]

Mr. Gillespie: Mr. Speaker, I think it was made quite clear to Canadians, and indeed to the House of Commons before we debated the issue, by the National Energy Board in its report, "Reasons for Decision" with respect to a national northern pipeline, namely, that the swapping option, the prebuilding option and the predelivery option were all options which could be considered against a background of a northern pipeline program.

* * *

LABOUR CONDITIONS

PROPOSED LAY-OFFS AT CERTAIN MINES—GOVERNMENT ACTION TO AVOID

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, my question is for the Minister of Energy, Mines and Resources. In view of the fact that last Friday the minister met with provincial mines ministers in Toronto, and in view of the fact that in exactly three weeks from today 3,000 Canadian miners and smelter workers will be laid off in Thompson and in the Sudbury basin, can the minister tell the House what specific steps he proposed, if any, or what specific proposals he and the mines ministers discussed to avoid this catastrophic lay-off in the Sudbury basin and in Thompson, Manitoba?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, I am sure the hon. member is well aware of the fact that the conference of mines ministers was called to look at medium-term prospects for the mining industry and how it would be possible for mines ministers to restore confidence in the mining industry. The hon. member has pointed to one of the very significant but disturbing aspects of the mining industry today, a decision which might be followed in other mines across the country during the course of this year. Development of the mining industry will require a long lead time. The ministers looked at a number of questions which in their separate jurisdictions they may be able to address for the purpose of reporting to their first ministers for the February 1 ministers' meeting.

Mr. Rodriguez: In view of the statement made by the minister, that in effect they discussed potential mine lay-offs, can the minister identify, for the information of the House, the people of Canada and of the workers involved, what those potential mine lay-off areas are?

Mr. Gillespie: Mr. Speaker, the hon. member knows there have been weakening markets in copper and, to some extent, zinc. I am pleased to say that so far as lead molybdenum, potash and uranium in particular are concerned, there are very strong markets at present. However, because of the world situation at the present time, some metal markets are undergoing a period of weakness. Zinc and copper are two of those. These are matters which we have been examining.

● (1452)

Mr. Rodriguez: Mr. Speaker, in view of the statements by the minister and his aides prior to Christmas regarding the fact that stockpiling had not been completely eliminated from the government's arsenal to deal with lay-offs in the mining industry, and in view of the fact that a recent report from the Department of Energy, Mines and Resources indicates optimism for the future of the nickel industry, can the minister tell the House if he has made to the cabinet a recommendation of short-term stockpiling of nickel? If he has, what is the decision? If he has not made such a recommendation, why not?

Mr. Gillespie: Mr. Speaker, this question has been asked in this House in the past, and the answer has been that stockpiling would not solve the problems of the nickel industry of this country at the present time. I can tell the hon. member that there was no support, that I detected, from mines ministers for a stockpiling program for metals, minerals or mines that were in difficulty.

Mr. Rodriguez: Mr. Speaker, a final supplementary.

Some hon. Members: No.

Mr. Speaker: Order, please. The hon. member for Windsor West.

* * *

ENERGY

PRICE OF ALASKA GAS COMPARED WITH CANADIAN GAS EXPORTED TO UNITED STATES

Hon. Herb Gray (Windsor West): Mr. Speaker, I have a question for the Minister of Energy, Mines and Resources. If and when Canada buys Alaska gas as part of a swap arrangement, will it be at prices equivalent to those Canada will get for natural gas it will have sold previously to the United States, or will the arrangement mean that Canada will be paying higher prices for Alaska gas than those it received for equivalent quantities of Canadian natural gas exported to the United States?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, I think I have reassured hon. members in the past that with respect to the pricing under swapping arrangements, Canadian interests will be preserved. I think the best way to preserve Canadian interests would be to ensure that any transfer of energy takes place on the basis of real values, not nominal values.

INDUSTRY

INQUIRY WHETHER SHIP TO REPLACE LOST CN VESSEL WILL BE BUILT IN CANADA

Mr. J. M. Forrestall (Dartmouth-Halifax East): Mr. Speaker, I have a question for the Minister of Industry, Trade and Commerce. Inasmuch as officials of the Ministry of Transport are now in Europe looking for a vessel to replace the Canadian National ship lost off the coast of Labrador and Newfoundland last year, can the minister indicate whether that accurately reflects the position he announced two weeks ago with respect to aid for the shipbuilding industry? If so, can he relate the two positions?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, in this regard the Department of Transport is examining shipping costs and the cost of replacing a ship which served the east coast. The figures are comparable. We must compare what it would cost to purchase, with what it would cost to build.

Mr. Forrestall: Mr. Speaker, can the minister indicate what action his department has taken to determine the capacity of Canadian yards to construct a vessel within price ranges which are not significantly different? In other words, has he canvassed Canadian yards? Has he asked Halifax shipbuilders, for example, whose yards are about ready to shut down, whether they have the capacity?

Mr. Horner: Mr. Speaker, we are assured by the Halifax shipyards and a number of others that they have the capacity. That is why we announced a 20 per cent subsidy on all ships built between now and the end of October, 1978. We certainly encourage shipbuilding to be done in Canadian yards and that they take advantage of that subsidy.

* * *

ADMINISTRATION OF JUSTICE

DEATH OF RCMP OFFICER IN MANITOBA—GOVERNMENT ACTION TO AVOID SITUATION RECURRING

Mr. Craig Stewart (Marquette): Mr. Speaker, I would like to direct a question to the acting Solicitor General or the Minister of Justice. Is the Solicitor General in communication with the commissioner of the RCMP regarding the tragic affair in Manitoba, and has he any comforting information to give to the House?

Hon. Ron Basford (Minister of Justice): Mr. Speaker, the Solicitor General is in communication with the commissioner regarding the situation in Manitoba, which at the moment appears to be stable. I am sure the hon. member and this House join me in expressing sympathy to the family of Constable Onofrey who died in the course of his duty of protecting society as a police officer.

Some hon. Members: Hear, hear!

Mr. Basford: The special emergency unit of the RCMP is in control of the situation. I do not think I can report very much more at this point.

* * *

CAPITAL PUNISHMENT

REQUEST FOR REINSTATEMENT

Mr. A. D. Alkenbrack (Frontenac-Lennox and Addington): Mr. Speaker, I have a question for the Minister of Justice. Since the legislation of this government abolishing capital punishment has obviously resulted in an increase in capital murder—

An hon. Member: That is not true; the rate has gone down.

Mr. Alkenbrack: —particularly the murder of police officers, will the minister immediately bring in legislation amending the Criminal Code to reinstate capital punishment, which is the ultimate, permanent and effective deterrent to capital crime?

An hon. Member: Boo!

An hon. Member: Nonsense.

Hon. Ron Basford (Minister of Justice): Mr. Speaker, I have already indicated the answer to that question, which is no. I have made recommendations to my colleagues, and they have been accepted, that in the next round of Criminal Code amendments upon which I am working the penalty for abduction be increased.

* * *

NATIONAL DEFENCE

INSTRUCTIONS TO AIRCREWS AS TO DISPOSAL OF DEBRIS FROM SOVIET SATELLITE

Hon. Alvin Hamilton (Qu'Appelle-Moose Mountain): Mr. Speaker, my question is to the Minister of National Defence. In view of the fact that the Canadian government has accepted the suggestion of the American government to let American planes fly in Canadian air space, has the minister given specific instructions to aircrews and to those in charge of the aircrews that when and if debris is found, it is solely under Canadian sovereignty and only Canadians will examine it?

Hon. Barney Danson (Minister of National Defence): Mr. Speaker, those instructions are not necessary. That is understood. The aircraft which are coming from the United States are being staged out of Edmonton at our regional control centre which is under the control of our air command. It is likely that the surveillance pods which will be used will be on our Hercules aircraft. That is not certain at this moment, but they will be under Canadian control. The high surveillance aircraft will be operating out of the same centre. Control is the responsibility of our own command and our sovereignty is, of course, fully recognized.

Mr. Hamilton (Qu'Appelle-Moose Mountain): Am I to understand that if debris is found, under no circumstances will representatives of a foreign power be allowed to examine it? Is that instruction very clear? The minister said it is understood. Is it absolutely understood and made very clear in the instructions?

Mr. Danson: Mr. Speaker, they are operating under our control. We are not dealing with a belligerent power; we are dealing with people who are working with us. I cannot give the assurance that they will not be allowed to look or touch. If they can be of assistance to us in this role, of course, that assistance will be accepted. However, no specific instructions have been given by me. If it would make the hon. member feel any better, I would be pleased to give them. But that is not the object of the operation; the object of the operation is to reduce the amount of damage that can be done to Canadians, to our environment and to our wildlife.

* * *

ENVIRONMENTAL AFFAIRS

GOVERNMENT PLANS TO CLEAN UP OIL SPILLS

Mr. Benno Friesen (Surrey-White Rock): Mr. Speaker, my question is to the Minister of State (Environment). In the months of October and November of 1974 I posed a series of questions to the former minister of the environment and asked for the tabling of contingency plans in the event of a major oil spill on the west coast. The former minister assured me, as recorded in *Hansard* of November 6, 1974, that plans in the Vancouver area were very adequate and, in fact, computerized. Now I find that a consultant to the GVRD says that no government agency is capable of a major oil clean-up. Can the minister explain the disparity in those two accounts?

Hon. Len Marchand (Minister of State (Environment)): Mr. Speaker, it would take a little more time than I am allowed in the question period to explain that matter. Perhaps the consultant means that no single agency is capable of handling any major oil spill. We work with the United States, the Department of National Defence and a number of other groups in dealing with major oil spills and with the supply of materials. I assure the hon. member that we can deal effectively and quickly with oil spills on the west coast, and on the east coast as well.

Mr. Friesen: Mr. Speaker, the consultant also said that these plans are merely policy guidelines and are not active plans. Can the minister explain that?

Mr. Marchand: I have not read this particular consultant's report. I will look at it. We have plans.

An hon. Member: Have you read them?

● (1502)

Mr. Marchand: On occasions when we have had to put them to the test, such as the Stevenson oil spill and others, we have shown that we can deal effectively with oil spills; perhaps not as adequately or perfectly as we would like, but we have a pretty good capability.

ROUTINE PROCEEDINGS

[*Translation*]

NATIONAL RESOURCES AND PUBLIC WORKS

Mr. Fernand E. Leblanc (Laurier): Mr. Speaker, I have the honour to table the first report of the Standing Committee on National Resources and Public Works and, with the consent of the House, I intend to move its adoption some time today.

* * *

ELECTORAL BOUNDARIES READJUSTMENT ACT

AMENDMENT TO CHANGE NAME OF RIDING OF SAINT-HENRI

Mr. Gérard Loiselle (Saint-Henri) moved for leave to introduce Bill C-415, respecting the Electoral Boundaries Readjustment Act (Saint-Henri-Westmount).

He said: Mr. Speaker, the purpose of this bill is to have the name of the Saint-Henri riding changed to that of Saint-Henri-Westmount. The reasons for adding the name of Saint-Henri- to that of Westmount date back to the seventeenth century. The Saint-Henri area was already in existence and is an integral part of the history of Montreal.

Moreover, we must pay particular attention to the industrious population of the Saint-Henri, some 23,000 strong, which is delighted to join the new Westmount riding.

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

* * *

WAYS AND MEANS

INCOME TAX ACT

Hon. Jean Chrétien (Minister of Finance) moved that a ways and means motion to amend the Income Tax Act, laid upon the table on Monday, January 23, 1978, be concurred in.

Mr. Speaker: Does the House agree with such a motion?

Motion agreed to.

Order Paper Questions

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are marked by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today: Nos. 110, 111, 164, 200, 219, 296, 330, 331, 334, 361, 449, 455, 459, 477, 547, 558, 695, 708, 755, 899, 909, 924, 977 and 978.

[*Text*]

PERCENTAGE OF CONSUMER EXPENDITURE ON FARM PRODUCED FOOD

Question No. 110—**Mr. Herbert:**

In each of the past five years, what percentage of consumer expenditure on Canadian farm produced food was (a) farm value (b) marketing costs?

Mr. Bernard Loiselle (Parliamentary Secretary to Minister of Industry, Trade and Commerce): Statistics Canada does not collect data on the farm value and marketing costs as a percentage of consumer expenditure on Canadian farm produced food.

PERCENTAGE OF DISPOSABLE INCOME EXPENDED ON FARM PRODUCED FOOD

Question No. 111—**Mr. Herbert:**

1. In each of the past five years, what was the percentage of personal disposable income expended by the consumer on Canadian farm produced food?

2. For the last year for which figures are available, what were the comparable percentages in (a) the United States (b) Great Britain (c) France?

Mr. Bernard Loiselle (Parliamentary Secretary to Minister of Industry, Trade and Commerce): 1. Statistics Canada does not collect data on the percentage of personal disposable income expended on Canadian farm produced food.

2. Not available.

AR-15 SEMI-AUTOMATIC RIFLE

Question No. 164—**Mr. Friesen:**

1. Did the Minister of Justice, through joint consultation with the RCMP and various police forces in Canada, have the AR-15 semi-automatic rifle placed on the restricted weapons list by Order-in-Council, effective April 1, 1977 and, if so, for what reason?

2. Was the AR-15 specifically designed and manufactured for use by U.S. troops during the Vietnam War?

3. Did the Canadian Penitentiary Service order and receive some eight hundred and twenty-two, .223 calibre AR-15 from Colt Firearms of Hartford Connecticut and, if so (a) for what reason (b) what, if any, were the required specifications (c) for what reason was CPS exempted from the April 1, 1977 Order-in-Council?

4. Is there another weapon that meets CPS specifications and is not on the list of restricted weapons?

5. What are the technical and ballistic characteristics of the AR-15?

6. (a) How many AR-15 are presently stocked by all government agencies (b) what is the breakdown by agency?

7. Does any government agency or department have immediate plans for purchasing further AR-15's and, if so, which agencies and departments and in what quantities?

Order Paper Questions

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): I am informed by the Departments of Justice, National Defence and the Ministry of the Solicitor General as follows: 1. Yes. This decision was taken by the government because it is of the view that the AR-15 has no legitimate sporting use and is closely modelled along military lines. It was felt that weapons of this kind should not be readily available to anyone, and that control should be exercised over those who possess them.

2. The Department of Justice is informed that the AR-15 is the commercial predecessor of the Colt M-16 and M-16A1 rifles, both of which are fully automatic weapons developed from the AR-15 design and manufactured for the use of U.S. troops during the Vietnam war.

3. Yes. It is pointed out, however, that the name of supplying firm is Colt Industries, not Colt Firearms. (a) To meet an objective in standardization. (b) Requirements were for a semi-automatic rifle capable of withstanding rigorous handling, rather simple to operate and service, lightweight, convertible to calibre .22 inches for training with a resulting economy for ammunition, and medium range. (c) At the time of purchase the Colt AR-15 was not on the list of restricted weapons.

4. Not within the context of the requirements as laid out in 3 (b).

5. The technical and ballistic characteristics of the Colt AR-15 are as follows: Calibre—.223 (Remington); Barrel—20 inches; Weight—7¼ pounds; Length—38⅜ inches overall; Stock—reinforced polycarbonate with buttstock stowage compartment; Sights—front: post, rear: adjustable for wind and elevation; Magazine—5-round detachable record pad; Muzzle velocity—3,250 feet per second; Muzzle energy—1,280 feet per pound; Flash suppressor, sling and swivels.

6. (a) See Part 6 (b). (b) National Defence—2; Canadian Penitentiary Service—822.

7. The Canadian Penitentiary Service will be purchasing additional quantities of this rifle as new major institutions come into operation; this will occur in 1978 and subsequent years. National Defence—No.

CRTC—PERSONS UNDER CONTRACT

Question No. 200—**Mr. McKenzie:**

1. What is the total number of persons under contract to the Canadian Radio-television and Telecommunications Commission and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Mr. C. Douglas (Parliamentary Secretary to Minister of Communications): The Canadian Radio-television and Telecommunications Commission (CRTC) has submitted the following:

1. The total number of persons under contract to the CRTC is fifteen (15) as of October 20, 1977. Of these, none are retired public servants.

[Mr. Friesen.]

2.

Fiscal Year	Total amount paid for contracts
1974-1975	$ 313,786.00
1975-1976	$ 480,869.00
1976-1977	$ 375,689.00

Of these amounts, nothing was paid to retired public servants.

FEDERAL BUSINESS DEVELOPMENT BANK—PERSONS UNDER CONTRACT AND SALARIES

Question No. 219—**Mr. McKenzie:**

1. What is the total number of persons under contract to the Federal Business Development Bank and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Mr. Bernard Loiselle (Parliamentary Secretary to Minister of Industry, Trade and Commerce): 1. Thirty-two persons were under contract with the Federal Business Development Bank as CASE Co-ordinators and Assistant Co-ordinators at October 31, 1977. Two of those are retired public servants.

2. (a) The FBDB did not come into existence until October 2, 1975. (b) The FBDB does not, as a matter of policy, publish salaries paid to individuals or small group of persons. The annual reports of the bank for the fiscal years ended March 31, 1976 and 1977 show total salaries and employee benefits for Management Services (which includes all CASE Co-ordinators and Assistant Co-ordinators) as $462,345 in 1976 and $2,033,992 in 1977.

COMMISSION OF INQUIRY INTO BILINGUAL AIR TRAFFIC SERVICES—PRIVATE EMPLOYMENT AGENCIES

Question No. 296—**Mr. McKenzie:**

1. Has the Commission of Inquiry into Bilingual Air Traffic Services in Quebec obtained (a) part-time (b) full-time employees from private employment agencies in (i) British Columbia (ii) Alberta (iii) Saskatchewan (iv) Manitoba (v) Ontario (vi) Quebec (vii) New Brunswick (viii) Nova Scotia (ix) Prince Edward Island (x) Newfoundland and, if so, in each case, how many?

2. Are such employees paid from supplementary estimates and, if not, from what estimates are they paid?

3. By province, what was the (a) average hourly rate paid to employment agencies (b) average hourly rate paid to employees (c) total amount paid by the Commission of Inquiry into Bilingual Air Traffic Services in Quebec?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): 1. (a) Ontario—1; (b) Nil.

2. Main Estimates.

3. (a) $7.50; (b) Not known; (c) (i) 1975-76—Not applicable; (ii) 1976-77—$22.50

PRIVY COUNCIL OFFICE—PRIVATE EMPLOYMENT AGENCIES

Question No. 330—**Mr. McKenzie:**

1. Has the Privy Council Office obtained (a) part-time (b) full-time employees from private employment agencies in (i) British Columbia (ii) Alberta (iii) Saskatchewan (iv) Manitoba (v) Ontario (vi) Quebec (vii) New Brunswick (viii) Nova Scotia (ix) Prince Edward Island (x) Newfoundland and, if so, in each case, how many?

2. Are such employees paid from supplementary estimates and, if not, from what estimates are they paid?

3. By province, what was the (a) average hourly rate paid to employment agencies (b) average hourly rate paid to employees (c) total amount paid by the Privy Council Office in (i) 1975 (ii) 1976?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): 1. (a) Ontario—80; (b) Nil.

2. Main Estimates.

3. (a) $8.22; (b) Not known; (c) i) 1975-76—$126,128.77; ii) 1976-77—$139,659.53.

OFFICE OF THE PRIME MINISTER—PRIVATE EMPLOYMENT AGENCIES

Question No. 331—**Mr. McKenzie:**

1. Has the Office of the Prime Minister obtained (a) part-time (b) full-time employees from private employment agencies in (i) British Columbia (ii) Alberta (iii) Saskatchewan (iv) Manitoba (v) Ontario (vi) Quebec (vii) New Brunswick (viii) Nova Scotia (ix) Prince Edward Island (x) Newfoundland and, if so, in each case, how many?

2. Are such employees paid from supplementary estimates and, if not, from what estimates are they paid?

3. By province, what was the (a) average hourly rate paid to employment agencies (b) average hourly rate paid to employees (c) total amount paid by the Office of the Prime Minister in (i) 1975 (ii) 1976?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): 1. (a) Ontario—54; (b) Nil.

2. Main Estimates.

3. (a) $7.44; (b) Not known; (c) (i) 1975-76—$31,018.81; (ii) 1976-77—$59,579.09.

ROYAL COMMISSION ON CORPORATE CONCENTRATION—PRIVATE EMPLOYMENT AGENCIES

Question No. 334—**Mr. McKenzie:**

1. Has the Royal Commission on Corporate Concentration obtained (a) part-time (b) full-time employees from private employment agencies in (i) British Columbia (ii) Alberta (iii) Saskatchewan (iv) Manitoba (v) Ontario (vi) Quebec (vii) New Brunswick (viii) Nova Scotia (ix) Prince Edward Island (x) Newfoundland and, if so, in each case, how many?

2. Are such employees paid from supplementary estimates and, if not, from what estimates are they paid?

3. By province, what was the (a) average hourly rate paid to employment agencies (b) average hourly rate paid to employees (c) total amount paid by the Royal Commission on Corporate Concentration in (i) 1975 (ii) 1976?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): 1. (a) Ontario—32; (b) Nil.

2. Main Estimates.

3. (a) $6.59; (b) Not known; (c) (i) 1975-76—$10,134.03; (ii) 1976-77—$21,607.01.

CBC—MAIL ORDER BUSINESS FOR RECORDINGS

Question No. 361—**Mr. Schumacher:**

1. Does CBC operate a mail order business for recordings by Canadian artists and, if so, who is responsible for the operation and how long has it been in operation?

2. Is the operation strictly for the promotion of Canadian Artists?

3. By year, since the commencement of the operation, how many (a) artists have been recorded (b) records of each artist were made for sale (c) requests were received for recordings and how many were (i) shipped (ii) returned (iii) paid for?

4. By year, since the commencement of the operation, what was the cost of (a) recording the artists (b) preparing the records for sale (c) preparing, publishing and distributing a mail-order catalogue (d) distributing the records?

5. (a) How many mail order outlets are there in (i) Canada (ii) the United States (iii) other countries (b) what was the total (i) revenue (ii) expense involved, by year, since commencement of the operation in each country where facilities existed?

Hon. John Roberts (Secretary of State): I am informed by the Canadian Broadcasting Corporation as follows: 1. Yes. The service, within the Learning Systems section of the CBC, is known as the Canadian Collection and began in January, 1973. It is operated by the Marketing Department of the CBC's English Services Division, in cooperation with the French Services Division and Radio Canada International.

2. The service, which uses the same master-discs that are used to make recordings for on-air use, is intended to promote the efforts of Canadian performers and composers.

3.

(a) Recorded in:	1972-3/4	1974/75	1975/76	1976/77
Solo	22	25	16	20
Choir	2	5	6	3
Orchestras and Ensembles	33	41	34	46

(b) The number of recordings pressed from each master varies, but the average number is 142 per artist or group. (c) Albums ordered, shipped and paid for: 1972/73, 1,199; 1973/74, 3,379; 1974/75, 8,427; 1975/76, 8,006; 1976/77, 6,383. Since the beginning of the Canadian Collection, a total of 128 recordings have been returned to the CBC by customers. These were returned because of manufacturing defects and were all replaced at no cost to the customer.

4. (a) Since the original recordings are made for program use, their production cost is part of the appropriate program budget and is not charged to the Canadian Collection. (b) 1972/73, $1,873; 1973/74, $2,863; 1974/75, $8,994; 1975/76, $13,808; 1976/77, $14,665. (c) 1972/73, $4,500; 1973/74, $3,380; 1974/75, $6,716; 1975/76, $4,550; 1976/77, $7,735. (d) The cost of mailing albums is charged to the customer.

5. (a) Toronto is the warehousing and mailing point for all orders.

(b)	(i)	(ii)*
1972/73	$ 5,995.00	11,800.00
1973/74	$10,100.00	17,680.00
1974/75	$27,773.00	23,016.00
1975/76	$30,486.00	24,850.00
1976/77	$35,653.00	29,035.00

* These expenses represent direct costs only and do not include indirect (overhead) expenses, such as office staff who work on other projects within the Learning Systems section and whose duties include looking after the Canadian Collection.

FEDERAL EXPENDITURES IN CONSTITUENCY OF NEW WESTMINSTER

Question No. 449—**Mr. Leggatt:**

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

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): In so far as the Department of Fisheries and the Environment is concerned: 1970-71, *; 71-72, *; 72-73, $66,166; 73-74, $89,479; 74-75, $173,807; 75-76, $213,289; 76-77, $258,864; 77-78** $120,265; Total, $921, 870.

* Expenditures not available by constituency for fiscal years 1970-71 and 1971-72.

** To October 31, 1977.

In so far as the Freshwater Fish Marketing Corporation is concerned: Nil.

In so far as the Canadian Saltfish Corporation is concerned: Nil.

In so far as the Fisheries Prices Support Board is concerned: Nil.

AMOUNT SPENT BY MSUA AND REPORTING AGENCIES SINCE 1970 IN NEW WESTMINSTER CONSTITUENCY

Question No. 455—**Mr. Leggatt:**

In each fiscal year since 1970, what amount was spent in the Constituency of New Westminster by the Ministry of State for Urban Affairs and those agencies that report to it?

Hon. André Ouellet (Minister of State for Urban Affairs): I am advised that the following applies with respect to Central Mortgage and Housing Corporation:

NHA Activity, New Westminster, 1970—September, 1977

Program and NHA Section		1970(2)				1971(2)				1972(2)				1973(2)			
		Loans	Units	Hostel Beds	$000	Loans	Units	Hostel Beds	$000	Loans	Units	Hostel Beds	$000	Loans	Units	Hostel Beds	$000
Housing(1)																	
Private Mortgage Market																	
Approved Lenders	6	4	4	—	61	63	64	—	1,086	106	109	—	2,000	185	186	—	4,080
CMHC—Assisted Homeowner	34.15	—	—	—	—	—	—	—	—	—	—	—	—	3	3	—	90
Social Housing—Loans																	
Co-operatives	34.18	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Non-Profit	15.1	—	-80(4)	86	101	—	—	—	—	—	—	—	—	—	—	—	—
Social Housing Investments																	
F/P Rental Housing	40	1	101	—	977	—	—	—	—				69(5)				-69(4)
Community Revitalization—Loans																	
Residential Rehabilitation	34.1	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Community Revitalization—Grants																	
Neighbourhood Improvement	27.2	—			—	—			—	—			—	—			—
Infrastructure—Loans																	
Water and Sewerage Projects	51	—			—	—			—	2			1,571	—			—
Other—Grants																	
Start-Up Funds	37.1	—			—	—			—	—			—	6			31

Program and NHA Section		1974(2)				1975(2)				1976(3)				January-September, 1977(3)			
		Loans	Units	Hostel Beds	$000	Loans	Units	Hostel Beds	$000	Loans	Units	Hostel Beds	$000	Loans	Units	Hostel Beds	$000
Housing(1)																	
Private Mortgage Market																	
Approved Lenders		193	195	—	5,735	135	137	—	4,837	221	525	—	16,950	121	485	—	16,099
CMHC—Assisted Homeowner		18	18	—	629	—	—	—	—	—	—	—	—	—	—	—	—
Social Housing—Loans																	
Co-operatives		—	—	—	—	1	42	—	985	—	—	—	—	—	—	—	—
Non-Profit		1	—	6	29	2	189	8	3,145	1	129	—	2,890	—	—	—	—
Social Housing Investments																	
F/P Rental Housing		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Community Revitalization—Loans																	
Residential Rehabilitation		26	26	—	87	89	89	—	248	128	133	—	389	104	118	—	367
Community Revitalization—Grants																	
Neighbourhood Improvement		2			408	1			98	1			28	—			—
Infrastructure—Loans																	
Water and Sewerage Projects					-161(4)	—			—	—			—	1			950
Other—Grants																	
Start-Up Funds		1			10	1			6	—			—	—			—

(1) New and existing housing.
(2) Data are net.
(3) Data are gross.
(4) Reduction in a loan initially approved in an earlier year.
(5) Increase in a project initially approved in an earlier year.

[Mr. Roberts.]

NOTE 1: The calendar year is the fiscal year of CMHC.

NOTE 2: Data compiled by CMHC on activity under the National Housing Act are based on municipalities and census divisions and sub-divisions in British Columbia.

I am informed by the National Capital Commission as follows: Nil.

In so far as the Ministry of State for Urban Affairs is concerned: Nil.

FEDERAL EXPENDITURES IN NEW WESTMINSTER CONSTITUENCY

Question No. 459—**Mr. Leggatt:**

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

Hon. J.-Gilles Lamontagne (Minister Without Portfolio): The Department of Energy, Mines and Resources reports as follows: EM&R's financial information system is designed to provide a breakdown of expenditures by province and territory only. However, EM&R can supply the following estimated amounts: 1970-71, nil; 1971-72, nil; 1972-73, $1,500; 1973-74, nil; 1974-75, $11,000; 1975-76, $10,500; 1976-77, $13,500; 1977-78, $4,000. Atomic Energy Control Board, National Energy Board, Atomic Energy of Canada Limited and Uranium Canada Limited report as follows: 1970-71 to 1977-78, nil.

CANADIAN PACIFIC COMPANY LIMITED

Question No. 477—**Mr. Rondeau:**

1. How many shareholders does the Canadian Pacific Company Limited have?

2. What is the amount of capital subscribed by the (a) shareholders (b) public?

3. Does CP have any foreign holdings and, if so (a) where (b) what is their value?

4. In 1976, what was the turnover of the company and its subsidiaries (a) in Canada (b) abroad?

5. Where is the head office of the company?

6. During the past ten years, did the company and its Canadian subsidiaries pay any Federal income tax and, if so, what was the amount for each year?

Mr. Yvon Pinard (Parliamentary Secretary to President of the Privy Council): See Beauchesne, Citation 171 (dd).

BRUCELLOSIS

Question No. 547—**Mr. Rondeau:**

1. From 1968 to date, did the government pay indemnities for losses caused by brucellosis and, if so, what was the amount each year for (a) Canada (b) each province (c) each constituency in Quebec?

2. For each year since 1968, did the government pay fees for professional services rendered by veterinarians for the care of animals afflicted by brucellosis and, if so, what was the amount for (a) Canada (b) each province (c) each constituency in Quebec?

3. How many animals afflicted by brucellosis died during the past ten years in (a) Canada (b) Quebec?

4. What are the names of the one hundred breeders who incurred the largest losses due to brucellosis in (a) Canada (b) Quebec?

5. For each year since 1968, by province, how many deaths due to brucellosis were registered?

Hon. E. F. Whelan (Minister of Agriculture): 1. Yes. (a) and (b) See Statement A. (c) Records are not maintained in a manner which readily allows for the preparation of the information requested. The compilation of the information would result in an excessive delay in replying to the question.

2. Fees for professional services rendered by veterinarians for the care of animals afflicted by brucellosis are the responsibility of the owner of the animals.

3. (a) and (b) Deaths from brucellosis are minimal, but to prevent dissemination of this disease, animals were ordered destroyed as outlined in Statement B.

4. See 1(c).

5. Deaths due to brucellosis are not registered.

Statement A

Compensation Awarded for Brucellosis

Province	1968-69	1969-70	1970-71	1971-72	1972-73	1973-74	1974-75	1975-76	1976-77	1977-78*
Newfoundland	—	105.00	120.00	303.60	—	—	—	500.00	—	
Prince Edward Island	—	—	—	—	—	—	1,400.00	1,300.00	1,348.00	1,304.00
Nova Scotia	358.74	694.00	—	174.00	198.00	230.00	928.00	451.00	600.00	624.52
New Brunswick	65.00	198.00	—	382.00	—	111.00	898.00	846.00	1,056.55	179.80
Quebec	144,965.26	147,389.08	171,643.87	74,795.76	49,718.25	110,295.56	337,744.60	561,887.88	1,327,403.83	708,942.56
Ontario	61,493.68	28,385.32	25,220.55	31,165.88	31,115.54	240,703.19	1,261,589.44	2,080,340.85	3,000,628.64	1,691,088.27
Manitoba	23,627.54	33,664.01	70,853.38	58,641.48	64,505.38	124,532.95	267,548.55	736,934.85	815,899.02	469,254.11
Saskatchewan	28,201.76	93,751.59	120,056.25	217,929.41	286,849.66	539,903.07	811,096.23	571,264.85	1,085,523.17	284,304.02
Alberta	11,639.36	20,584.81	21,443.10	22,505.00	40,478.05	237,078.97	496,939.26	99,644.93	847,195.60	507,279.81
British Columbia	4,609.00	877.50	306.00	94.00	575.00	24,041.25	44,568.10	280,145.72	384,116.26	78,704.42
Canada	274,960.34	325,399.31	409,643.15	405,991.13	473,439.88	1,276,895.99	3,222,712.18	4,333,316.08	7,463,771.07	3,741,681.51

*April 1, 1977 to October 31, 1977

Order Paper Questions

Statement B

Number of Animals Slaughtered for Brucellosis

Province	1968-69	1969-70	1970-71	1971-72	1972-73	1973-74	1974-75	1975-76	1976-77	*1977-78
Newfoundland	—	1	1	1	—	—	—	3	—	—
Prince Edward Island	—	—	—	—	—	—	7	5	5	2
Nova Scotia	4	7	—	1	2	2	5	1	1	4
New Brunswick	1	2	—	4	—	1	4	3	7	1
Quebec	2,089	1,495	1,695	733	456	814	1,695	2,707	5,879	2,672
Ontario	787	269	231	270	248	1,501	6,136	5,093	12,208	6,348
Manitoba	354	304	679	553	559	898	1,402	4,145	4,270	2,035
Saskatchewan	389	885	1,078	2,033	2,483	4,029	4,330	3,090	5,620	2,241
Alberta	184	213	205	217	361	1,509	2,270	4,568	4,571	2,636
British Columbia	52	9	3	1	3	97	136	1,901	2,202	223
Canada	3,860	3,185	3,892	3,813	4,112	8,851	15,985	21,516	34,763	16,162

*April 1, 1977 to October 31, 1977

SERVICES PERFORMED BY LAWYERS AND LAW FIRMS IN VICTORIA CONSTITUENCY

Question No. 558—**Mr. McKinnon:**

What were the names and addresses of all lawyers and law firms in the Constituency of Victoria, British Columbia, who performed services during (a) 1975 (b) 1976 for the Canadian Radio-Television Commission and, in each case, what was the total amount paid?

Mr. C. Douglas (Parliamentary Secretary to Minister of Communications): The Canadian Radio-television and Telecommunications Commission informed us that the answer is "nil".

OUTSIDE CONSULTANTS

Question No. 695—**Mr. Howie:**

From January 1, 1977 to date, did the Department of Agriculture hire outside consultants and, if so, how many?

Hon. E. F. Whelan (Minister of Agriculture): Yes, 47.

FEES PAID BY FARM CREDIT CORPORATION TO OUTSIDE LAWYERS IN FREDERICTON, N.B.

Question No. 708—**Mr. Howie:**

Since April 1, 1976, what amount was paid by the Farm Credit Corporation to outside lawyers practising in Fredericton, New Brunswick and to whom were such payments made?

Hon. E. F. Whelan (Minister of Agriculture): The Farm Credit Corporation advises: Nil.

NUMBER OF MOBILE HOMES ACCEPTED AS MORTGAGE SECURITY BY CMHC SINCE JANUARY 1, 1977

Question No. 755—**Mr. Howie:**

Since January 1, 1977, have any mobile homes been accepted as mortgage security by CMHC?

Hon. André Ouellet (Minister of State for Urban Affairs): I am advised as follows by Central Mortgage and Housing Corporation: In the first nine months of 1977, CMHC has approved insured loans on mobile homes, made by approved lenders, for 47 units totalling $1.7 million. It has also approved one direct loan for $29,000.

[Mr. Whelan.]

MR. LAWRENCE D. A. HAYWARD, R.R. 1, ELGIN, ONTARIO

Question No. 899—**Mr. Cossitt:**

1. Since 1960, how many times has Mr. Lawrence D. A. Hayward, R.R. 1, Elgin, Ontario, applied for a Canada Council grant and, in each case (a) what were the amounts requested (b) on what dates were the applications made and were they refused and, if so, for what reason (c) for what reason were the grants requested?

2. Is the Canada Council aware that Mr. Hayward, Curator of Alpha Gallery, has carried out extensive documented research on the biographies of Canadian Sculptors and that some of his research was purchased by the National Archives?

3. Did the Canada Council approve a grant for the research of the biographies of Canadian Sculptors and, if so (a) what is the name and address of the person receiving such grant (b) in what amount (c) on what date (d) for what reason was such a grant approved when the material is already available in documented form from Mr. Hayward?

4. Is it government policy to spend taxpayers money for research into material that is already available?

Hon. John Roberts (Secretary of State): I am informed by the Canada Council as follows: 1. and 2. The Canada Council's policy is to consider applications for grants or awards as confidential to protect the privacy of applicants.

3. Two such grants were awarded under the Council's Explorations program (a) Frances Gage, Toronto, and Guy-Marc Fournier, Roberval, Qué. (b) $8,000 and $6,200 (c) May 1977 and July 1977 (d) Miss Gage was awarded a grant for an inventory of the works of the late Toronto sculptors Loring and Wyle. No such inventory had ever been made. Miss Gage has been a sculptor and teacher of sculpture for 20 years and was a close friend of Loring and Wyle. Her application, endorsed by three referees, was one of 24 recommended by a six member regional jury in a competition that drew 172 applicants. Mr. Fournier, whose project was to produce a book on the sculptors of Saint-Jean-Port-Joli, Québec, was one of 19 applicants recommended, out of a total of 126.

4. The Canada Council, before supporting any research project, requires evidence of originality.

POST OFFICE CALENDAR

Question No. 909—**Mr. Howie:**

What was the total cost of producing the 1978 post office calendar and how many copies were produced?

Hon. J.-J. Blais (Postmaster General): Actual cost figures are not yet available for the 1978 Calendar. The estimated cost totals $182,282. This includes all facets of the calendar, creative production, printing, and distribution. 816,000 copies.

PHARMACEUTICAL PRODUCTS

Question No. 924—**Mr. Herbert:**

For each of the past ten years, what was the total value of (a) imported (b) exported pharmaceutical products?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Statistics Canada reports that: Statistics for each of the past ten years on imports and exports of medicinal and pharmaceutical products are shown on the table below:

	Imports ($000)	Exports ($000)
1967	51,837	17,579
1968	53,092	17,089
1969	66,898	22,476
1970	79,794	25,667
1971	80,530	24,599
1972	94,474	29,321
1973	109,855	38,990
1974	144,616	40,824
1975	167,381	44,406
1976	173,176	43,747

MINISTERS OF STATE FOR SCIENCE AND TECHNOLOGY

Question No. 977—**Mr. Howie:**

Since October 30, 1972, what are the names of the Ministers of Science and Technology and on what date did each assume and relinquish his/her post?

Mr. Yvon Pinard (Parliamentary Secretary to President of the Privy Council): Hon. Alastair William Gillespie, August 12, 1971—November 26, 1972; Hon. Jeanne Sauvé, November 27, 1972—August 7, 1974; Hon. Charles Mills Drury, August 8, 1974—September 14, 1976; Hon. James Hugh Faulkner, September 15, 1976—September 15, 1977; Hon. J. Judd Buchanan, September 16, 1977.

SECRETARY OF MINISTRY OF STATE FOR SCIENCE AND TECHNOLOGY

Question No. 978—**Mr. Howie:**

Since October 30, 1972, what are the names of the Deputy Ministers of Science and Technology and on what date did each assume and relinquish his/her post?

Mr. Yvon Pinard (Parliamentary Secretary to President of the Privy Council): Dr. Aurèle Beaulnes, Sept. 1, 1971—Sept. 8, 1974; Dr. J. Maurice LeClair, Sept. 9, 1974—Dec. 14, 1976; Mr. L. Denis Hudon, Jan. 1, 1977.

QUESTION PASSED AS ORDER FOR RETURN

Mr. Yvon Pinard (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, if question No. 768 could be made an order for return, this return would be tabled immediately.

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

[*Text*]

STATISTICS CANADA CATALOGUE NO. 71-001P

Question No. 768—**Mr. Lambert (Bellechasse):**

With reference to page 23 of Statistics Canada Catalogue No. 71-001P concerning the Canadian labour force and indicating the employment and unemployment rates by region, what is the meaning of the (a) numbers 41 to 49 for Quebec (b) letters BCDE following the labour force percentage (c) letters EFGH following the unemployment rate?

Return tabled.

* * *

INCOME TAX ACT

AMENDMENT TO ESTABLISH EMPLOYMENT TAX CREDIT PROGRAM

Hon. Jean Chrétien (Minister of Finance) moved for leave to introduce Bill C-23, to amend the Income Tax Act and establish the employment tax credit program.

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

Mr. Speaker: When shall this bill be read the second time? At the next sitting of the House?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

ANTI-INFLATION ACT

AMENDMENT TO EXTEND RANGE OF PERSONS TO WHOM ANTI-INFLATION GUIDELINES APPLY

Hon. Jean Chrétien (Minister of Finance) moved that Bill C-18, to amend the Anti-Inflation Act and guidelines, be read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs.

He said: Mr. Speaker, Bill C-18 is now before the House for second reading. Some of the amendments in this bill are for housekeeping purposes and have been required for some time. Others are needed to ensure that the decontrol process will be orderly.

Controls were never intended to be permanent since this government does not believe in excessive intervention in the market place. Last October I announced that a phased process of decontrol would begin on April 14 of this year. We believe that this date will ensure that wage and price controls will be in place for the right length of time. Most groups and firms will remain subject to the guidelines until the last quarter of 1978.

The recent high rates of increase in inflation have resulted mainly from food prices and the depreciation of the exchange rate. I am confident that almost all of the impact of these developments is now behind us and that inflation will trend downward during 1978. Wage increases have been coming in at more reasonable levels and the AIB's price prenotification program is indicating only moderate changes.

Part of our progress is being made by a shift in attitudes. There is now a widespread recognition that we cannot expect the economy to deliver the large increases in real income which we enjoyed in the easy times of the 1960s and early 1970s. There is a better understanding of our goals and priorities and, in particular, of the difficulties involved in maintaining a competitive international trading position.

[*Translation*]

Our prospects are improving with regard to salary costs. The number of work days lost as a result of strikes decreased considerably last year. Union leaders have indicated that wage claims will be reasonable after April 14. All understand that unrealistic demand will only tend to reduce job creation or lead to the disappearance of existing ones. Public authorities, at every level, are showing more discipline than a few years ago.

Various new steps are being taken, as we near the phasing-out of controls. Our wage policy will guarantee that the state, as an employer, will not provoke in the private sector such wage increases as might be likely to stir a flare up in wages and prices. The federal-provincial conference of the finance ministers, to be held this week will give me a chance to broach this subject with my provincial counterparts, as well as with the President of the Treasury Board (Mr. Andras) in the hope that a similar policy might be implemented throughout the public sector.

I plan to announce in the near future the details of the setting up of a control body whose main mission will be to see to it that all groups remain aware of the ravages of inflation, and draw attention to such inflationary elements as may exist.

[*English*]

Let me now turn to the specific clauses of this bill. Two of the amendments relate to the decontrol process. The first of these was introduced last summer. It would deem compensation plans to be amended in line with a recommendation of the AIB or an order of the administrator. Without this amendment, groups would probably be entitled to the negotiated level of wages as soon as controls cease to apply.

The other deals with administration in the transition period and prevents the use of what are known as AIB clauses. As the act now stands, no action can be taken against those firms or groups who have not reported early enough to allow a binding order to be issued by the administrator prior to December 31, 1978. This situation is clearly unsatisfactory and inequitable. This amendment would ensure that reports would be filed for the period covered by controls and allow the AIB, the administrator and the Anti-Inflation Appeal Tribunal to remain in operation as long as necessary to enforce compliance in respect of the controls period.

• (1512)

With respect to the "AIB clauses", the amendment will prevent the use of clauses which call for a higher entitlement to compensation as soon as the group is no longer covered by controls. It is designed to build in further restraint against a possible wage bulge.

All but one of the remaining amendments were introduced in Bill C-59 last summer. To review an order in council, which brought various groups that bargain in association under mandatory controls, would be backdated to December 16, 1975. A time limit would be imposed for parties referring a matter to the administrator following a notification from the AIB. The authority of the administrator to issue orders dealing with past or current contraventions of the guidelines would be clarified. Cabinet would be given adequate time to deal with petitions from parties affected by an order of the administrator. The remaining amendment, introduced for the first time, would clarify the definition of compensation plans.

[*Translation*]

Hon. members in this House will surely see the importance of this bill. It is therefore imperative that we proceed with its study without delay if we want the controls to be lifted in an orderly fashion. Let us not forget that we have little time left before phasing out of the controls begins.

[*English*]

Mr. Bill Clarke (Vancouver Quadra): Mr. Speaker, I was intrigued by the remarks of the Minister of Finance (Mr. Chrétien) who blames food prices and exchange rates for the continuing inflation which Canada is experiencing just now. Blaming food prices is almost the same as saying that the controls program does not work at all. Food prices at the farm gate were not supposed to be controlled. At the other end of the food chain, prices were supposed to be controlled except of course it was not price controls at all that we had, it was profit control. Therefore, any increase in costs could be passed right through to the consumer, and naturally we are not going to have any control over food prices. Long before this anti-inflation program was introduced in the first place the government knew that food prices were a villain and should be controlled.

As far as blaming exchange rates is concerned, Mr. Speaker, the government is responsible in large measure, if not totally, for the situation of exchange rates and the Canadian dollar. After all the government has allowed the productivity of this country to drop at such a rate, compared to other producing countries, that the world markets have finally realized the

value of our dollar, and they have placed a proper value on it. That is the reason for the decline in exchange rates.

As for the minister's further remark that the economy cannot deliver the large increases to workers that it used to, we can look to the policies of the present administration and determine that they have in no way encouraged the economy to deliver anything close to what the economy is capable of delivering. For anyone wanting to improve the Canadian economy the government has provided only disincentives.

The minister also remarked that Bill C-18 is mainly a housekeeping bill. We might say that it is about time that the government started doing some housekeeping.

I would like to remind the House of some of the bungling that this government has done during the past few years, particularly in the case of the anti-inflation legislation which has been before the House, but not limited to that. For example, in 1975 we had Bill C-73, the original anti-inflation bill. Then, it was barely five months later the government found that it had to have amendments to the original program. Therefore, in May, 1976, we had Bill C-89, which amended Bill C-73. Then, a little over a year later, Mr. Speaker, Bill C-59 was introduced in July, 1977. Unfortunately the government did not think that Bill C-59 had sufficient priority and it died on the order paper at the end of the session. Now it is six months later and we have another set of Anti-Inflation Act amendments.

I have mentioned bungling, Mr. Speaker, and you may wonder if these are the only examples I have. On the legislative side I would like to refer to the Income Tax Act amendments. We dealt with those not so long ago and the minister and the government members were complaining that the opposition was stonewalling or delaying passage of the legislation. The delay came on the other side of the House, Mr. Speaker. The evidence is clear that Bill C-11 was first debated on November 7, 1977, and only five weeks elapsed between the start of the debate and the passage of the bill. Compare that with the 31 weeks which elapsed between the March 31 budget and the start of debate on the bill. The government left debate of that bill for so long that once again it found it imperative to introduce closure, and the people of Canada were denied a proper debate on another important tax bill. It is known widely that budget bills have effect from the date of the budget and there was absolutely no need for a closure motion to be used in that particular instance.

If that were not enough evidence, I would like to remind the House that even though ten years ago the government knew Bank Act legislation would be needed, we had an introduction yesterday of second reading of the Bank Act amending bill, in spite of the fact that the debate on an initial extension bill passed last year. The debate on that bill continued for a shorter period of time than the bells rang last evening to call a vote on this bill for which they obviously were not ready. What has happened to the proper legislation? That is the kind of bungling that we can do without.

It seems to me the Prime Minister (Mr. Trudeau) is appealing to Canadians on the basis that he is not going to run the next election campaign on his record. He cannot, of course, because he doesn't have a good one, so he is going to run the next election based on the future. He thinks Canadians are going to forgive him for his bungling; that is his premise. I say yes, Mr. Speaker, Canadians could easily forgive the government for bungling, but I doubt very much that Canadians are going to forgive the government for its dishonesty.

I would like to skim over a few examples which I suggest are examples of dishonesty on the part of this government. Just last week in the Vancouver newspapers there was an announcement made of the fact that the Minister of Justice (Mr. Basford)—I am glad he has returned to hear about it—gave the city of Vancouver $200,000 as the first installment of a $400,000 urban demonstration fund grant for the Gastown Fishermen's Wharf. Of course, the people of Vancouver welcomed that kind of participation by the government. But, it is totally dishonest to say that the Minister of Justice gave the city of Vancouver $200,000 as if it were something that he dug out of the Liberal coffers or his own pockets.

The people of Vancouver know where that money came from. It came out of the pockets of the residents of British Columbia. For this government to say that it has given money to the city of Vancouver is dishonest. The article goes on to say that the money came from a $6 million fund originally set aside for use during the United Nations Habitat Conference, but which was not used. Well, what do we take from that? That is an admission that either the government did some very bad budgeting and overprovided $6 million for the Habitat conference, or it had not sufficiently promoted the conference to make it a success and the money was not spent.

● (1522)

Mr. Basford: Don't you know about it?

Mr. Clarke: Of course. I was there. I was a delegate. I am aware that the minister's office generated a half million dollar loss as a result of unused hotel rooms. Who will be blamed for that? Was that dishonest or just fumbling? It is hard to distinguish.

The $6 million was probably appropriated for a specific purpose. We will find this out in a couple of years when it is looked at by the Auditor General and the Public Accounts committee. It seems to me there is a prima facie case of appropriating funds for one purpose and using it for another. The Auditor General and the Public Accounts committee have been very explicit that funds appropriated for one purpose are not to be used for another. We will have to wait for the answer to that one.

The Minister of Justice will not be here then. As for myself, I plan to be here for a good long time because the people of Canada need watchdogs like myself with a government like this in power.

The $200,000 gift is not the only item about which the government has been dishonest. Earlier the Minister of Justice went to Victoria and made a magnanimous gift of $150 million

to the premier of British Columbia. It was all over the front pages.

Mr. Basford: British Columbia never had such good representation.

Mr. Clarke: Of course British Columbia needs that money. They welcomed getting it—back. However, the minister makes it sound as though he were bringing that money from eastern Canada to British Columbia by the truckload in order to make them a gift.

The people of British Columbia know where that money came from. They do not appreciate having it made to appear as though it is a gift from the great gods across the floor. I commend the Minister of Justice for his decision to quit this place early. It saves the voters the trouble of doing it for him.

There may be some discussion about the examples of dishonesty I have given. I have another piece of paper here which directly involves the Minister of Justice. It is a four page handbill entitled "The Redevelopment of Granville Island and False Creek in Vancouver".

Mr. Deputy Speaker: Order, please. I have been following the interesting remarks of the hon. member. However, I have difficulty relating those remarks to Bill C-18 which is before us, the amendments proposed to the Anti-Inflation Act and the guidelines.

Mr. Clarke: I apologize to you, Mr. Speaker, and to the House if I have strayed slightly from the tenor of the debate. I was merely making a preliminary lead-in to the thrust of my remarks which will deal with inflation. That is what the bill is about. It is clear that these government expenditures are inflationary. The problem is that those that I picked out are also dishonest. If I have stressed the dishonest feature of them over the inflationary feature, I apologize. I assure Your Honour I will tie that in with the debate on this bill.

As I was saying, I have a folder on the redevelopment of Granville Island and False Creek. It is not necessary to go into the history of this island at this time. Let it be said that Central Mortgage and Housing Corporation acquired title to this land in Vancouver at a time when it was being used as an industrial estate. The great gods opposite decided that industrial estates should not be located close to the city where people can get to work easily. They feel they should be moved to the suburbs, which makes it more difficult for people. They decided this should be a people place, not an industrial estate.

Mr. Basford: Hear, hear!

Mr. Clarke: In addition, they had to find a job for the past president of the Liberal party of British Columbia. For the past four or five years he has been the chairman, manager or director of the agency in charge of the redevelopment of Granville Island.

In order to buy up leases and clean the place up, $25 million was allocated. A park was put here and there as well as restaurants, and now they are going to put in some stores. What is wrong with that? It is a people place at the end of a two-lane dead-end road. How many people can get down such a road? What if there were an emergency? There would be a real traffic problem.

That is a dishonest use of the taxpayer's money, money which was obtained from people in British Columbia and is now back there. The people of British Columbia were not asked whether they wanted this.

After four years and the spending of $6 million, a public meeting was finally held last December 8 to outline the plans. The results were predictable. Vancouver merchants within a mile or two of that place asked what the government was doing with their tax dollars buy building a government-owned and subsidized shopping centre to compete with them. The people of Vancouver do not want to go to this people place with the inconvenience built into it. The merchants who pay the taxes are seeing their money being used in order that the government may compete with them. With a financial policy like that, I do not know where we are headed.

Something else in our society that is inflationary is the Unemployment Insurance Commission. That may sound strange. However, that commission will spend approximately $4.4 billion this year, which is about 10 per cent of the federal budget for the whole year. It may be called an insurance fund, but the Minister of Employment and Immigration (Mr. Cullen) has no interest or desire in seeing that it operates as an insurance fund. He is only interested in paying the unemployed people provided to him by the Minister of Finance. It is like a con game—"You give me the bodies and I will pay them."

However, there happens to be the matter of a shortfall in the unemployment insurance fund. The government says it is not too great. It is nearly $2 billion. The Minister of Employment and Immigration does not consider that a deficit. In answers to questions in this House, that minister said on two occasions that this is a commitment, not a deficit. Of course it is a commitment. No one would argue with that. The government instituted the unemployment insurance program. Therefore it is committed to pay those who qualify for the benefits. But it is also a deficit. It is no wonder the Minister of Finance does not know how to balance the budget when the Minister of Employment and Immigration denies it is a deficit and the Minister of Justice thinks it is proper to take money out of someone's pocket, give it back to him, and ask for thanks.

• (1532)

All through this inflationary period the government has been asking Canadians to tighten their belts. But there is no evidence at all that the government has been tightening its belt in turn, and the result has been further inflationary pressure.

The Minister of Employment and Immigration has made a big thing about his make-work programs. No doubt the people who are unemployed enjoy very much getting grants under the Canada Works Program and similar programs. Nevertheless, in my view the government should recognize that, if there is a need, adequate measures should be taken to meet it, and it is

clear that the need for jobs has in no way been met by any of the minister's make-work programs. The money goes out, it is spent, and it is gone; the people are back on the unemployment rolls. All that has happened is the creation of yet another bureaucracy to administer these programs—programs which meet about 10 per cent of the demand. If there is a need, let us meet it. The government ought not to give the impression that they are good fellows handing out money so as to find work for the unemployed, and so on, when at the end there is no left-over benefit.

It is a little like the situation with regard to old age security and guaranteed income supplements. The amount presently paid out to a single person is about $3,000 a year. I have not seen the latest figures but in round numbers let us say the poverty level has been placed at $6,000 a year. How can the government suggest it is really meeting the need when $6,000 is the poverty level and it pays out $3,000?

I am sorry the Minister of Justice has left the chamber because I had another item I wanted to show him. This, too, is from the Vancouver *Sun*—an article written last week headed "Where your money goes". The headline reads: "Basford will get $112,000 at age 75". The article goes on to say that the minister, who, as we know, is retiring, will be getting a certain pension, and explains that with built-in escalation that pension could reach $112,000 by the time he is 75.

I want to tell you, Mr. Speaker, and the other members of the House, that the minister will need that $112,000 if he should happen to live to the age of 75. He will need it because when, at the age of 75, he goes to buy his new automobile he will need not $5,000 but $60,000 in 2007, or whatever the year is 29 years from now. That price is based upon inflation continuing at its present rate in Canada—it is presently 9 per cent though there are indications it will probably end up being 9.5 per cent. If we were fortunate enough to be able to contain inflation at the rate of 7 per cent the minister would only have to pay $35,000 for his car. The point is, though, that he will need the amount of pension the papers say he is going to get.

Here are a few more examples of what things will cost: a 60-cent loaf of bread at today's price will cost the minister $7.35 when he reaches 75 taking current rates of inflation into account. If he needs to call in a plumber to fix his kitchen sink, instead of a $25 charge for a house call he will be paying $233 to get the plumber to come over for an hour.

While we are talking about inflationary pressures caused by government spending I should like members opposite to consider the case of the elderly couple getting full old age security benefits and guaranteed income supplement. I am sure hon. members to my left will be interested in these figures, particularly the hon. member for Winnipeg North Centre (Mr. Knowles) because he is familiar with the problems of these pensioners who are now getting $498 a month. I am sure he will be delighted to hear that when the Minister of Justice is 75 in 29 years from now, old age pensioners such as I have described will be getting $4,640 a month.

Mr. Knowles (Winnipeg North Centre): Hear, hear!

Mr. Clarke: That is $55,000 a year, which is about half of what the minister will be getting at that time. I submit the minister is not being unreasonable in signing up for his pension in these circumstances. Indeed, I am not at all sure that just being twice as well off as a couple living on old age security benefits will provide an adequate standard of living for him. If nothing is done about reducing present rates of inflation, this is exactly what we shall be seeing.

The figures I have given are not excessive. They are based on present rates of inflation and the indications are that the trend is worsening—that inflation in Canada is actually on the rise. Unfortunately, the government, and, I am sad to say, many parliamentarians do not address themselves to the real problem. It is not the amount of the minister's pension or prices in themselves. The problem is inflation—inflation and the economy. As I said earlier, the government has done nothing to see that the economy is put back on the rails so that it can produce the jobs it is capable of producing.

I saw another item in the paper which interested me and I should like to refer to it because it directs attention to the sorry state in which the Canadian government and people find themselves. The item refers to a comment made by one man to another as they waited in line to collect unemployment insurance cheques. One of them said, "It frightens me sometimes to realize that this administration, with its fiscal irresponsibility, is my sole means of support!" What a double problem it is for Canadians who probably want to work but cannot because of the policies of the government.

Mr. Hnatyshyn: Or lack of them.

Mr. Clarke: We can understand it when the Prime Minister tells us he is sorry things have not been good, that he does not propose to run on his record—because it is bad—but that he will run on the hopes he has for the future. We are delighted to give the Prime Minister the chance to show us the programs contemplated by himself and his party. But here is an item from the *Globe and Mail* of December 14—I cut it out because it contains such a ludicrous statement to hear from the Prime Minister. He said "The government has no emergency plans to counter rising inflation and unemployment". He concedes that the rates of inflation and unemployment are rising, but he tells us that the government has no plans to change the situation. What a sad state of affairs! The economy is on a course which might well end in collapse and the government is bereft of ideas for dealing with the situation.

One might have thought that during the Christmas break members on the front benches opposite would have had a chance to restore themselves. We realize they were getting tired toward the end of the first half of that session, and the Christmas break, we thought, might have given them an opportunity to come up with some solutions to the country's economic problems. Well, Mr. Speaker, I was here in the House yesterday, the opening day of this resumed session, and I heard the Leader of the Opposition (Mr. Clark) ask the Prime Minister what plans the government had to reverse the

economic trend. Here is what the Prime Minister had to say as reported in *Hansard* for yesterday:

The government believes, and the statistics support it, that the economy has been stimulated in the proper fashion by this government.

If the Prime Minister believes this—and he says he does, so we cannot doubt him—he illustrates a complete lack of knowledge of what economics is all about, because many more things could be done by the government to cut down government outlays and restore a little respect to Canadians by enabling them to find jobs.

● (1542)

The root cause of inflation in any country is government spending and over-spending which results in government deficits. Government deficits must be covered somehow. The government can cover deficits easily. All it has to do is print more money. That does not mean turning on the presses and turning out dollar bills, but it means spreading around the credit and selling a few more bonds to the Bank of Canada. The Bank of Canada does not really want the bonds; neither do investors. The government must get rid of its bonds in order to cover the deficit.

Every home owner in Canada is aware of the fact that he must balance his budget. He can borrow from the bank and a few lending institutions for a while, but he cannot continuously borrow year after year as the government does. The government suggests that, because it is the government, it cannot go bankrupt. I wish that were true. The current inflationary trends, which are not being attacked by the government, are leading Canada into the same type of collapse that any business or family would encounter if their affairs were conducted in the same way as the government conducts its affairs.

As the House is aware, I am a chartered accountant. Accounting principles can be applied to household budgets as well as to national budgets. If one continues to carry out policies which are economically bad, then he must reap the penalties later on.

Canada requires increased production. That would allow for the expansion of the economy in a normal manner. The government recognizes that there is inflation. It quotes figures based on percentage growth year over year, as well as on a much lower rate of real growth. If the government wanted to be more honest when using the term "real growth", it would tell us that this is the rate of growth after inflation is deducted—inflation it is unable or unwilling to cover.

There have been various arguments concerning the causes of inflation. Some people believe that wages cause inflation. Wages may add to the problem of inflation somewhat, but the labour people in Canada are seeking to regain what was lost through the inflation the government has allowed to occur. Because the labour unions are attempting to keep up does not mean that workers are gouging the people of this country.

The government has decided that the minimum wage in Canada will increase. It wants the lowest paid workers to receive the higher minimum amount. Of course these workers have needs, but the floor the government puts under wages has to work its way through the system. That results in higher prices for the consumer. Certainly that adds to inflation, but the point is that it was commenced by the government and not labour.

If a worker is earning $1 over the minimum wage and the minimum wage is increased by 50 cents, then he has to receive a proportionately larger amount. An increase of 25 cents in the minimum wage probably will result in an increase of 60 cents or more at the higher wage levels.

People have indicated that the government cannot control the inflation it imports. That statement is not completely true. Some of the goods Canada imports result in a greater cost to the consumer, but if Canada were more productive, then its dollar would be at a higher level than at present. If that were the case, Canadians might receive $1.08 U.S. on the Canadian dollar, which was the situation two or three years ago, instead of 90 cents today. The devalued Canadian dollar translates into a higher price of approximately 15 per cent on everything imported into Canada, which is a result of government policies. That could and should be avoided.

During the time that my party proposed a freeze some years ago, some people indicated that it would not control imported inflation. Those who said that forgot that the proposed freeze was to be implemented for a temporary period of 90 days. Any importer can control the price of his goods for that period. His orders are usually placed well in advance, and if there had been any problem, it could have been absorbed in his business.

I should like to direct a few remarks toward what can be done in order to resolve inflation. The government must have asked itself what can be done about inflation. Obviously it came up with the answer of controls, some year and a half after indicating how bad controls would be. That might be referred to as bungling or being dishonest. I would not want to say which right now. After a two-year period of application, the controls are not working. I refer to the government's "Year Two" report prepared by the Anti-Inflation Board. Under the section entitled "Fiscal Restraint", the report reads as follows:

The annual increase in federal, provincial and municipal government spending is back to 1972 levels or even lower.

As a comparison, during the first six months of 1977 the annual increase in federal expenditures was 13.7 per cent. At the same time as telling Canadians to tighten their belts and not spend so much money, the government was increasing its expenditures to the extent of 13.7 per cent. Also it might be interesting to note that the increase in municipal spending was 7.4 per cent, and for provincial spending it was 12.1 per cent for the first six months of 1977. Once again the federal government led the way in creating inflationary expenditures, while telling taxpayers to spend less.

Under the section entitled "Wages and Profits Restraint", the report indicates that at the end of Year Two of the program the consumer price index was 8.8 per cent, which was 2.8 per cent over the goal of 6 per cent. There are more current figures available since this was printed which indicate that 9.5 per cent seems to be the rate of increase for the consumer price index rather than 8.8 per cent.

The government indicates that it can overcome the effects of inflation by indexing, and now everything is indexed. Pensions, tax exemptions and so on are being indexed, which may relieve some of the hurt but does not solve the problem. Once again we find that the government is not attacking the root problem but simply applies indexing.

● (1552)

I already mentioned increases in minimum wages and I will not go through that again, but the end result of all these gimmicks that the government uses, such as indexing and so on, is that nobody is better off. In fact, I remember in 1974 when we were campaigning on the basis of controls, of a freeze with a selective control period following, working people would say to me, "Yes, we should have some kind of controls because my wife has had to go out to work for the first time in our marriage", or something like that. I said, "You mean that prices are increasing faster than your wages". Of course that was the problem. Costs were increasing at a faster rate than wages, and that is still true, so people are falling behind.

Now the government says, "We will put pensions up". In the case of the minister, his pension is capped at 7 per cent, so that if the government cannot force inflation below 7 per cent, he will fall behind for sure. Old age pensioners will be indexed at the rate of increase in the CPI, so they should be keeping their relative position. But I have spoken to many of them and they tell me they are not keeping their relative position; they are falling behind also.

There are many things that pensioners have to buy that are not included in the CPI which establishes the rate of increase in old age pensions. I say that it all comes back to the fact that Canada is not competitive in world markets because we have not been creating an attractive climate for industry to want to stay in Canada. That has resulted in lower export sales, resulting in trade deficits which ultimately result in the lower value of the Canadian dollar.

Why is the climate unattractive for business? I should like to refer to an article in the *CA Magazine* issue of November, 1977 which tells us that companies in Canada are going bankrupt at the rate of about 100 a week. The figures they gave were as of August 18. They say there were 2,602 business failures across Canada in 1977. That is bad enough, but it is also a 29 per cent increase from the previous year. The rate of losses is also higher than ever before, with unpaid debts left by the 1977 bankruptcies totalling $409 million more in the first seven and a half months than was lost in all of 1974.

We can see the inhospitable climate created by the government for business when we look at the stock market columns, which people have traditionally followed when investing their money. The problem in stock markets now is that the result of deterioration of money values has caused serious changes in the trends in stock markets. For instance, an article in the *Globe and Mail* last week indicates that the Toronto Stock Exchange index of 300 stocks has gone up only 10 per cent in 20 months. That would be a bad indicator for the investment community itself, but furthermore these prices are measured in dollars which have lost one-third of their value during the last decade. They say that the Canadian dollar is well on the way to losing half its 1971 buying power by 1980. How can we expect business to conduct itself in the traditional ways and to provide traditional investment shelters and so on when the government makes it so difficult for them?

Farther on the article continues:

> The circumstances have inspired the Bank Credit Analyst to revive its thesis of the past ten years, that inflation of debt along with inflation of money and prices will eventually have to be liquidated by collapse into depression. Accordingly, this service, with roots in Canada, advises extreme caution in investment policy, with an eye to defence against disaster.

That writer is not the only one who has spotted the serious problem, and the flight of investment capital and expertise from Canada is surely an example of the lack of confidence felt by many of Canada's strongest and best entrepreneurs and developers, and I do not mean only land development but also development of a healthy business climate.

What we need is a return of confidence in the Government of Canada, and of course there is good reason for not having any in the group over there. Also what we need is a caring for Canada. There are many Canadians who care very much for their country and who are hanging on here at their own peril through the economic crisis into which this government is leading us. The action of a company such as Sun Life in proposing to move from Montreal to Toronto is simply another illustration of this feeling among Canadian businessmen that if the government makes it inhospitable for them to work or live in a certain area, then—at least so far in Canada—we still have the freedom to make a move to some other hospitable climate.

I think it is a very sad thing for Canada, as it is for Quebec, that a move such as Sun Life is proposing has had to be considered, but it certainly was not the fault of the Sun Life people or of the sun Life policyholders who will make the decision ultimately as to where the company can best operate. It was the fault of the government of that province which made it so difficult for a company like Sun Life to operate. It is not only company problems that are involved, it is people problems. Sun Life is run by employees, and employees do not want to live in a place where the government has taken away so much of their liberty.

I want to refer again to the *CA Magazine*, the monthly publication of the Institute of Chartered Accountants in Canada, which held its annual conference in 1977 in Bermuda. You might think that strange. It does not have anything to do with inflation but rather with the fact that Bermuda was chosen as the site of a meeting because it is part of the Canadian Institute. All other provinces have been the site of conferences of the Institute of Chartered Accountants, but that was the first time the conference was held in Bermuda.

The guest speaker at that conference was the new premier, the Hon. J. David Gibbons, who is also minister of finance of Bermuda. I thought his summary of his legislative intentions was very interesting, and I would like to read the following short paragraph. He said:

In Bermuda, we take the view that it is the government's function to make legislation that provides the right climate for the private sector, consistent with the needs of society—it should protect both the individual and the environment.

I ask the House to compare that simple statement with the attitude and performance of the government opposite. It has certainly not provided the right climate for the private sector and it has tried to interfere to overcome the resulting shortcomings of the private sector to no avail. The government has not protected the individual, who is falling further and further behind as a result of its policies and, as we hear almost daily in the House, it certainly is not protecting the environment.

● (1602)

These are some things Bermuda does, and I quote the words of the premier:

The right balance between freedom and control—that's how we in Bermuda see our system of government and the country's approach to economic affairs. Essentially, the Bermuda Formula boils down to a system of free enterprise, supported by the right combination of flexible controls and a minimum of legislation.

When the premier says flexible controls, he does not mean the type of controls the government opposite imposed. There are certain other things which have to be controlled in order to preserve the mood and the nature of Bermuda. For instance, ownership of cars is rigidly controlled. When there are only a few miles of two-lane road, cars cannot be allowed to block it up. Workers in Bermuda are protected, and development and construction are carefully supervised. I am sure Canadian industry thinks it has had enough of that.

I will not go through the whole list, but one or two at the end might interest some Canadians. In Bermuda there are no advertising billboards and no car rentals. However, nowhere in the Bermuda Formula, as it is called, is there anything like the government intervention in business or in the economy we know here. Bermuda has a very simple and straightforward tax system, namely, and I quote the premier's remarks again:

There's no income tax in Bermuda, nor a profits tax, nor a capital gains tax. The bulk of our revenue comes from customs duties . . .

This suggestion has been made by me previously in this House, and some have said that it would be a retrogressive step. However, I note that the same exemptions I suggested are allowed by the government of Bermuda. Those cover basic foods like meat, fresh fruit and vegetables. It is possible to exempt the essentials of life from duties of all kinds and still achieve a certain balance. I do not think I should dwell any longer on Bermuda or other countries. We have enough problems here.

We on this side of the House are often asked what we would propose in order to solve the problems which the government seems to be unable to solve. I would like to mention a few proposals which come to my mind. I am not in any way attempting to write our program for the next election or to commit my leader or my colleagues, but some of these ideas have been talked about, and I like them.

Tax cuts would stimulate the economy. The government might say it has cut taxes, but its own advisers have said that those cuts were not enough and were not made soon enough.

As all Canadians are going to find out when they fill out their income tax forms in April, the provinces are going to take away the $2 billion tax reduction the Minister of Finance allowed, because in negotiations between the federal and provincial governments the formula was changed. I recommend that Canadians not spend the money the minister has given us because the provinces will take a good portion of it.

In British Columbia the tax rate for 1976 was 31.5 per cent. The rate for 1977 is 46 per cent, an increase of nearly 50 per cent. I do not think we can anticipate any great stimulation as a result of the gift from the Minister of Finance.

Is a massive tax cut inflationary? I have to say no. I hope I have illustrated that the speed at which the economy turns around is not what creates inflation; it is the speed at which the government spends, and overspends, taxpayers' dollars. If a massive tax cut is not inflationary, why do we not allow it? The government says that if it did, it could not balance the budget. It says that if it cuts taxes to the extent needed to get the economy going again, there will not be enough revenue to balance the budget, and there will be greater deficits. There is a response to that, and to illustrate I will cite the example of what happened in the United States. In the mid-1950s there was what was then a massive tax reduction of some $11 billion. At the end of that particular year when revenues were totalled, it was found that the whole $11 billion was recovered in increased revenues. There was no budget deficit created as a result of giving that money back to the people. If that seems like a strange equation, let me put it in a slightly different way.

At the moment 800,000 people in Canada are unemployed. Each of them is drawing an average of $6,000 out of the treasury. These people make no contribution to the federal treasury because their incomes are too small. They are taking out all the time. If we can get things going again and if the private sector is given the opportunity to provide jobs, which it can do, those unemployed Canadians will have the opportunity to become workers and taxpayers instead of remaining a drain on the economy.

I suppose we cannot eliminate unemployment altogether, but let us suppose we could cut unemployment insurance payments by $3 billion by putting people to work. The payments amount to over $4 billion, so that would be a cut of about 75 per cent. I am sure the private sector is capable of putting those people to work if there is demand. If we are talking about a tax cut of about $3 billion, we can see that there is the possibility of having things in balance again. I know this is an oversimplification, but in a debate such as this it is only possible to leave the details for another time. After all, we are talking about policy. Instead of saying that what we have done is the best we can do, we should be doing more.

I have already talked about the inflationary aspects of government spending. The government should consider cutting its expenditures. We on this side are always asked what we would cut and are accused of criticizing the government when it does, but if we could get inflation under control, the added expenditures as a result of indexing would not be necessary.

What a boon that would be! I said earlier that the problem is not indexing. The problem is inflation, and if we can get that problem licked, the problem of indexing would also be solved. The Prime Minister said he would wrestle inflation to the ground. He therefore must think that there is some hope of getting inflation under control.

I previously mentioned the unemployment insurance deficit of about $2 billion. I think it is unfair that taxpayers who are not entitled to unemployment insurance benefits should be called upon to pick up a portion of the deficit. That deficit is an inflationary expenditure which the Unemployment Insurance Commission makes every year. Many self-employed people, retired people, young people and others who are not entitled to unemployment insurance benefits have to pay their share of the deficit.

Another matter the government might examine is the cost of operating the House of Commons. It costs $80 million a year to operate this House. That is not a big price for democracy, but it works out to about $9,000 per hour. I suppose one could say we wasted $18,000 last night with our bell ringing effort.

It is the intention of the government to increase the representation in the House of Commons every ten years until the turn of the century. Many of my colleagues ask why we need a larger House of Commons. At the moment each of us represents 85,000 or 90,000 people. Other countries have much larger constituencies. In the United States, for instance, each member of Congress represents about 400,000 constituents.

● (1612)

Another major area that the government should get under control is Crown corporations. Is it really necessary for the Canadian Broadcasting Corporation to show a loss of something like $400 million or for the Post Office to lose about $600 million? I do not know of any other business which manages to spend $2 for every $1 of revenue. The government has not given sufficient consideration to these areas.

We must ask ourselves why the government has such a lackadaisical, don't care attitude toward inflation. One reason that springs to mind is that the government itself is the chief beneficiary of inflation, so why should it do anything to control it? It borrows money in year I and pays it back in year 20 with dollars only worth half what they were in year 1. It pays interest on bonds and borrowings at about 8 per cent, which is lower than the rate of inflation, so the taxpayer is already going in the hole. Then it adds that on to his other income and charges him tax on it as well. Things are very bad for the individual but they are good for the government, so it is easy to see why the government wants to continue having inflation. It has the tools at hand, it has the controls it needs to do something about inflation, but it will not because it does not see that as a popular measure.

Last week the Standing Committee on Finance, Trade and Economic Affairs visited Washington to talk to economists there. The theme with liberal economists there was just the same—and I use the small "l" liberal advisedly. They said they had reduced inflation to 6 per cent and, although they knew that is still too high and will have disastrous results in the long run, they were advising the government not to do anything about it for a few years.

In a recent speech President Carter of the United States said that he hoped to balance the budget by 1981. Nothing that the economists could propose was seen as a politically acceptable solution to inflation. They know how to solve the problem all right, but the government will not allow them to do it. I suggest, Mr. Speaker, that a new government in this country would show that something could be done and something would be done.

I am afraid I have gone on for a long time, Mr. Speaker, but it is important to bring some of these points up in the debate, and I hope it will be a rousing debate that follows.

To get back to Washington for a moment, after a depressing week listening to all these liberal economists saying that they did not know what to do, or were not willing to do anything about inflation, the one bright spot was provided by the former secretary of the treasury of the United States, William Simon. It is worth noting that Mr. Simon was a long-time personal and political friend of a former minister of finance in Canada, Mr. John Turner. Mr. Simon told us that he frequently came to Canada to comfort his friend who was having a very difficult time trying to talk this government out of imposing controls. There is absolutely no doubt in my mind that the former minister of finance knew that controls would not solve our problems and that he refused to implement them. It is particularly interesting to note that not three weeks after Mr. Turner's resignation the Prime Minister announced the program of controls.

I hope I have made it clear, Mr. Speaker, that the responsibility in this matter lies with the government. As I have illustrated, using the example of the Minister of Justice, the government is not using its own money when it hands out largesse. The government is a trustee of the money it takes from the people of Canada and has a duty to spend it more wisely than has been evidenced in the last ten years or more.

Inflation must be reduced. After 2½ years of controls, however, it is increasing, as the government's own figures show. Hon. members opposite seem to think there is something strange in what I am saying, but the strange thing is that nothing has been done on that side to solve this problem which is hurting all of us and bringing the country to the brink of financial collapse.

In ten years this administration has done nothing to solve the problems of inflation and unemployment, nor the over-all economic problems in the country. It is absolutely vital that some positive action be taken if we are not to face economic collapse.

Some hon. Members: Hear, hear!

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, what we are witnessing with this bill is another marvellous reversal in the series by the Prime Minister (Mr. Trudeau). Canadians will recall that in 1974 he took off his jacket,

loosened his shirt collar, slid down his tie, and campaigned in his great, vigorous, honest way against wage and price controls. What a "calamitous disaster", to use an old phrase from a different prime minister, would be inflicted upon Canada if we were to have such a system of controls. That is what he said in 1974.

In 1975 the government indicated that things were in a terrible state. Inflation was 9.5 per cent, and it said we needed a system of wage and price controls. Unemployment was 7.2 per cent. The Prime Minister said the two were connected. He said that when you have inflation running at that rate, and when it is due to price pressure generated by excessive wage increases—and, of course, we do not accept that argument—then you have unemployment. That is when he brought in wage and price controls. The bill now before us is supposed to terminate those controls over a period of time.

We now have another reversal. The controls program that has been with us since the fall of 1975 is to be dropped at precisely the time conditions are worse than when those controls were introduced—at precisely the time the statistical data for inflation and unemployment are worse than they were in the fall of 1975. This appears to be insane if you believe in the program at all.

Mr. Collenette: Are you arguing for more controls?

Mr. Broadbent: Mr. Speaker, I heard a voice of wisdom from the back bench over there and I would be glad if the hon. member would give me a question.

Mr. Collenette: Mr. Speaker, it is very good of the hon. member for Oshawa-Whitby (Mr. Broadbent) to give up his time. Are he and his party arguing this afternoon that the controls program should remain? After making speeches in this House and going up and down the country speaking against the program, are they now changing their point of view and arguing for more controls?

Mr. Broadbent: Mr. Speaker, given the quality of that question, the hon. member will be in cabinet in two weeks. It is a gem. He asks if we are now arguing for this system of controls. Of course not. We opposed them in 1975, 1976 and 1977, and we opposed these kinds of controls in the election campaign of 1974. At least we were consistent.

• (1622)

The monumental capacity for hypocrisy of the Liberal party to attack the controls in 1974 was for cynical political reasons. It is worse now, and at a time when it is worse in terms of unemployment and inflation they lift the controls. If you believe in a program—that is the point I was trying to make—particularly for Liberal members of this House, if they believe in the set of controls that we now have, why in God's name take them off now? The rate of inflation, Mr. Speaker, for the last three months has been 11.2 per cent.

An hon. Member: Shame!

[Mr. Broadbent.]

Mr. Broadbent: That is the statistical trend. The figure we got recently was 9.5 per cent year over year. What is important in economics is not a one month figure but a three month trend, and the three month trend is 11.2 per cent. I say to the Liberals, and I say particularly to the female member of the cabinet who is opposite and who is supporting the system of controls—she comes from the province of British Columbia which has concerns about inflation—how can anyone support a policy that was justified at a time when inflation was 10.9 per cent, and now say let's take it off when inflation is running at 11.2 per cent? Only the intellectual culpability of a Liberal can accept that. It just boggles the mind.

The argument made in 1975 was that unemployment which was 7.2 per cent then, was in part generated by the kind of inflation we were experiencing. Unemployment now, as everyone knows except the government, is 8.5 per cent, so it is up too. If they really believe inflation is causing unemployment, and they really believe their controls program matters a damn in terms of efficacy, they should leave it in effect and not take it off.

But of course, Mr. Speaker, every Canadian knows that with the kind of controls program we had, it had no effect on inflation at all, except there has been an impact on one part of the Canadian community. That, of course, is the impact on the wage and salary earner. The program has been reasonably effective in holding down incomes of working Canadians. It has not affected prices. Let me just give you some examples. I gave you the running rate of inflation at 11.2 per cent which means we are back at double digit inflation in Canada. What about some concrete examples? The reality is that where the government could have been effective in controlling prices, they haven't done anything. Not a thing. I will give you some prices that, if the government had been interested, could have produced a real effect on the cost of living in terms of their impact on Canadians.

Consider food prices first of all. I will concede the argument that food prices, which have been a major source of price increases in Canada, have not been subject to any realistic wage controls by a national government when those foods are imported from abroad. I will concede that. One of the reasons for opposing this particular set of controls was that you could not control imported prices. If I remember correctly, the Prime Minister said back in the campaign of 1974 that you could not control import prices. We agree with that. There are other sectors, Mr. Speaker. And I want to stress, in all seriousness that if the government had been concerned about inflation, if it is concerned about inflation now, it could move and it could do something.

With respect to house prices they are up 9 per cent year over year. My party has said "move decisively on mortgages" because if you control mortgage prices you can hold mortgages down. It does not just affect the would-be home owner, it affects the men and women who rent their accommodation, because they pay the cost of mortgages indirectly through their rent levels.

Mr. Hnatyshyn: Aren't those controls?

Mr. Broadbent: Yes, indeed, we favour some kinds of controls.

Mr. Hnatyshyn: Let's put it on the record.

Mr. Broadbent: I say to the hon. member that it is this set of controls we oppose. The Liberals nod sagely. Let me say—

Some hon. Members: Oh, oh!

The Acting Speaker (Mr. Turner): The hon. member for Oshawa-Whitby (Mr. Broadbent) has the floor for the purpose of making a speech, and I suggest we listen to him.

Mr. Broadbent: Let me state it as clearly and as succinctly, and I must emphasize, as simply as possible so the Liberals will understand it, that the New Democratic Party does indeed believe in some kinds of control program in certain sectors. In any advanced economy anywhere in the world controls have been in effect. If they knew what they were doing, a selection could be made of certain sectors of the economy and then it makes sense to interfere with the market place. What we have objected to is this abysmal set of controls which the Liberals have inflicted on the people of Canada with the only result being that of holding wages and salaries down while letting prices go up. That is what we oppose.

House prices, as I indicated, are up year over year by some 9 per cent. On a $50,000 house, which is not out of line unfortunately for a typical family buying in most urban parts of Canada, that means year over year an increase of around $4,500 in price. We have calculated that because of this government's attitude on mortgages, not moving in and holding them down, with the cumulative impact over the life of the typical mortgage with that kind of a price increase would be $12,000. A family would have to pay this amount in additional cost just as a result of the year over year increase in the price of a house. So mortgages are one sector, I repeat, not just for the home owner but for the renters, where the government could have moved in with the Bank Act and forced the banks to bring down mortgages, making changes in the regulations to ensure that the banks put up money at a low level in mortgages.

Another area of cost that affects most families in Canada is that of the energy prices. What has the Government of Canada done about that? It has allowed the oil industry, the multinationals, to charge Canadians world prices for our own oil resources. What has this meant? For example it meant that they put up by $1 a barrel the price of oil last July, with another $1 a barrel on January 1, this year. Its accumulated impact on ordinary Canadian families, we have calculated in terms of cost. The increase in cost to drive cars and heat homes has been $150 a year. That cost could have been controlled and held down. Instead of permitting oil companies to cash in on decisions that were made a few years ago in the Middle East by the oil producing cartel, instead of permitting that cartel to have its hands stretched across our border and charge Canadians these prices, we could have held down oil prices and reduced the cost of living for Canadians.

Another practical matter and an area within federal jurisdiction, and where the government could have moved in on, is that of car prices. Most Canadians buy cars. Most families have them. We have an agreement with the United States that is supposed to ensure price parity between the two countries. Instead we get constant escalation of Canadian prices that are out of line with the goal of price parity. The government should have told the automotive companies that there could be no price increase this year until the prices are in line with the United States for the same products. Instead, the major manufacturers just announced they will increase their prices by 3 per cent. This will mean a $150 price increase for a typical car. Most Canadians buy their cars on time over a three-year period, paying 12 per cent or 18 per cent interest. This will increase the interest charges they will have to pay.

• (1632)

If the government were committed to selective action, there are a number of areas like that where it could have some real impact on prices. I refer to energy, housing, car prices, and there are others. I do not want to belabour the point this afternoon.

An hon. Member: Good.

Mr. Broadbent: A Liberal member says "good". There is always a capacity for massive indigestion whenever one feeds a Liberal the truth.

I will not string out the list of particular categories of price areas that affect a typical family that could have been acted upon on a selective basis by a government committed to dealing with inflation. However, we did not have that. We had this bogus controls program which, as I said, simply ensured the restriction and inhibition of wage and salary increases for ordinary Canadians.

I will not take quite as much time as the second speaker on this bill. I would like to indicate in my comments the general direction that the New Democratic Party believes is required in dealing with an economy such as ours at this time. Although I will be brief this afternoon, this is an illustration in short form of a general policy that has been developed and enunciated in the past.

First, we believe the Government of Canada ought to recognize at long last what has been accepted by governments as different as those of Japan, France, Sweden and West Germany. Two of those countries have social democratic governments, two do not. What they all have in common is a commitment to national economic planning. Entailed in that is a sophisticated approach to developing certain industrial sectors to ensure employment. It is no accident that all of those countries I have just mentioned have unemployment rates that are not even half the unemployment level in Canada. I am saying this in the context of dealing with inflation as well.

Those countries take sophisticated counter-cyclical policies over a period of time, not to remove entirely but to try to level out the cyclical nature of market economies so that the impact of inflation is minimized. That requires a commitment to

national economic planning. It requires a commitment by our national government to recognize that in terms of world competition, in times of economic forces on the global scale, our national government should play a leading role in managing the economy. That we have not had.

Second, and in relation to that, there is the very important connection between production and inflation. It is not a simple direct connection, but there is some connection. When you have a million people who are unemployed and a manufacturing sector operating at only 82 per cent capacity, your economy is not producing the goods and services which, if it were producing, would have an effect on driving down prices.

There is a connection between unemployment levels and inflation. If you had a sensibly planned economy, one that ensured investment was going into the right sectors, and you had something approaching full employment, that would have an impact on driving down prices in certain key sectors. Again, we do not have that. Instead, we have a million unemployed, the worst level since the great depression.

Third, and I gave some examples of this earlier, in our country we need a system of direct controls in certain sectors in terms of prices, either because the prices are subject to oligopolistic action by a few firms in the economy and require direct government intervention to protect the consumer, or because we believe in society the particular price of a certain commodity for its own sake ought to be controlled and held down. In the latter case, I think of something like mortgages.

If you believe that housing is a social right, as my party does, through community or government action you have to take the kind of steps we took years ago with medicare and hospitalization to make that effectively a social right. That means dealing with the banks in a tough minded way to bring down, for example, the price of mortgages. The point I make is that you need effective price control in a certain specific number of sectors. We have not had that with this government.

As a concrete measure to improve circumstances for Canadian consumers, we have recommended, on behalf of my party as recently as last week in Toronto, a reduction in the sales tax, which is regressive. It hits the poor person, whether a pensioner, an elderly person living in Cape Breton, or his or her equivalent living in British Columbia. Sales tax hits the pensioner and the millionaire. It is very regressive.

In terms of dealing with the impact of rising costs and in terms of job creation, we have recommended a reduction in sales tax. Related to that, there should be serious negotiation between the federal government and the provinces so that the federal government can compensate the provinces in some way for the lost revenue they would experience in a reduction in the sales tax.

I want to stress that reducing the sales tax is a most equitable kind of proposal because it would bring proportionately greater benefits to low income people. That is something under the present circumstances which the government should act upon, perhaps even as an interim measure.

[Mr. Broadbent.]

Finally, I want to propose on behalf of my party that we have to recognize the divergent needs and interests of the Canadian economy. We have to recognize that Canadians are prepared, and indeed want to work hard. They will be co-operative in terms of wage and salary demands if the government will set an example. By that I mean a real example in terms of bringing forward a coherent government policy, something which in other countries has been called a social compact. I cannot stress too much the relevance of that.

In Sweden, West Germany, and more recently in Great Britain, the governments of those countries know they can get wage and salary co-operation from ordinary men and women. If in certain sectors jobs are threatened and wage and salary increases are out of line, ordinary Canadians can perceive that well in advance. However, you cannot expect ordinary Canadians to co-operate with regard to wage and salary demands if you maintain simultaneously an unfair tax system that ensures great disparities in Canada. The same is true if you maintain simultaneously a housing program which ensures that the bottom 20 per cent of Canadians is inadequately housed or if you do not do anything about energy prices.

The point I am making is that in a mixed economy the kind of controls we have had are not the sensible kind. They are unfair and unworkable. We are seeing the results of that. They need to have a comprehensive approach. I do not care about the label. In Great Britain they call it the social compact approach. They have been doing it in other countries for some time without the label. What is important is the idea. The idea behind it is a sense of fairness to everyone.

What is so fundamentally wrong with the present set of controls? The present set of controls holds down wage and salary increases while permitting prices to go up. We cannot tolerate that kind of system any longer.

Let me illustrate by one final example the abysmal consequences of the kind of unfair thinking which lies behind this sort of controls program. The government is in the process of phasing out the controls program entirely. The major change it introduces, not in this bill but by regulation, is that it is going to permit wage and salary increases to go up in the coming year by some 6 per cent. What does this mean in terms of its impact on ordinary Canadians? It means this: if inflation is running at 11.2 per cent, as it is, and if wage and salary increases are to be restricted to 6 per cent, Canadians from coast to coast will suffer a net loss in real income. Let me give an example.

● (1642)

Let us assume the rate of inflation is 10 per cent. A man or woman earning $15,000 and getting the 6 per cent increase would suffer a decline in real income in 1978 amounting to $12 a week. But there is no guarantee a 6 per cent increase will be forthcoming, and in its absence the decline in real income in 1978 would be $30 a week. That will be the result of the government's program. Wage and salary earners are being left without any defence.

The government is saying to men and women, bank clerks, department store salesmen, unorganized workers in Atlantic Canada, "All you can get is 6 per cent, but inflation will continue unchecked." It is this kind of control program which the New Democratic Party will not tolerate. It is time it was brought to an abrupt end. It is time we put in its place a program which showed a commitment to national economic leadership, a program which would set out goals for employment and realistic targets in terms of reducing the rate at which prices rise.

In the months ahead, in a year in which we all expect an election, I, along with other members of my party, will be producing detailed proposals which we believe will not only bring a greater degree of efficiency to the Canadian economy but a much greater degree of justice, also.

Some hon. Members: Hear, hear!

Mr. Dan McKenzie (Winnipeg South Centre): Mr. Speaker, I welcome this opportunity to make my contribution to the debate on Bill C-18. The Anti-Inflation Board is one of the main contributors to our economic problems, including the record number of the unemployed; it is one of the main reasons for the flight of business and investment capital from Canada to the United States, and one of the reasons Canada is no longer an attractive place in which to invest money.

It is no use trying to delude ourselves. Investment capital and business growth are the two most important things a country needs if it is to prosper, and until we can change the political climate the mass exodus of capital and business will continue. Not only has the AIB caused serious problems throughout its existence, but we are running into new problems as an attempt is made to remove existing controls. I refer to one report out of Quebec city where labour ministers are meeting to discuss this aspect of the matter. It states:

> No consensus on the federal government's proposed monitoring agency to replace wage and price controls emerged Monday in the first day of a federal-provincial conference of labour ministers.
>
> Four of the ten provincial ministers available for interviews were unanimous in saying they did not see any evidence at the meeting of the consensus federal Labour Minister John Munro had sought.

So it is clear there are difficult times ahead because the provincial labour ministers are not satisfied with the government's program.

I referred earlier to the number of businesses and the volume of investment capital leaving Canada out of discontent with the poor political climate created by the present administration in Ottawa, a situation aggravated by the policies of the Lévesque government in Quebec. We have Lévesque driving business out of Quebec on one hand, and the Liberal government in Ottawa driving business out of Canada on the other. That is a great combination, a great prospect for the reunification of this country.

It is estimated there are now 140 Canadian manufacturing or distribution firms with outlets in the State of New York. In 1976, 44 companies either moved to New York or expanded existing facilities there. Of these 25 came from Ontario and 18 from Quebec, bringing with them $28.6 million in investment and creating 1,330 new jobs in the United States.

Northeastern states, with the support of the U.S. government, are taking full advantage of the uncertainty felt by Canadian businessmen and investors who no longer have faith in the prospects available to them in Canada under the policies of the present government, and are openly assisting them in the move to the U.S. American towns and cities along the Canadian border are blitzing Ontario, Quebec, and British Columbia with promotional campaigns aimed at luring Canadians across the line.

The mass exodus of business and capital is greatly aggravating Canadian unemployment. I have raised this issue many times with the Prime Minister (Mr. Trudeau) and with the Minister of Finance (Mr. Chrétien), but they have no plan whatever designed to keep investors in this country. At the present time more than 400,000 students are graduating yearly from schools and universities in Canada and only 225,000 new jobs are being created. Unemployment is already costing Canadians more than $8 billion a year, and in the absence of any suitable programs on the part of the government the figure is likely to increase still further. In circumstances such as these the government has sought to rely on short term mini-works projects which have proved ineffective.

We in this party have for some time been calling for tax reductions. A small tax deduction will, it is true, be provided for this month, but it is by no means the total answer, and I hope the new tax incentive bill which the Minister of Finance has introduced will make venture capital more easily available to small and medium-sized businesses so that secondary industries, in particular, will be able to expand. At the present time there is no encouragement for Canadian investors to put money into secondary industries in this country. I hope the minister has this point well covered in the bill he has just introduced.

I should like at this point to offer the House further evidence of the lack of confidence in this country felt by investors. Olympia and York Developments Limited of Toronto laid out $350 million a few weeks ago to buy nine skyscrapers in New York city, becoming overnight the largest Canadian investors in American real estate. In 1976 Canadians invested $5.9 billion in U.S. companies, an increase of $500 million over the previous year. In fact Canadians are the largest investors in the United States today, accounting for 10 per cent of all foreign direct investment activity in that country. All this is very discouraging.

Just about every magazine one picks up contains an article on this very serious situation. One such article appeared in *Forbes* which was entitled: "Foreign Investment In The U.S.—It Grows . . . But Slowly". It is growing slowly and steadily with Canadian investment dollars. Last year $2.5 billion in real estate investment money went to the United States.

• (1652)

Canadian investors now own 30 per cent of the major high rise apartments in the city of Seattle, Washington. Also 17

major complexes in the United States are being developed with Canadian money. Investors have no faith in Canada or its government, and thus they are getting out. The net outflow of capital has been growing in recent years. In 1976, even though foreign economies were plagued by stagnation, Canadians invested $555 million abroad. For the first time in at least 25 years, 1976 was the first year in which foreigners actually reduced the value of their holdings in Canada by $395 million, because Canada is no longer an attractive place to invest money. Figures for the first quarter of 1977 show that the net outflow is continuing: $35 million in the first quarter, at an annual rate of $140 million.

Some Canadian investment counsellors are concerned about this irreversible trend. One such firm is Peter Henry Jerch & Associates of Winnipeg, Manitoba. That firm points out that this mass exodus of investment capital and business leaving Canada has been going on for the last few years. Mr. P. H. Jerch in a document prepared by his firm points out the following:

> Countries or for that matter provinces which have nationalistic, leftist or extremely strong bureaucratic tendencies make striving and successful entrepreneurs feel uncomfortable.

Certainly they feel uncomfortable in Canada. Mr. Jerch gave examples of 64 Canadian businesses which are planning to move to the United States or to expand there. He gives statistical information on the job loss caused by this investment money leaving Canada. Because of these Canadian firms planning to expand into the United States, there will be a loss of up to 17,000 jobs in Canada. Also he gives a perfect example of the political climate caused by socialistic governments similar to the one Manitoba previously had.

The effects of the New Democratic Party being in power for eight years were devastating to Manitoba. As an example, Mr. Jerch pointed out where $40 million of investment money was driven out of that province by the Schreyer government. Investors do not trust socialist governments. They will not make long term investments in provinces or countries where there are socialist governments. Also Mr. Jerch pointed out that this mass exodus of money from Manitoba resulted in the loss of 4,000 jobs. This trend has been slowed down somewhat by the change of government in Manitoba.

Another example which could be used is the province of Saskatchewan with Premier Blakeney nationalizing the potash industry. That put the fear of death into the minds of business investors across the United States. Also there is the Barrett government which caused serious economic problems in the province of British Columbia. An NDP government does not attract investment or business, for which there is no substitute.

I should like to comment on wage behaviour before, during, and after controls. Before controls 77 per cent of employees under AIB jurisdiction were achieving wage settlements above what the wage guidelines would have been if controls were in force. During the first year of controls, 41 per cent of employees attempted to achieve wage increases above the wage guideline. During the second year of controls only 30 per cent of employees attempted to achieve settlements above the wage guideline. Because the third year guideline was altered to a flat 6 per cent on October 20, the relationship between wage gains attempted and allowed is not clear. Even those wage settlements found to be excessive by AIB attempted to overshoot the wage guidelines by a smaller margin. Before controls, average wage settlements were 15.6 per cent, where 10.9 per cent was justified under the hypothetical guidelines—a 4.7 percentage point in the first year of controls and to 0.2 in the second.

While it is clear that the AIB had some considerable effect on wage settlements, it is not clear that the AIB was the sole or even the principal determinant of wage settlements. The over-all state of the economy had a very significant influence on wage demands, as many unions and workers realized that high wage gains could lead to a loss of jobs due to a corporation's growing inability to compete on domestic and world markets.

The behaviour of Canadian average industrial wages compared to those in the United States is instructive in this respect. Without controls the United States has reduced inflation sharply. Its correction took place at a high cost in unemployment, but United States unemployment rates have been below Canadian rates for ten months, and they have experienced lower inflation since early 1975.

I should like to refer to the percentage increase in manufacturing hourly earnings as between the United States and Canada. In 1976 the increase for Canada was 13.6 per cent, whereas the increase for the United States was 7.7 per cent. In 1977 the increase for Canada was 10.5 per cent, whereas the increase for the United States was 8.6 per cent. If economic conditions have the bearing on wage rates that is suggested, then pressures for large wage adjustments following decontrol will be limited by workers' fears of losing their jobs.

Should economic restraint fail to limit wage gains, it is the Conservative party policy that for the six-month to 12-month period following decontrol, unions negotiating with the top 200 corporations will be required to submit wage settlements to the Department of Consumer and Corporate Affairs 30 days before a contract can take effect. If found to be excessive, and where publicity and suasion fail, the then Minister of Consumer and Corporate Affairs may refer the increase to cabinet. As a last resort measure, cabinet could roll back the wage.

PROCEEDINGS ON ADJOURNMENT MOTION

[*Translation*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Deputy Speaker: It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised at the time of adjournment are as follows: the hon. member for Capilano (Mr. Huntington)—Transport—Date when harbour

patrol boat will be provided for Vancouver; the hon. member for York-Simcoe (Mr. Stevens)—The Canadian Economy—Reason for continuing high level of inflation—Date when level will reach four per cent; the hon. member for Ottawa-Vanier (Mr. Gauthier)—Administration of Justice—Request for amendment to permit use of French in Ontario courts.

PRIVATE MEMBERS' PUBLIC BILLS

[*English*]

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

I wish to bring to the attention of hon. members the fact that the notations "allowed to stand at the request of the government" which appeared on the order paper at the time we adjourned for Christmas have been removed from the various orders under public bills as listed on today's order paper. This was an administrative decision taken by me. It arose out of my ruling of December 5, 1977, and the decision I made in the House on December 12, 1977, which had the effect of removing similar notations under notices of motions. Actually all that did was to eliminate any notation that had been made under a motion or a notice of motion for a private member's public bill, so that my ruling of December 5 will not be retroactive and the only note that would appear from now on with regard to notices of motions for public bills would be those that would result from the proceedings in the private members' hour following my decision of December 5.

● (1702)

There seems to be a disposition to proceed with Bill C-215 appearing in the name of the hon. member for London East (Mr. Turner). If there is unanimous consent, orders Nos. 2, 4, 8, 9, 10 and 13 will be stood. Is that agreed?

Some hon. Members: Agreed.

* * *

CRIMINAL CODE

AMENDMENT RESPECTING ISSUANCE OF CHEQUES

Mr. J. Larry Condon (for Mr. Turner (London East)) moved that Bill C-215, to amend the Criminal Code (NSF cheques) be read the second time and referred to the Standing Committee on Justice and Legal Affairs.

He said: Mr. Speaker, the purpose of Bill C-215 where a cheque has been returned "NSF", is to delay the raising of a presumption of false pretences until 15 days after notification by the bank, and to allow the person who made the cheque to avoid criminal liability by paying off the debt within the period of grace.

First of all, I should like to bring to the attention of the House the fact that this bill was put forward by the hon. member for London East (Mr. Turner), but because the rules of the House do not permit occupants of the chair to speak on their bills, I shall do so for the hon. member. When the time comes to discuss changes in the rules of the House, this is one change which I believe should be considered because our rules take away a very important function from members. I believe that all members should be allowed to speak on any bill they put forward.

As I said, the purpose of this bill is to try to improve the law so as to protect better, first, small businessmen; second, landlords; and third, people who suffer most from NSF cheques. In the past the recipients of NSF cheques have had no other recourse but to go to the small claims court or to go through the process of the criminal law to receive the money which they have lost.

There are a good many reasons for which people write bad cheques. In some cases it is an honest error on the part of the drawer of the cheque, as he is called by banks, and in most cases he will redeem the worthless cheque promptly after being notified that his cheque was dishonoured. In such cases payment, or even an arrangement to pay, is sufficient evidence to indicate that the cheque drawer did not commit fraud as would otherwise appear.

As has become evident in the last nine or ten years, those who have suffered most from NSF cheques have been small businessmen who, on seeing a person with the intention of paying a bill, took the word of the man as indicated on a piece of paper which designates to the person receiving it that money will be available when the cheque is put through the normal banking processes. One of the problems is that some people who make out such cheques have no intention of honouring them. Certainly the law has not been sufficiently strong to protect the recipients of such cheques, and this has caused many problems.

Let us take a look at the Ontario Landlords and Tenants Act. For example, a person who intends to rent an apartment pays the rent in advance by cheque. Three or four months later when the landlord tells him the cheque has bounced, the person says that he intended to honour the cheque but that since now it is October or November, the landlord cannot kick him out anyway. This puts the landlord in a very difficult position because he forfeits four or five months at a time of year when it is difficult to rent the apartment. It puts him in the position of having to house the tenant for free. In such circumstances the landlord cannot enforce the law under which he owns that property and for which he expects money.

Another problem we find is when a person purchases some goods. In the past the government has made an attempt to assist small businessmen and to give them an opportunity to develop their businesses, but the latter have been restricted by the law under which it is possible for people to pay for their purchases by cheque. The small businessman depends on the

local person to walk in, pay cash for the goods and thus make money move around so that the businessman can buy more goods and increase his assets. It is not only businessmen who have suffered over the years. People who do not understand the law have also been the victims.

I should like to read into the record a letter written to the Prime Minister (Mr. Trudeau), a copy of which was sent to the hon. member for London East. It is a very sad story of a person who was given poor advice and who then suffered a calamity. It reads as follows:

I'm writing to you begging for help. I should explain what has happened to me and my family. I am 37 years old and have been working since I was 16 with my present employer, not for very much money but it has been steady work, saving everything that I could for me, my wife and two children. Recently I was misled by a real estate salesman to invest in second mortgages. I took all of our savings and did so. The total amount was $20,000. After five months the postdated cheques went NSF—

● (1712)

I assume this refers to the person making payments on the second mortgage.

—all of them on four properties, so the first mortgage holder foreclosed on the properties, and that left me helpless because I had no money to carry them on. Since this has happened I have not been able to sleep for a month. I'm on the verge of losing my job because my nerves have been so bad that my hands can't stop shaking since this has happened. I would appreciate if you can help me before I go out of my mind. I don't know anybody else that I can turn to. That is why I'm going to the top. Forgive me for the poor English as I came to Canada when I was twelve and had not gone to school in Italy and had only four years of school here in Canada. I hope you can help us, as I have not felt so low in life before.

Thank you. Hope to hear from you—

This is a typical example of what is happening. This gentleman has a family; he has worked very hard, saved $20,000, and finally felt he could be self-sufficient. He put his money into second mortgages so that he could raise his family and give his children the education he never had. This happened because of poor advice and because of the law we have now which does not protect people with little education. It is not just businessmen and landlords who suffer; the little fellow suffers as well.

How do you answer a letter like that? Some of my colleagues who are in the legal profession might say this gentleman could have purchased the properties, got more money and taken over the mortgage. That would be very simple for some people who are educated, but this gentleman lost all his money and possibly will lose his job because of his nervous problems and his worry. His money has been stolen, and he has no recourse. This is just one of the reasons why this bill in the name of the hon. member for London East should be passed.

I admit that I am not a lawyer, but I think we have a moral as well as a legal obligation to protect people like this gentleman. We talk about taking care of people of all kinds, but I think we have forgotten the people who count the most, the hard workers who lose their money because of this quirk in the law. They lose their money because of a lack of knowledge and because they do not do things which perhaps others with a knowledge of the law would do.

[Mr. Condon.]

Our criminal law provides no satisfaction for the merchant, the landlord, or for ladies and gentlemen like the gentleman to whom I referred. The law does not provide for repayment, nor does it deter others from committing this kind of crime. Offenders walk down the street laughing. They say, "If I can get away with it, why not?" French law treats this as an offence. The severity of punishment depends on the amount of money involved. The fraud is considered serious if the NSF cheque is between $200 and $700. The penalty is from one to five years. Some in this country may think that is harsh, but I wonder if one to five years is too harsh in the case I have cited involving $20,000. The victim in this case, as well as his family, suffered frustration.

For the sake of the consumer in the market place and every merchant with whom he deals, I strongly suggest that there is a need for a simple and effective law which would identify and eliminate cheque counterfeiters and bring about prosecution by the Crown without requiring the merchant, the landlord, or the little fellow to weigh the cost and the benefit of trying to collect payments on account of bad cheques. In my view the proposed bill would provide such a law, and I heartily support it.

Mr. Gus Mitges (Grey-Simcoe): Mr. Speaker, it is indeed a pleasure for me to speak in support of Bill C-215, sponsored by the hon. member for London East (Mr. Turner). This bill would do something concrete to combat the ever-increasing number of NSF cheques, the elasticity of which is also increasing and stretching from one end of Canada to the other.

At present the Criminal Code of Canada states that if a person obtains any merchandise by means of a cheque dishonoured for insufficient funds, a false pretence will be assumed unless the court is satisfied by evidence that such cheque would be honoured if it were presented for payment within a reasonable time after it was issued. There is no doubt in my mind that the issuing of a cheque without funds in a bank account to back it up is nothing but the perpetration of fraud by the cheque issuer. This should no longer be tolerated. It is a well known and established fact that 90 per cent of the people who knowingly write cheques against bank accounts with insufficient funds have no intention of ever paying.

Too many people do not realize that the ability to pay by cheque is not only a shopping convenience but a customer privilege as well. It is certainly not a divine right.

Too few cheque writers understand that until such time as a cheque clears the bank it is merely a promise to pay and represents the granting of credit. Occasionally an accounting error on the part of a cheque writer may cause an overdrawing of his finances. Honest mistakes are promptly rectified, and honest mistakes occur in the vast majority of cases.

Writing an NSF cheque in Canada is not in itself a criminal offence unless it can be proved it was intended in the first place to be NSF. Proving this can be very difficult.

Bill C-215 would provide a mechanism by which to put some teeth into the law and to prevent the misuse of cheques. Cheques should be a satisfactory way of making payments.

The only alternative would be to stop accepting cheques altogether. I think all of us would hate to see that happen because of the hardship that would result. The provisions of Bill C-215 would give the writer of an NSF cheque 30 days to satisfy the debt after notification by the business concerned. If the cheque is not covered in the bank by that time, the purchase involved would be presumed to have been obtained by false pretences, and court procedures would be the next course of action.

This bill would go a long way toward deterring individuals who have habitually passed bad cheques. This bill would help all businessmen who have frequently been stung by fraudulent and unscrupulous individuals. I urge hon. members to support this bill so that it can become law as quickly as possible.

Mr. John Gilbert (Broadview): Mr. Speaker, the hon. member for London East (Mr. Turner) should be commended for bringing this matter forward in the form of Bill C-215, and the hon. member for Middlesex-London-Lambton (Mr. Condon) should be congratulated for setting out the problem in a very precise and persuasive way.

● (1722)

There are certain dangers in Bill C-215 which I should like to discuss, Mr. Speaker. Before doing so, I should say that I think this bill may be of sufficient importance to have the subject matter referred to the Standing Committee on Justice and Legal Affairs where expert witnesses could be called. Businessmen, bankers, and law enforcement officers, for instance, could focus on the problem and make recommendations.

The bill gives a 15-day grace period after the bank has notified the person who issued the cheque that there are not sufficient moneys in the account to cover it. If the amount set forth in the cheque is not paid, then the presumption of false pretences applies and if it cannot be proven that the person who issued the cheque did so without any intention to deceive the payee, there would be the possibility of imprisonment.

When I heard the hon. member for Middlesex-London-Lambton, who introduced the bill on behalf of its sponsor, say that in the case where someone was duped out of $20,000 on a mortgage he recommended imprisonment for one to five years, I thought that illustrated the importance of this discussion.

It would be trite to say that we live in a credit society rather than a cash society, Mr. Speaker. Our parents would never buy anything unless they had the cash to pay for it, but we are a different generation. I notice that my children lean to credit buying. In a credit society with the tremendous advertising pressures that there are, many people buy things they cannot pay for and sometimes issue cheques hoping that by the time they are presented to the bank they will have had a chance to deposit the money to meet them. In many cases this does not happen.

I think businessmen and bankers have a responsibility to tone down advertising aimed at young people today. We hear of things like "the red convertible loan." Young people borrow money, buy the red convertible, and then find they cannot pay for it. There is constant radio and television pressure on young people to buy, without impressing upon them their responsibility to pay. I think there is an onus on businessmen and bankers to ensure that young people are not pressured into over-buying.

This bill puts the onus on bankers to notify anyone who issues an NSF cheque that, if it is not covered within 15 days of the notification, there will be a presumption of false pretences. Again, it is trite to say that most businesses include in the cost price of an article the cost to them of loss through theft and loss suffered as a result of bad cheques. Of course 95 per cent of people in the community pay for those two cost factors.

As it stands, Bill C-15 would impose a tremendous workload on the courts with charges of false pretences as a result of NSF cheques. The present trend is to unclog the courts and not bring to them matters which are of a personal nature—squabbles between neighbours and so on. There is an attempt to refer such matters to places other than the courts so that they can devote their time to cases where violence has been committed against the person rather than assault on the pocketbook.

I could have said shed tears over the example given by the hon. member for Middlesex-London-Lambton about the uneducated immigrant who invested his life savings of $20,000 in a mortgage and then, when the mortgagor did not pay, lost his money. It would have been interesting if the hon. member had read the reply given to that person by the Prime Minister (Mr. Trudeau).

Sometimes greed brings about loss, Mr. Speaker. This uneducated immigrant put his whole life savings of $20,000 into a second mortgage without any appreciation of what happens upon default, and without any appreciation of his responsibility for taking up the payments on the first mortgage and so on. It seems to me there is a moral obligation upon the lawyers who write these mortgages, upon real estate agents, and upon the community in general, to tell people who want to invest in mortgages, especially second mortgages, that they must be very careful not to invest their whole life savings, as they face possible loss.

When it comes to housing there should be a moral obligation on all of us to provide decent housing for Canadians at reasonable cost. We should take the profit out of housing. There is no reason why that immigrant should put his $20,000 into a second mortgage at a very high interest rate to be paid by the owner of the house. He should have directed his money into Canada Savings Bonds, or even into a bank, for lesser interest and greater security. In the final analysis, greed overcame caution.

Legal history shows that a hundred years ago we still had debtors' prisons. People who could not pay their debts were put in prison and then, of course, they could not pay their debts at all. We wisely got rid of debtors' prisons and gave people an opportunity to pay. Thank goodness we did get rid of them because they imposed an impossible burden on the debtor.

Imagine the result if the recommendation of the hon. member for Middlesex-London-Lambton were accepted and a sentence of one to five years' imprisonment was imposed upon anyone who failed to pay debt. The Canadian people would ultimately pay the $15,000 to $18,000 per year it costs to keep that person in prison, not taking into account the moneys that would have to be paid to maintain any dependants. That does not seem to be a very good solution.

● (1732)

The solution, and it is a difficult one, is to impose upon people the responsibility to live within their means. That is not an easy task to perform and this is why, for people who experience difficulty, you have to have budget counselling which sets forth a proper budget which enables them to live within their means.

I would hope that we could refer the subject matter of this bill to the committee on justice and legal affairs and go into depth with regard to what should be done with persons who pass on NSF cheques. Certainly it hurts many people, small businessmen, landlords and so forth. It creates quite a clog on the banking system, on the criminal law system and on the law enforcement system. So I give the member for London East credit for bringing forth this matter at this time, but I respectfully suggest, Mr. Speaker, that his solution is not a good one. It does not take care of the total problem. I think we have to have the experts give us their recommendations based on their experience with regard to what should happen to a person who passes on an NSF cheque. Should that person be imprisoned? At this time I would say no. Should that person be forced to take budget counselling and eventually repay the amount of the cheque?

I think that if we were put to the ultimate test, the New Democratic Party would have to vote against the bill as it is presently constituted. But I would hope that the Parliamentary Secretary to the Minister of Justice (Mr. Young) will get to his feet and in his own persuasive and eloquent way say: "Well, the New Democratic Party has brought forth the idea that this subject matter should be referred to the committee, that we should have advice from experts and should get a report." Based on that report it may be that there should be changes to the Criminal Code affecting this situation.

[*Translation*]

Mr. Léonel Beaudoin (Richmond): Mr. Speaker, I am pleased to discuss Bill C-215 introduced by the hon. member for London East (Mr. Turner). I would like to congratulate the hon. member for having introduced this bill dealing with NSF cheques. I would only mention an idea I had while listening to the hon. member who explained the bill, the hon. member for Middlesex-London-Lambton (Mr. Condon).

The hon. member for Middlesex-London-Lambton said that people who are responsible for or who write NSF cheques should be imprisoned, that we should have a bill providing that we can imprison such a person as soon as we are certain that he is acting in bad faith by passing NSF cheques. I for one, Mr. Speaker, would like to know which one should be imprisoned. Is it the one who writes such cheques because he is caught in the system or is it the system which drives him to do that by encouraging him to buy too much? Here is what happens. I have been in business for some 20-odd years and—

Mr. Deputy Speaker: Order, please. The hon. member for Middlesex-London-Lambton on a point of order.

[*English*]

Mr. Condon: Mr. Speaker, I would just like to clarify one point that seems to have been brought up twice. The assumption was that if somebody passed a bad cheque he would be put in jail. I was pointing out that in France, if a bad cheque is written and the person writing the bad cheque is guilty of an offence, the term is from one to five years in jail. I must have been misunderstood if it is suggested that I would throw a person in jail for this offence. It was the law of France I was referring to.

[*Translation*]

Mr. Beaudoin: I thank the hon. member for Middlesex-London-Lambton for his explanation but I must say that they have a different system in France. The system in France does not relate to consumption as much as ours does here in Canada. In France they do not send credit cards right and left to heads of family, whether they are solvent or not, and then allow sons and daughters and wives to go and buy at Eaton's, Simpsons and so on with the head of family having $450, $500, $600 of bills to pay. In France they have a different system. But to explain Bill C-215 one must start with our system and not take the example of France where they have a different system.

I think small businessmen in Canada are certainly threatened by NSF cheques from their clients. I agree with what the hon. member for Middlesex-London-Lambton suggested earlier, but they are the ones who suffer the most but, on the other hand, you also remember that the small businessman often has a certain margin of credit. He too belongs to the group of people writing NSF cheques because the bank, without warning him or warning him at the last minute, cuts off his margin of credit. He has post-dated cheques for a month, two months, three months, up to 12 months to pay for a house, a car, this and that but the bank tells him: You have a client who has been refused a cheque in your name so we can no longer maintain your margin of credit.

Take an example of $5,000 or $10,000. His margin of credit is cut by 50 per cent. He too becomes a victim of the system in which we are stuck. And I say that the main culprit is the bank which did create its own problems, first by issuing credit cards to nearly everyone, second by overlapping every which way the credit of its clients or those of other branches, third by lending money it never did receive. I think banks lend money on the stroke of the pen, then revalorized that money by giving it a certain value which is purely fictitious in my mind because a chartered bank only has to deposit a fractional reserve of 16 per cent with the Bank of Canada, and as soon as it has a 16 per cent reserve with the Bank of Canada, it can then lend a client 100 per cent.

• (1742)

Although it is allowed to lend 100 per cent with a profit of 84 per cent on the original amount, it is not in fact a profit of 84 per cent on the amount itself but an interest profit on the 84 per cent which it never had in its coffers in the first place. But nevertheless, to revalorize the money before its customers, it says: Sir, your line of credit has been cut down to so much. So the small businessman who is so unhappy, as the hon. member put it earlier, is more or less stuck because of the action of the bank.

But I would like to return to the point made earlier by the hon. member for Middlesex-London-Lambton that the bill should provide for the imprisonment of recedivists. If such a person comes back with NSF cheques drawn against the same bank he should be sentenced to jail. But what about cheques issued last year to a Canadian milk producer? That cheque was for $3,000 or $3,500 because that milk producer had exceeded his quota and he had $214 or $241 left on his cheque. That person has some obligations with his bank and his creditors. Cheques were returned NSF because there were no funds although he had produced.

I would like to point out to the hon. member for Middlesex-London-Lambton that we should ... I agree with the hon. member for Broadview (Mr. Gilbert) in saying that this Bill C-215 should certainly be allowed to go through the various stages but that one should start by finding out where the evil lies, not in the mind of the hon. member, but in the initial thinking of those who care for the well-being of our economy. As to NSF cheques I think they are seldom passed in bad faith and only a few crooks make money by writing cheques without sufficient funds.

They just switch banks, those few crooks, but they only represent a small minority. If tomorrow we were to jail all those people who are of good faith, I am referring to the poor, because the cheques of the rich fellow never bounce, we would not have enough space in our jails. Furthermore, we would thereby punish those who are not responsible at all for the existing system. Mr. Speaker, when talking about Bill C-215, I think we should also mention deceitful advertising aimed at consumers.

Mr. Lambert (Bellechasse): Newspapers are filled with such advertising!

Mr. Beaudoin: Throughout the evening, every five, ten or 15 minutes we see advertisements being broadcast on television. Buy this today, pay tomorrow. Why so? To allow those who are filthy rich to take advantage of the poor and spoil them. This bill or a related bill should deal with that and condemn these companies which are dishonest and connive with those who lend money at rates of 9, 10, 12, 13, 14, 15 and up to 27 per cent and act in such a manner that the decent fellow, the little working man becomes insolvent and is driven to writing NSF cheques.

Once again, in ending my remarks, I would express the hope that Bill C-215 not be talked out but that it be referred to the Standing Committee for Justice and Legal Affairs and I hope that we will then start explaining these bills in a positive manner, in a broad sense, without any intention to punish the little fellow because it is the system which has failed, not him! We should start addressing ourselves to the system itself and give the individual a fighting chance because he has become insolvent on account of the very fundamental dishonesty of the system itself.

[*English*]

Mr. Peter Stollery (Spadina): Mr. Speaker, I want to say a few words about Bill C-215. I will be brief as there are other members who also want to speak before we adjourn for the dinner hour.

I congratulate the sponsor of the bill. The matter of NSF cheques and what happens to them should be straightened out. If a person in Canada writes an NSF cheque while thinking that he has enough money in the bank to cover it, that is not false pretences.

The situation which we now have does not satisfy anybody. If by accident you write an NSF cheque, thinking you have enough money in the bank, you can still be taken to court where you must prove that you thought you had the money. Although you actually thought you had the money, you could be found guilty of an offence. There is also the situation of someone practising fraud who gets away with that. This is not satisfactory from anyone's point of view.

The hon. member for Broadview (Mr. Gilbert) has asked that this bill go to committee where it can be studied in order to find a satisfactory way of handling instances such as this. Such a situation has happened with me and, I am sure, many other members of this House. I have written a cheque without having enough money in the bank. When that happens you wind up with an extra charge of $2.50—and I hope someone says something about that—or you have the embarrassing situation where your cheque is returned and it looks as though you are trying to pull a fast one.

I wish to deal with another point raised by the hon. member for Broadview. What is a merchant in Canada to do? I have had the experience of running a cash register in a busy store during the Christmas season. I have okayed hundreds, if not thousands, of cheques. You are reduced to sitting there, looking the person over and hoping you are making the right decision. When okaying cheques, you calculate that a certain percentage will be bad cheques. In my experience, I cannot remember once trying to get the money for a bad cheque. If the person does it on purpose, there is nothing you can do. If it is by accident, normally they will pay the money without too much of a follow-up.

The present situation is most unsatisfactory. The only ones who benefit are the banks with their excessive charge of $2.50. If someone writes an NSF cheque for $2.50 and the bank charges an extra $2.50 as a result, that person ends up paying 100 per cent interest. Even a loan shark would feel pretty happy about that sort of situation. Therefore, this is something which must be changed.

The bill puts forward the interesting proposition of allowing 15 days' grace. However, I think there are many more aspects to this whole question of cheques that are being utilized increasingly in our society. Under the credit card system, there is an interest charge of 18 per cent. Cheques have become a form of credit card system for many people. If a cheque is small, the interest becomes exceedingly excessive.

I do not know the exact amount of my telephone bill because it has changed so often recently. In any event, it is a relatively small amount. Many people pay their telephone bills as well as their hydro bills and other relatively modest amounts through the bank. Once again they are jabbed by the banking system for an excessive amount of money.

There are one or two other members who want to speak on this subject. I want again to congratulate the sponsor of the bill for bringing forward this subject, which is of interest to very many Canadians, in order that we may have a few minutes to discuss it.

● (1752)

Mr. Bill Jarvis (Perth-Wilmot): Mr. Speaker, perhaps I might be permitted to spend a few moments putting forward some personal observations on Bill C-215. I am prompted to do so if for no other reason than that it stands in the name of the hon. member for London East (Mr. Turner); in my view, therefore, it is a matter which is deserving of serious consideration. I compliment the hon. member on bringing this legislation forward and I compliment also the hon. member for Middlesex-London-Lambton (Mr. Condon) for explaining so well the purposes of the bill.

I agree with what the bill seeks to achieve. I am not sure, however, that I agree with the means by which the sponsor and the hon. member for Middlesex-London-Lambton wish to attain those objectives. Let me first of all draw attention to a matter which is, for me, one of serious principle, though I do not say so as a lawyer. Is the Criminal Code a vehicle to be used for the enforcement of a commercial contract? In other words, should we superimpose the Criminal Code upon day to day business activities? There are great arguments on both sides. I understand the frustration of small businessmen in the London area. My own riding is very close to that area and I appreciate the frustration businessmen feel in trying to get litigation through the courts, having regard to the inadequate facilities at their disposal. I understand that a similar situation exists in Ottawa to the extent that the regional bar association has made strong representations to various levels of government.

Nevertheless, are we to use the Criminal Code in an attempt to mitigate this understandable frustration and financial loss suffered by small businessmen? I am sure the financial loss suffered by these people in the London area has been very significant indeed. Knowing the nature of the court list in that area I can well understand that a businessman would not be much inclined to say to the law enforcement agencies: "I want this case prosecuted." Because of the frustration they feel with the civil court procedure, small businessmen in the area, as well, I am sure, in many other areas across Canada, are saying possibly: "At least we may be able to expedite our cases by resorting to the use of the Criminal Code."

This brings me back to the principle I stated: Should the Criminal Code be used to enforce commercial transactions? I do not know which side of the fence I am on. Looking at the legislation I can see certain difficulties immediately. Suppose I am a tenant and I receive a cheque from a friend or a business associate at the time my rent is due and I endorse that cheque to my landlord and it is returned stamped "NSF." Now, who is the payee? According to the cheque, I am. I, in turn, endorsed it to pay my rent. Under the bill before us, as I read it, I am in a situation in which, should the payor pay the amount of the dishonoured cheque to the payee, no further action is taken against him. Well, Mr. Speaker, I have no claim to that money. The claim has passed to my landlord to whom I have endorsed it. If he becomes the payee in law, that is fine, but I am not sure he does.

Another situation occurs to me. Again, as a tenant, I write a cheque to the landlord and the landlord endorses it over to another, and the recipient endorses it again, as happens in many commercial transactions; the cheque may pass through three or four hands before being finally presented to the bank upon which it is drawn.

I come, now, to the very good point made by the hon. member for Middlesex-London-Lambton with respect to the morality of certain aspects of the measure and his concern about protecting the little fellow, the uneducated person, the person who lacks an adequate command of either of our official languages. Is it in the moral interest of such a person, or of any other Canadian, to say: "You can write cheques even though you do not have funds to meet them, as long as within a 15-day period following notification of the fact that you do not have sufficient funds to meet them, you make arrangements to do so." Is that good morally? I do not stand in judgment. I do not know.

What I am willing to say is that I support the position taken by the hon. member for Broadview (Mr. Gilbert). I think this would be a very good subject for consideration by the Standing Committee on Justice and Legal Affairs, of which I happen to be a member. I am not so sure it should be discussed in this precise form but, in the absence of any other form, let us consider it in the form of Bill C-215. I should very much like to discuss further this matter of principle, the contemplated use of the Criminal Code to enforce commercial contracts.

Mr. Roger Young (Parliamentary Secretary to Minister of Justice): Mr. Speaker, I join with others who have spoken this afternoon in commending the hon. member for London East (Mr. Turner) and the hon. member for Middlesex-London-Lambton (Mr. Condon) for bringing this bill forward. It has given us all a chance to take a run at the subject matter.

I might say that I have prepared what I thought was a pretty good speech on the subject. I had hoped to deal at some length with the legal technicalities involved because I believe there has been some misinterpretation of what this bill would

really have done. I am indebted to hon. members who have already spoken, particularly to the hon. member for Perth-Wilmot (Mr. Jarvis), and the hon. member for Broadview (Mr. Gilbert), because I believe they have drawn attention to some of the troublesome points. I, too, have doubts about certain aspects of the measure.

It is possible that we could refer the subject matter to committee. My reluctance in recommending such a course arises only because of the fact that other considerations to be placed before the justice and legal affairs committee this session are likely to take up a great deal of time.

Mr. Deputy Speaker: Order, please. The time allotted to consideration of private members' business has expired. I do now leave the chair until eight o'clock p.m.

At six o'clock the House took recess.

• (2002)

AFTER RECESS

The House resumed at 8 p.m.

The Acting Speaker (Mr. Turner): Order, please. The hon. member for Laurier (Mr. Leblanc) rises on a point of order.

[*Translation*]

Mr. Leblanc (Laurier): Mr. Speaker, I request the unanimous consent of the House to revert to motions.

[*English*]

The Acting Speaker (Mr. Turner): Does the hon. member have unanimous consent to present the committee report?

Some hon. Members: Agreed.

ROUTINE PROCEEDINGS

[*Translation*]

NATIONAL RESOURCES AND PUBLIC WORKS

The Clerk Assistant read the following report:

The Standing Committee on National Resources and Public Works has the honour of presenting its first report.

In accordance with its Order of Reference of Thursday, December 1st, 1977, your Committee recommends that it be authorized to travel throughout Canada and that it be accompanied by the staff required.

A copy of the relevant Minutes of Proceedings and Evidence (Issue No. 9) is tabled.

Respectfully submitted,
Fernand E. Leblanc,
Chairman.

ADOPTION OF FIRST REPORT OF STANDING COMMITTEE

Mr. Fernand E. Leblanc (Laurier): I move that the first report of the Standing Committee on National Resources and Public Works be adopted as read.

Motion agreed to.

GOVERNMENT ORDERS

[*English*]

ANTI-INFLATION ACT

AMENDMENT TO EXTEND RANGE OF PERSONS TO WHOM ANTI-INFLATION GUIDELINES APPLY

The House resumed consideration of the motion of Mr. Chrétien that Bill C-18, to amend the Anti-Inflation Act and guidelines, be read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs.

Mr. Dan McKenzie (Winnipeg South Centre): Mr. Speaker, let me return to the consideration of Bill C-18 which calls for amendments to the Anti-Inflation Act. I mentioned earlier the effects that long-term controls have had on the Canadian economy and the contribution they have made to high unemployment in this country. It was for this reason that we in the Conservative party proposed short-term controls; that is, to bring uncontrolled government spending under control. This is one of the main causes of inflation and the other economic problems we are facing in Canada today.

Earlier this afternoon I referred to a document prepared by Peter Henry Jerch and Associates, a Winnipeg investment group which has carried out detailed studies to determine why businesses and investment money have been leaving Canada in large numbers. Let me refer to this document again. It states:

> Countries or for that matter provinces which have nationalistic, leftist or extremely strong bureaucratic tendencies make striving and successful entrepreneurs feel uncomfortable. They are of course also the one element of business that a region can least afford to lose.

This is the basis of one of our main problems in Canada today. The document goes on to state:

> Britain is a good example of a country with bureaucratic tendencies. Italy has been on the brink of ruin for some time and had to formally restrict the outflow of funds: those who were not able to take their money out are however not going to invest it internally either. Germany, Denmark, France, Holland, Sweden and Austria, among others, are countries where those striving and willing to invest have been burned too often in the past. Every time an unfavourable trend develops, rather than burying their head in the sand, their thoughts and aspirations wander to more hospitable climates. For the past two or three years certainly, the trend of investing in or buying businesses, from almost anywhere, has been to do so in the United States. That country is viewed by most successful businessmen as the most hospitable place.

It really does not matter whether the Republicans or the Democrats are in, they welcome business and know there is no substitute for business or investors. There is no point trying to

kid anyone that there is a substitute for business. Businesses hire people, they build plants, factories and provide employment. The United States is certainly benefiting from the poor political climate we have in this country, and this is an additional effect of the Anti-Inflation Act.

While it is gratifying to know that these controls are to be removed in April, Mr. Jerch gives further reasons in this document for the mass exodus of investment money and business from Canada. Continuing with the quotation:

Why this not-so-sudden flood for more hospitable climates? The big and rich U.S. market has, for all practical purposes, always been there. The devalued C$ should help in exports pricing and the relatively higher cost of acquisitions there—yet it has barely had any effect on the numbers of Canadian firms looking south. Is it the generally higher Canadian wage rates? Not likely, says Mr. Jerch. Not any one single factor is actually responsible. Rather, it is a combination of factors and feelings.

The best climate for orderly and normal business growth is economic and social stability—which is not to be confused with status quo.

That is something in this country which should not be confused with the status quo. While activist politics are present in most democracies, Canada seems to have had more than its fair share. Clearly that is evidenced by the problems which have been created in Ottawa by the premier of the province of Quebec.

● (2012)

Earlier I referred to the need for venture capital. I hope that will be encouraged in April when the AIB controls are removed. Mr. Jerch and his associates have compiled a document entitled: "Nothing ventured: nothing gained". I should like to point out that this is just one firm which has compiled statistics. If statistics were prepared by every investment counsellor in each Canadian city, I am sure the compiled figures would be devastating. This particular document was an investigation of the effects of risk capital on 40 Canadian companies, our economy and taxes. It reads as follows:

The growth and continued health of our economy is indeed based on an innovative secondary industry. Most innovation is people-based and most innovation starts small—in a smaller business. Like a seed that needs water and a good climatic condition, an innovation needs money, management and a conducive economic and social climate. Meaningful jobs and in effect the spirit of the population at large are derived from this innovation which instils a real purpose, satisfaction with oneself and old-fashioned pride in occupation and personal accomplishment.

I will not read the entire document, but I should like to refer to another section which deals with AIB controls and how they have affected a number of businesses in Canada. It reads as follows:

Peter Henry Jerch & Associates, being a firm specializing in corporate finance and acquisitions, has a significant roster of clients needing capital and is aware of many other situations where the injection of equity venture capital can produce very beneficial results to them and to the economy at large. In fact, the need is so broad that nearly half of all companies that apply for credit to banks should have additional venture capital to make them more successful and more viable.

As I mentioned this afternoon, I hope the Minister of Finance (Mr. Chrétien) will arrive at some legislation to deal with venture capital and to encourage Canadian investors to invest in our secondary industries, as well as our small and medium-sized businesses. The document continues:

[Mr. McKenzie.]

Peter Henry Jerch & Associates maintains that if such venture captial investments could be offset in full against other income, and besides the tremendous impact on the short and long term economy, there would be no negative effect on government tax revenues. To test this assertion, Peter Henry Jerch & Associates conducted a detailed survey of 40 smaller Canadian-owned companies located in Ontario, Manitoba, Alberta and British Columbia. The survey delved into nearly every aspect of a company and included a review of financial statements and books, a review of management ability to carry out a proposed strategy, and a study of product viability and historical projected market acceptance. Detailed summary tables were drawn up based on the results of this in-depth review.

The Minister of Finance and his colleagues in the Department of Industry, Trade and Commerce would be well advised to contact Mr. Jerch and his associates, as well as other Canadian investment companies, in order to arrive at some ideas regarding venture capital, because it is evident the government is bankrupt of any idea along these lines.

I should like to refer to a recent article which appeared in the Winnipeg *Tribune*. It reads as follows:

Canada doesn't need a grandiose national industrial strategy. What it needs desperately is more risk taking investment in small secondary industries.

That's the forthright and well-argued opinion of Peter Jerch of Winnipeg, head of his own firm of corporate financing and acquisition consultants, Peter Henry Jerch and Associates.

He's not advocating the tearing down of any of the existing systems of business development encouragement, even though he strongly suspects they haven't achieved the aims given to government programs such as DREE. What's required is a tax incentive which will wean Canadians away from their habit of being cautious savers and convert them into adventurous investors—on a massive scale.

I hope this will come about when the AIB rules and regulations are removed in April, and that the Minister of Finance will expand on his tax incentive bill, which has certain benefits but will not be the total answer. Also I hope the Parliamentary Secretary to the Minister of Finance (Mr. Lumley) is paying attention this evening, rather than just looking around this chamber. Some action in regard to arriving at legislation to deal with venture capital is needed.

Mr. David Orlikow (Winnipeg North): Mr. Speaker, today we are engaged in an exercise in futility. We are being asked to support a bill which will continue in a phased out manner the anti-inflation program that the government put into effect in October 1975. The anti-inflation program is a complete failure, with the exception of the effect it has had on increases in wages and salaries. The cost of living for 1977 went up by 9½ per cent, which is 1 per cent less than the rate of inflation in October, 1975 when the government brought forward and implemented its anti-inflation program.

The New Democratic Party opposed the anti-inflation program in 1975 because we felt unemployment would increase and that no program could hold down the cost of living for more than a short period of time. As the Prime Minister (Mr. Trudeau) said during the 1974 election, the causes of the rising cost of living were almost completely of an external nature. They were due to increases in oil and natural gas prices imposed by the oil producing countries, as well as increases in the cost of food which could not be controlled in Canada. We predicted that controls would not be applied equitably, that people who earned their living through wages and salary could

have their income controlled, but that people who were self-employed or business people would be able to circumvent the controls program.

It would be worth while to review what the government was promising when it brought in its anti-inflation program. I should like to refer to the policy statement tabled in the House of Commons on October 14, 1975, by the then minister of finance, the hon. member for Rosedale (Mr. Macdonald), which reads as follows:

Canada is in the grip of serious inflation.

If this inflation continues or gets worse there is a grave danger that economic recovery will be stifled, unemployment increased and the nation subjected to mounting stresses and strains.

This statement is entitled "Attack on Inflation". We are aware of what has happened to unemployment. In October 1975 when the program was brought in, the seasonally adjusted rate of unemployment was 7.2 per cent and the number of unemployed people was 725,000 on a seasonally adjusted basis. More than two years later, in December of 1977, the seasonally adjusted rate of unemployment was 8.5 per cent and the number of unemployed people was 911,000 on a seasonally adjusted basis. In other words, there were almost 200,000 more unemployed people in December 1977 than there were in October 1975 when the program was put into effect.

● (2022)

Then the minister went on to say in his statement:

Inflation threatens to price our goods out of world markets and to lessen the capacity of our businessmen to expand their operations.

Many of our export industries have been in trouble. Many have not had large profits, and many of them, like International Nickel, have had to lay people off. At no time has that been caused by the fact that they were required to pay too high wages. If Canadian corporations have not been able to export as much as they had exported two or three years ago, it is because the western world in particular has been in a slump, and our products, our minerals and our lumber, have not been selling. Or if they have been selling, they have been selling at substantially lower prices than they did two or three years ago. A good example of that is the price of wheat which is down by about 40 per cent. The minister then said:

Lowering the rate of inflation and reducing the level of unemployment must go hand in hand.

I think it is pretty obvious that the rate of inflation is almost what it was in October of 1975 and that unemployment is substantially higher. We have witnessed a peculiar phenomenon in the first year. For various reasons the cost of living did not increase as fast as it had the previous year. To a large extent that was because the cost of food did not go up. So when the Anti-Inflation Board made their first year's report in 1976, they took credit for the reduced rate of inflation and they said, to quote from their first report:

The various elements of the anti-inflation program work together in this manner: Monetary and fiscal policies are designed to achieve a sustained economic recovery consistent with price increase targets of 8 per cent in the first program year, 6 per cent in the second year, and 4 per cent in the third.

Then they said:

Prices should increase by less than the increase in compensation, so that workers can gain, on average, at least a two per cent increase in real income.

Predictions of the Anti-Inflation Board and of the then minister of finance have proven to be completely erroneous because the rate of inflation in fact has increased to 9.5 per cent for the calendar year and in the last three months of 1977 to about 11.5 per cent, a rate of inflation even higher than that prevailing when the program was brought in.

We said in 1975 that this program could not work for any length of time, that we could not keep prices down because Canada could not live by itself, that Canada is part of the world economy. We are a tremendous importer of all sorts of goods and if these go up, as they have and as they will continue to do, we will have to pay increased costs. That is exactly what happened. The cost of food is going up. It has gone up by 17.7 per cent in the last year, which is not surprising when you think of the fact that we import fresh fruit and vegetables, we buy our coffee and tea and all other products, over the price of which we have no control. So the cost of living has gone up despite the arguments of the government.

The Minister of Finance (Mr. Chrétien) is still arguing that in 1978 the cost of living will go up by only 6 per cent. That is a ridiculous claim to make, and it will prove to be wrong by a very large margin because we have not been able to master those factors which have led to the increase in the cost of living. The government is committed to regular increases in the price of oil and natural gas. We had an increase of $1 a barrel on January 1, which we will begin to feel in March, and there will be another increase of $1 a barrel in oil and a comparable increase in the price of natural gas in July. The price of food is continuing to go up; there is no indication that it will go down, and this despite the fact that the minister keeps on saying *ad nauseam* that the cost of living will not be great. The fact that the minister is repeating that will not have much effect on the cost of living.

The Anti-Inflation Board, which took such credit for the reduction in the rate of increase of the cost of living in 1976, is now trying, through the judicious use of selective figures, to indicate that we are doing not badly at all. In a booklet which they issued some months ago entitled, "Kick the Inflation Habit" they tried to argue that we were doing quite well. They tried to show that inflation has been coming down for the last 12 months, despite the fact that the annual rate of increase in the consumer price index was 8.5 per cent at the time they issued the booklet, as compared to 6.5 per cent the year before. How did they try to rationalize this? They said:

Food, energy and import price movements have obscured somewhat the success that has been attained in reducing the rate of inflation.

In other words, when they could not prove that the total cost of living was going up faster than they expected, they tried to exclude the price of food and energy from the calculations which they made.

It is obvious that the government's policies have not worked. The minister has made it clear, and this legislation provides, that wages and salaries will not be permitted to increase by

more than 6 per cent in the coming year, despite the fact that we now have an annual inflation rate of almost 10 per cent. What that means, of course, is that every member of a family who works and is paid in wages or salary will have less funds to meet the actual cost of living because they will be restricted to a 6 per cent increase in their income while the cost of living is going up by almost double that. We said at the beginning when the program was implemented it would be easy for the government to control, at whatever level they wanted, incomes received by people who are paid in wages or salaries, but that it would be almost impossible to control the incomes of self-employed people. In its first year's report the Anti-Inflation Board describes what happened. Figures are given showing how much the incomes of professional people increased. I want to compare those increases, which were permitted by the Anti-Inflation Board, with the increases received by people who are paid wages or salaries. Dentists increased their income in the first year by 19.6 per cent. Their income went from $34,100 to $40,800. Engineers increased their income by 20.2 per cent. Their incomes went from $38,200 to $45,900. Lawyers saw their incomes increase by 14.6 per cent, from $34,900 to $40,000. Those income increases ranged from $5,000 to $7,000 at a time when the government had said that the maximum increase which would be permitted to any person in one year was $2,400. We see that, as we predicted, the government's program has worked in a very unfair way. Wage and salary earners have had their incomes controlled. Their increases this year are limited to 6 per cent, while the self-employed go merrily along.

● (2032)

We predicted that profits would go up, and indeed they have. The Montreal *Gazette* of November 30, 1977 reported that assets and after tax profits of the nine largest Canadian chartered banks rose more quickly in the year ending October 31, 1977 than in the previous year. The *Gazette* reported that the nine banks' balance of revenue, which measures the after tax profit before the deduction of sums to cover anticipated losses on loans still outstanding, rose by 10.4 per cent over-all.

On almost the same day the *Globe and Mail* reported that corporate profits for the first three quarters of 1977 had risen by 16.7 per cent. It was reported that after tax corporate profits grew at a quicker rate in the third quarter than in the two previous quarters, according to a preliminary third quarter survey of profits of publicly owned Canadian corporations. The year over year increase recorded in the latest quarter, 16.7 per cent, was the largest in any quarter since the third quarter of 1974. It is not just profits that have increased; there has been an even larger increase in the assets of Canadian corporations.

Eric Kierans, whom some members of this House will remember, quoted some interesting figures in a speech he made several months ago to the Committee for an Independent Canada. I would like to quote a couple of sentences from that speech because they are interesting. Indeed, I would say they are amazing. He said:

[Mr. Orlikow.]

In 1968, (corporate assets) amounted to $190 billion. Six years later they'd more than doubled, to $427 billion, an average annual compounded growth rate of 17 per cent.

He then said:

Then look at some individual examples like the Royal Bank . . . In 1970, the Royal's assets were $11.4 billion. In 1976, they were $28.8 billion. With CPR the story is the same. Assets, in 1970, of $2.3 billion. Assets, in 1976, of $6.8 billion.

It is not surprising, therefore, that people are dissatisfied with the anti-inflation program. As I have indicated, in the coming year ordinary citizens in Canada will be subjected to a substantial and very noticeable decrease in their actual standard of living. In most cases organized union workers will probably be able to get the increase which is allowed under this legislation, 6 per cent, but there are more people not organized than organized, and these people are faced with the fact that there are more people looking for jobs today than there have been since the depression years. People who work in unorganized industries will in all likelihood not be able to get the 6 per cent increase which is permitted by this legislation.

We will see a further continuation of the drift we have had for the last two and a half years. There will be more unemployment. As I said, in December there were 911,000 people unemployed. That was on a seasonally adjusted basis. That does not include the tens of thousands of people who are unemployed who are not counted because many of them have given up attempting to find jobs. If you live in Newfoundland where the rate of unemployment is over 15 per cent, there is not much use looking for work. There is not much point looking for work if you live in eastern Quebec or in the interlake area of Manitoba.

There will be more unemployment and more suffering on the part of the bulk of the people of Canada. I began my remarks by saying that we are engaged in an exercise in futility. The anti-inflation program has not worked. It has not kept the cost of living down. It has increased unemployment because, along with the anti-inflation program, the government is involved in a major program of restraint. The government has cut back on programs and has put a freeze on hiring. It has called on provincial and municipal governments to do the same.

The federal government has passed legislation which will reduce the transfer payments it has made in other years to the provinces to help pay the cost of hospitalization, medicare, social security programs and post-secondary education. All those programs were begun and encouraged by the federal government. They are now very expensive, and in the next few years they will not receive the same percentage of their cost that they have received in other years. The provincial governments are being urged to cut back on programs which have already begun. They are being pressured to give up any idea of new programs. Just at the time when the private sector of the economy is not able or willing to find jobs for all the people who want to work, and when the government should be increasing its participation to take up the slack, we find the government cutting back and urging the provinces to cut back

and to show restraint. This means that we will have more unemployment and inflation.

I think that this legislation and this debate are really pointless. Instead of bringing this legislation forward the minister should have brought forward a new budget. The Minister should no longer heed the advice coming from officials in the Department of Finance because in the last three or four years they have been consistently wrong. Instead, he should listen to the advice given by the Economic Council of Canada and the Conference Board of Canada which he has rejected out of hand as being impractical. They have suggested that what is needed is a substantial cut in income tax, particularly for people in low and middle income brackets. The minister has been heard to comment that one of the reasons we are in trouble is because people are saving too much money. The figures prove that savings have increased substantially but these savings are not by people in low and middle income brackets. They are not in a position to save money; they must spend everything they earn just to get by.

● (2042)

The Economic Council of Canada, which is composed of people appointed by this government—it has no labour representation and, if anything, is business oriented—recommended a substantial cut in income tax and a cut in or removal of sales tax. No other form of taxation is felt more cruelly by people on low income than sales tax. Any reduction should be monitored so that it filtered down to the consumer. This would do a great deal to cushion the increased cost of living we have witnessed over which, in many cases, we have little or no control. That is one thing the government should do to fight the increase in the cost of living and the increase in the rate of inflation.

The government should also deal with unemployment. It is not good enough for the Minister of Employment and Immigration (Mr. Cullen)—or, as he is commonly known, the "minister of unemployment"—to say that government can do little or nothing about unemployment. We will not and we cannot accept that kind of statement. We saw enough of that kind of argument in the depression years. We thought those days would never return but they are back. To a large extent, the minister and the government are responsible for the current unemployment.

We have argued and will continue to argue that it is the government's responsibility to adopt programs that will put people back to work. This is not impossible. We need to get on with building homes for the tens of thousands of people in this country who still live in dilapidated and unsanitary homes. This is completely inexcusable. We also need to develop programs to deal with pollution.

As I have said before, Mr. Speaker, we live in a country which spent $1.5 billion to hold the Olympic games in a city which still dumps raw sewage into the St. Lawrence River. That kind of thing should not be allowed to continue.

The government ought to forget about its anti-inflation program, although it earned some undeserved credit in the first year of operations, for which it can be grateful. It ought to get on with the job of putting people back to work and helping those on low incomes who have been adversely affected by the sharp increase in the cost of living this past year. This increase will continue throughout 1978 unless the government takes action.

Mr. Gordon Ritchie (Dauphin): Mr. Speaker, at the outset I should like to say that the Minister of Finance (Mr. Chrétien) was probably right when he said in Toronto recently that the Liberal administration was not very good. Of course, he tried to cover that up by saying that the alternative was worse. The minister and this government have been running the economy of this country for a long time, however. After railing against the evils of wage and price controls in the 1974 election campaign, the Prime Minister (Mr. Trudeau) and the government then did an about-face and introduced them. The results have not been very good.

Bill C-18, instead of paving the way for the removal of controls, provides for the extension of them and even widens the net by including profit and wage guidelines retroactive to December, 1975, as well as guidelines for the transportation industry. Profit and wage guidelines are also to be extended to the construction industry. The bill contains one or two amendments that might be useful in a decontrol program, but although the government has announced that controls will end on April 14, in practice 70 per cent of renewable wage agreements and 81 per cent of renewable profit performances will remain under control during 1978. As well, the way has been paved for a continuation of these controls if the government so desires.

The Minister of Finance has said that he hopes for an inflation rate of 6 per cent this year. Mr. Speaker, he must be the most optimistic person in Canada when you consider that inflation is already running at 9.2 per cent and the government still proposes to remove controls.

In the United States, which has an enormous influence on our economy, indications are that inflation will increase substantially. In his State of the Union speech, the President of the United States triggered another fall in the United States dollar, and, of course, our dollar fell along with it. We tend to look at the state of the U.S. dollar and forget that the whole North American economy is affected by it. In President Carter's first year in office in the United States, the government there has added to inflation by an increase in the minimum wage, which always increases wages at all levels not just at the bottom of the scale. We are adept at this as our minimum wages are substantially above those in the United States. Just recently, the province of Manitoba illustrated the danger of excessive increases in the minimum wage when they refused a further increase in the statutory escalation of the minimum wage in that province. In the United States government workers received a salary boost of 7 per cent. They are doing the same thing that we are doing in this country.

The orderly marketing agreements which the United States government has indulged in are just a fancy label for the limiting of imports. In Canada we are doing this with televi-

sions, electronic goods, shoes and clothing which decreases the flow of low-priced imports and allows higher pricing of domestic goods. This may be good for our domestic industry but it also increases the price of goods our people must buy.

In the United States there are today higher taxes on business for purposes of social security, jobless pay or what we call UIC, and an increase in pension insurance premiums. Of course, the United States has a larger federal budget and a larger deficit, with so-called tax cuts to offset tax increases. This is certainly a classic combination to cause inflation. As in Canada, all things done in the United States are done with the public good in mind, and to satisfy constituents that government feels its cause is just and reasonable. The result, whether in the United States or Canada, is to push up business costs, which in turn are passed on.

We also have the pervasive indexing of wages and pensions which is particularly important in the Canadian economy because so much of our expensive public service employment is locked in to the automatic indexing of wages.

● (2052)

The President of the United States does not intend to use forceful action in controlling inflation; he intends to have moral suasion by government, by business and by labour. In the short run, at least, this is not going to work any better in the United States than it would in Canada or in any other country. Perhaps, in the long run, it may well help to halt and contain the forces of inflation but it will not be of immediate value. So with the expected rise of inflation in the United States, how can anyone, least of all the Minister of Finance (Mr. Chrétien), expect our inflation rate will moderate from over 9 per cent at present to his own estimated 6 per cent? Certainly other trading partners are in the same situation. How can the minister expect to have an inflation rate of 6 per cent when our trading partners and the people we do business with are expecting increases in their rates, and where will our exports go?

In so many fields, Canada's performance is lacklustre, and this is evidence of our financial malaise. For instance, the rapid and continuous increase in Canada's external debt is such that we must give serious thought to the country's ability to cover the interest charges. A review of what has happened in our foreign debt is interesting. It has climbed from $26 billion at the end of 1968 to $46 billion at the end of 1976, and it is estimated to reach $58 billion at the end of 1978. Certainly the increment in the foreign debt is increasing by leaps and bounds. The interest and dividend components of the current deficit have increased from $900 million in 1968 to an estimated $3.6 billion this year.

It seems that as a result of the higher deficits in the interest and dividend items Canada is moving increasingly in the direction of a balance of payments problem, due to our inability to earn sufficient foreign exchange to pay the interest and dividends on outstanding foreign debt. In other words, large future borrowings will be necessary just to cover the service payments of past borrowing. Even with the merchandise trade surplus in 1977, the current account deficit is predicted to increase sharply from last year to over $6 billion for this year. In 1970 we had a surplus in our commodity trade of $3 billion, whereas in 1977 it was certainly less than $3 billion.

Much of this can be ascribed to the failure to sell to the United States the crude oil that we were selling in other years. It brings into question the disastrous situation whereby the federal government has been involved in a tax dispute with the provinces which has dampened exploration in the petroleum industry. It is significant to note that there seem to be ample gas supplies once again, largely on the initiative of the governments of Alberta and British Columbia, when changes were made in the tax structure so that drilling resumed. It seems to me, Mr. Speaker, that we are short-sighted in our assessment of restricting energy trade, particularly on a continental basis.

Our troubles are even greater in the manufacturing sector. The deficit in manufactured goods has climbed in eight years from $3 billion to $10 billion. This massive deficit has been due to the deterioration of the competitive position of Canadian manufacturing. A prime factor here has been the rapid increase in unit labour costs. There has been some restraint in the rise in wages in the manufacturing industry, but most important is the reduction in the rate of increase of labour costs due to a cyclical improvement in the output of the workers.

The lower value of the Canadian dollar and some reduced pressure on labour costs may bring about an improvement in the trade deficit, but this will be accomplished mainly through displacing imports rather than increasing exports. The lack of buoyancy in world trade will certainly diminish significant improvement in Canada's exports of manufactured goods. Unless industries have had some profits they will not be able to expand or to increase their efficiency so as to take advantage either of the home market or the export market. The operation of the tax system has meant that taxes were levied on fictional profits so that for many firms it was difficult to maintain an adequate level of capital investment or even to maintain the present level.

There are a good many reasons to believe that the home market for manufacturers will not be as buoyant as in years gone by. Travelling has introduced many Canadians to new levels of consumer wants and needs. Many Canadian manufactured goods are now realized to be of average or mediocre quality, not the worst but far from the best in the world. I notice western Canadians especially are looking south of the border for many of their goods, and many are not so keen on the traditional stylings of a textile industry based in eastern Canada. The western farm machinery industry is looking increasingly across the border for its machines as well as to sell agricultural and other products made by local industry.

No doubt the government would like to take great credit for the wage and price controls moderating inflationary pressure. But it is doubtful that controls have had any significant success considering the fact that conditions would have moderated the rate of inflation in any case. I think that the government's experience will cause all governments to weigh

carefully whether or not controls should be reintroduced, at least in a period of peacetime. Obviously they distort the market. They make more difficult business transactions and decisions as to whether to expand and plan for the long term. Business tends to sit and wait, not knowing what the government is going to do next, and it is in no position to make any commitment for expansion.

But the cardinal failing, it seems to me, is that in a country where nearly 50 per cent of our GNP is channeled through governments, there has been no real control on government expenditures and no real control on increases in the public service wage remuneration level or on the various charges that Crown corporations can levy on corporate citizens, such as hydro and so on. Furthermore, Crown corporations, not usually considered in the public sector, did not, in the main, observe restrictions that were so evident in the private sector. The private sector has now become a relatively small part of our economy compared to what it was some years ago. Certainly it means that the advantages of any slowdown in wage increases in the private sector do not have nearly as great an impact on the total economy as was the case many years ago.

I would like to say a word about the cost to firms observing AIB rules and filling in AIB reports. I can quote a small professional operation which had a gross income of slightly over $20,000, in a profession whose fees were negotiated by an association and the provincial government. This situation put him in a so-called safe haven. But in order to prepare the AIB form the charge to this professional by his accountants was some $600 a year or about 3 per cent of his gross earnings. I suspect that this is fairly true for business at large. The cost of complying with the AIB, doing the paper work and submitting the required reports amount to somewhere between 3 per cent to 5 per cent of the cost of doing business in many instances. Not an insignificant amount, particularly when you add such costs as bilingualism, which many people feel adds another 5 per cent and which we recognize is a financial problem for Canadian business.

With the slack in manufacturing and in all sections of the country in the private sector, wage increases should not be increased excessively in the coming year. In any case, wage levels in the private sector seem to be substantially lower than in the public sector, so there is a steady move of competent and skilled workers and managers out of the private sector into the public service or public institutions. This certainly can be seen in small communities. From personal experience I can state that some of our most productive industries, such as agriculture, are not able to offer the salaries, amenities and pensions that government services can offer. In this field workers are scarce, and they will become scarcer because the agricultural industry is unable to compete with the public service. This seems to me to be one of the most important things we have to deal with in the economy. Furthermore, the rates of pay, hours, pensions and amenities make the excellence demanded so much easier to come by in the public service. Yet even in the face of supposedly high unemployment, there are many jobs, such as field workers and so on, that are not being filled because there are no applicants. Many are necessary for the functioning of our economy. We could do without many of the service workers, but not without jobs that produce our goods.

● (2102)

The minister did not bring forward a plan of the decontrol period. He did not bring forward the idea of a watchdog commission to watch over wages and prices, although he did talk about it vaguely. He may feel it would become another bureaucracy with another layer of people to watch over private business.

Bill C-18 is only marking time. It extends the AIB coverage for another eight months. As I have stated, every indication is that 70 per cent of wage agreements will continue past April 14 to the end of the year. Profit performances in the nature of 80 per cent will continue to be controlled.

This bill makes one or two amendments that are necessary in preparation for the removal of controls. However, it fails to bring forward any suggestions with regard to the post-control period. There is the possibility of economic chaos when controls are lifted. In particular, there is the question of how to deal with the public sector in order to find a reasonable method of assessing wage increases. The Prime Minister (Mr. Trudeau) says he has a plan which he will put forward to the provinces at the forthcoming federal-provincial conference. However, there is nothing in this legislation to indicate what the government has in mind about this important facet as we approach decontrols, hopefully by the end of the year. I refer to the period when we will function without controls.

[*Translation*]

Mr. Roch La Salle (Joliette): Mr. Speaker, I would like to say a few words about this legislation which I think brings an extension of these controls which have been embarrassing so many Canadians for too long.

I remember very well, Mr. Speaker, when these controls were introduced in 1975, we on this side were already blaming the government for having waited much too long to do so. It was already too late to reach the proposed objective which was to curb inflation, a danger that had been hanging over our heads for several months and about which the Progressive Conservative party had warned this government on several occasions.

So we have lived through this period of controls and I suggest that now we have the right to examine its results. I believe, on the one hand, that this point has been recognized throughout the country and, on the other, that we have also come to realize that those two years were sad years for Canada. And we cannot help admit with all those who have a little sense of objectivity that the results are deplorable. We have partly succeeded in curbing salary increases but not prices. And that is where it hurt Canadians and did them wrong because they had to live through an increase in the cost of living as a result of a badly prepared, badly drafted and especially badly implemented piece of legislation. As I pointed

out earlier, it was already too late to correct the malaise that was felt in Canada.

Mr. Speaker, I remember quite well that two years before October 1975, the then leader of our party toured the country to warn Canadians against the dangers they were faced with because of inflation. But the government did not want to listen to the wise advice of our leader. The government, thinking that they knew everything, did not want to listen. However, they were well aware that politically, this could affect their popularity.

I will come back to what happened in 1974 later because some things are not so easy to forget. In 1975, nearly everyone was penalized by this board, all the sectors of our society, from the farmers to the labourers, and even the businessmen were penalized. People became more and more concerned and investments started to slow down. This is the result: we know the problems which we have had in the last two years and which are growing worse.

You may wonder why, Mr. Speaker. It is because we got off on the wrong foot. Yet, it was clear at the time that the cooperation and the support of provinces were needed and even essential, because I believe that at the time, in view of the decision made, provincial areas of jurisdictions were already being ignored. The government did not obtain the cooperation of unions, which was essential, nor that of business. Without the support and the cooperation essential for the effectiveness of this approach, the task was already doomed to failure; it was already impossible. This put the board in a difficult position since it had more often than not to oppose either the unions, the businessmen or the provinces, and this caused continuous confrontation, with the deplorable results that I mentioned earlier and that we must recognize.

Of course, we have been recommending this decontrol period for some time because, in view of the failure to meet these objectives, something should have been done a long time ago and the various sectors of the Canadian economy have been waiting for a long time for the government to take a position and they want to know exactly what the government is going to do.

Mr. Speaker, if the provinces, labour unions, the business community and economic sectors did not show much interest for the imposition of those measures, it is because already, in October 1975, people were showing that loss of confidence in this government. One has only to check the figures, and I will spare you all those statistical data for others before me have quoted them, but one has only to compare with our American neighbours who, without this tool, have fared a lot better than us.

I am not saying that they did not have any problems with the increasing cost of living or inflation, but they have come through without any controls, through persuasion, a better will and, probably, because of the much greater public confidence they had in their government than Canadians did in theirs. In my opinion, in a situation such as the one we are in now it is important to have confidence. The Minister of Finance (Mr. Chrétien) is calling for this confidence on the part of the opposition parties, and he hopes to gain the confidence of Canadians about the anti-inflation measures he has announced a few months ago and those he will be announcing in the coming days. Mr. Speaker, it is hard to trust the government when we see its economic record and the results of its policies. It is hard and I will even say it is impossible to support the government when it tells us about all kinds of expectations, knowing full well that all our economic forecasts have proven awfully false for too long and particularly so during these past ten years. So, right from the beginning, the objective set by the government was unreachable and the government knew it. But, Mr. Speaker, they had to win the 1974 election. So, two years before the enforcement of these controls, in 1975, the Progressive Conservative party had already warned the government about the dangers of these controls and the misery in which they would throw all Canadians. And the member for Bonaventure-Îles-de-la-Madeleine (Mr. Béchard) knows quite well what he was advocating in 1974 like so many others. They crisscrossed the country and we saw what I would call the scandal of the century: all the Liberal members of the House and all those who were running for the Liberals stubbornly refused to believe in price controls, in a 90-day wage and price freeze.

• (2112)

This 90-day period, which was omitted when the controls were applied, would have given us and any government the time required to seek and obtain the support and the co-operation that are essential to the effectiveness of these measures. It has been swept aside. But what is most repugnant is that the government had promised it would never apply such controls and it tricked the business world, the unions, the workers, the provinces and this side of the House. The government was scaring Canadians with the proposal we were putting forward. It had been studied and we had the feeling it was already urgent.

We were asking the government to take action, and that was well before 1974. It did not respond, at least not before having categorically promised all Canadians that the government elected in 1974 would never apply controls. I said some time ago that this government had deliberately and openly lied to every component of the Canadian society, and I was asked to take back what I was saying because I could not prove it. I see the hon. member who must indeed feel embarrassed, he who in October 1975 was compelled to obediently submit to the decisions taken by this Prime Minister, to stay quiet and hope his constituents would forget he had ever stood up for this position.

Oh, yes, Mr. Speaker, I am convinced of that. I repeat everywhere that this government lied openly to the Canadian people in 1974, and that is why it deserves to lose the confidence of the people from day to day as it does.

Mr. Portelance: That is not true!

Mr. La Salle: An old proverb says that he who has lied will lie, Mr. Speaker. Today, the minister introduces before us a

bill which in a way extends controls. There is talk of decontrol, of a supervising committee: how will it be done, with whose co-operation, under what agreements? We are given no details. How are we to believe so readily a government that has given the Canadians proof of its dishonesty with regard to the promises it made at the time. So, we are asked to approve some kind of extension, with a committee whose task would be to supervise the decontrol period and make sure nothing upsets our economy again; it is hard to "upset" the present situation; though there is pressing need to improve the situation we are now experiencing.

It has already been said that the suggested decontrol formula could lead to interference with the provinces. Tonight, over the news, after a day spent in Quebec city where representatives of the provinces and the federal government spoke of work and the decontrol period, considerable concern was expressed, Mr. Speaker. We are concerned by the approach to be used by this review committee. We really wonder to what extent this government is giving itself an instrument allowing it to intrude in provincial jurisdiction and make decisions that already belong to the provinces. And if the information we got tonight is right, it was obvious that all provinces, and not only the province of Quebec, were very much concerned by the way this surveillance would be implemented. I understand the Quebec labour minister who expressed his concern and I take this opportunity to encourage government members to do their best to facilitate the necessary agreements and to respect provincial jurisdiction, and this applies not only to the province of Quebec but to every province.

If the government demonstrated its incompetence on that respect the legislation we have lived with since October, 1975, I repeat that it is difficult to believe in the efficiency of those measures. We wonder if this government will not try to obtain such an instrument, not within a year but in the next few months. I insist on the absolute necessity to get support from provinces, unions and management during that decontrol period. We must admit that without a commitment to get the co-operation from every sector of the economy to deal with a situation created by this government, we are in a dangerous economic deadlock.

Yesterday, the right hon. Prime Minister (Mr. Trudeau) blamed our leader for being pessimistic as we recognized that this government, with its accumulation of deficits, was on the verge of bankruptcy. And we must be careful according to our friends opposite because when we talk about the government's bankruptcy we are frightening investors and foreign countries. Those people hear the same information and read the same newspapers as we do and it is impossible to make them believe that everything is going fine, thank you.

Mr. Lachance: Only Rockefeller!

Mr. La Salle: Rockefeller is also concerned. He made a courtesy visit to Canada yesterday but he must also have read the newspapers and I think that Canadians are more worried and this is important, Mr. Speaker. Canadians are more worried and this is why I think it is essential in the coming months to take the necessary steps to gain the support of union, provinces, employers and every sector of the economy. The government has shown a lack of leadership and is indeed caught in a trap and cannot free itself. It is not embarrassing to acknowledge the need for sensible advice from economic experts and the government should urgently appeal to those economic sectors which can provide some assistance in the public interest.

When I consider the special conditions in my province, I must point to this government that it must endeavour to obtain the co-operation of my province and avoid confrontations with the Quebec government, because it has chosen a special option which I and others do not approve. But I think we must respect provincial institutions and it is more urgent than ever to co-operate especially as far as this bill is concerned. And that cooperation is also essential in the case of the other provinces and that respect by this government for provincial jurisdictions is equally essential.

So I repeat that it is difficult to have faith in the legislation now before us in view of what we have had in the last two years. I hope we will be able to correct the present situation but we will be more successful if we can have faith in those sectors of the economy which could be well disposed at a certain moment if the government shows enough initiative to correct the situation. So I think it will be possible to get that cooperation which would allow us to restore an economic climate both in Canada and in my province, something which is necessary and urgent. We are concerned with that monumental failure and the repeated economic failures of this government but we are seriously wondering whether the best solution for the people of Canada might not be indeed a change of government. We hope that Canadians will have that opportunity to choose before long and I can assure you, Mr. Speaker, that we will be reminding this government of the kind of administration we had for the past ten years. And we will see whether Canadians have suffered enough or whether they can tolerate any longer this kind of administration. In the circumstances I hope this government will not pass this opportunity or call that I am making about the urgency of having the support of the important sectors of the economy represented by the provinces and the unions to make this a successful legislation. Should it meet the interests of Canadians I would be quite happy to make my modest contribution.

Mr. Lachance: I rise on a point of order, Mr. Speaker.

Mr. Deputy Speaker: The hon. member for Lafontaine-Rosemont (Mr. Lachance) on a point of order.

Mr. Lachance: Mr. Speaker, I wonder whether the hon. member for Joliette (Mr. La Salle) would accept a question.

Mr. Deputy Speaker: It is up to the hon. member to accept the question. His time has not expired, so the hon. member for Lafontaine-Rosemont could put his question.

Mr. Lachance: I want to ensure collaboration with provincial authorities and rightly so. Does the hon. member not feel

that the blanket agreement signed not later than today in respect of a $77 million fund, of which $45 million will be provided by the federal government for the servicing of industrial parks and also for fishery parks, is a good example of cooperation with the Quebec provincial government?

Mr. La Salle: Mr. Speaker, the hon. member is referring to a sizeable grant announced by the Department of Regional Economic Expansion, I believe it was yesterday or the day before, for projects in the province of Quebec. This is very good news indeed. I would remind the hon. member just the same that it would have been better in my view if such agreements had been signed five years ago.

Quebeckers are asking themselves, why did this government wait until it was on the brink of bankruptcy, it brought the nation so near to a gigantic bankruptcy, into so dangerous an economic quagmire, before it started announcing day after day a series of grants that should have been announced four or five years ago, as we were then pressing for such measures. Of course I accept this grant announced today by the Minister of Regional Economic Expansion (Mr. Lessard). Of course I welcome it. My only regret is the government did so because it was forced to.

Mr. Lachance: This has been achieved, it is an extension.

Mr. Lapointe: We have granted $300 million over the last five years.

• (2122)

[*English*]

Mr. Derek Blackburn (Brant): In my opinion, Mr. Speaker, and I think in the opinion of members of my party, this is a very important debate on the Anti-Inflation Act, its regulations and the board. For the first time we have seen the government actually planning the economy in advance. But unfortunately its planning was wrong. I do not want to be one of those who says "I told you so", but members of this New Democratic Party suggested it was wrong two and a half years ago.

What the government planned deliberately has not only increased unemployment in this country and, consequently, increased the misery of many of our citizens, but it has not solved the basic problems it was supposed to solve, namely, the problems of inflation. This government has all kinds of precedents to follow. The United States, for example, tried controls in the late 1960s or early 1970s, but wage and price controls failed in that country. This government did not learn a lesson from that failure. We heard the words of President Carter on television the other night during his State of the Nation address to the United States Congress. He said he does not believe in price and wage controls because they do not work.

This government across from me now is committed to controls until at least April 14, and it intends to continue some kind of control mechanism well on into the year and perhaps beyond into 1979. This is its intention in spite of the lesson we should have learned from the United States.

I do not profess to be an economist, but it seems to me that when you have a totally unplanned economy and you are on the upswing is the time to attempt to dampen things through fiscal and monetary mechanisms. When the economy is on the downswing, as it has been in this country for the past two and a half years, that is the time when you loosen those monetary and fiscal measures. This Liberal government has done things the other way around.

According to the government everything was wide open during the early 1970s. Its advice was to make the fastest buck possible; get things now because in two, three or four years' time it will not be possible. We are now experiencing a restrictive economy with tight money, yet the government insists on continuing controls.

What does this mean in human terms? Let us get away for the moment from what is said by the great thinkers, the great legislators, that great Prime Minister (Mr. Trudeau) and the bureaucrats. Let us consider this at the grassroots. I do not wish to be too parochial by speaking just about my own constituency of Brant because this controls program has adversely affected most of the country, but let us look briefly at what these controls have accomplished in that area of Canada which is supposedly wealthy, with traditionally low unemployment, a high cash flow and a lot of economic activity.

As a result of the inverse or negative planning of the Liberal government, we have in the city of Brant an unemployment rate of 12 per cent. If you combine that area with the county and the Six Nations Indian reserve you will find an unemployment rate of about 15 per cent. Is this really what the government intended to do to the riding of Brant, or to any other constituency in this country? I can only draw the conclusion that this was intentional, that the Prime Minister was so preoccupied two and a half years ago with inflation that he was suggesting that we must suffer the consequences of controls and live with unemployment. He could then say to the young people of this country that if they could not get jobs they should go some place else; they should go to a foreign country.

The fundamental fact is that in western European nations, where governments plan in a positive way—and I do not refer just to those with social democratic governments—the rate of inflation and the rate of unemployment are both lower without controls. Yet the Prime Minister insists on holding on to the outmoded and outdated concept that the only way the economy can work is through controls.

• (2132)

I recall a very great opportunity I experienced back in the autumn of 1975 when I marched in Brantford with local labour people. At that time we realized that controls would not work and that they would be unequally applied. We knew some people would escape all the controls and others would escape part of the controls as far as income was concerned. We knew those on fixed incomes, such as disability, war and old age pensions, would be hurt. Also we knew those on wages and

salaries would be hurt. It is very, very easy to control wages and salaries. At that time we were aware of the fact that those who worked on a fee for service basis or investors would find loopholes around the Anti-Inflation Board legislation. Let me make it clear that I am not condemning them as individuals. Indeed, 20 per cent of them found their way around the program and have not as yet sent in their information to the AIB with respect to income, which have to be adjudicated.

We were aware that it would be very difficult to control prices, but the most inequitable aspect of the program, which came into effect in December of 1975, was in relation to those parts of the economy that were excluded. I am referring to gasoline prices, home heating fuel prices, hydro, other public utilities, land speculation costs, home interest mortgage rates and the various borrowing interest rates across the country. All of these were excluded from the AIB program, yet today most of these areas, in terms of cost to the consumer, have skyrocketed well above the AIB guidelines for prices. At the same time wages have been held back.

For example, in December 1975 when the AIB program came into existence, the Canadian inflation rate was 9.5 per cent. Today the inflation rate is 9.5 per cent. What is the rate of increase in salaries today? Those who have to bargain for their incomes or salaries are being held to 6 per cent this year. At this very moment in time we have a differential of 3½ per cent between the amount of money people may receive in terms of an increase in salary and what in fact they are paying with respect to increased costs, according to the consumer price index. Obviously something is amiss.

The other day in Toronto the Minister of Finance (Mr. Chrétien) implied that things would not change. In a critical economic period such as we are experiencing now, the flow of money to those who need it the most must be increased. Whether these people are pensioners, low or middle income earners, they spend money on necessities such as food, gasoline and clothing. Although these are basic items which they require money for, the government is not prepared to reduce taxes, thus providing these people with a tax break of any significance. When more money is put into the economy at a time when the economy is down and money is tight, more money is spent. When this money is given to those at the bottom end of the income scale, it is spent. When it is spent, it creates demand. When demand is created, demand for productivity is created as well. When a greater demand for productivity is created, there is a greater demand for those who produce the products, which is one fundamental way to get people back to work.

It is a disgrace that Canada has over 800,000 persons listed as unemployed and probably another 300,000 persons who are either underemployed or have given up looking for work. Therefore we are talking in terms of 1.1 million unemployed people in this country, perhaps even more. One must look at the cost to those who are working because of the ineptitude and stupidity of the government. One must look at the payout of unemployment insurance, and when that runs out, the cost of welfare. I cannot understand this attitude in light of the experience to the south of us in the United States, where a much more rapid rate of recovery occurred. President Carter and his economic advisers are advocating and putting into practice the very things members of the New Democratic Party suggested last fall. Why is it that the government would not listen? I do not expect the Prime Minister to say that I am correct and he is wrong. But I am expecting some new action from the government side, something creative which will provide us with some hope. It will take a long, long time for the government to weaken. I am awaiting something innovative. If the government cannot think of something innovative, why does it not accept traditional economic practices, as the Americans are doing, in order to get more money flowing in the economy? I know we do not have a Lord Keynes or Kenneth Galbraith coming along every day, so perhaps we have to rely on the philosophical concepts of the economics of the thirties and early forties. But at least that is better than standing pat at a time when our economy is on the rocks.

I realize some people have not been hurt, such as myself and many others, but some jobs have been affected by the spin-off from unemployment. I am not referring just to statistics and numbers, but to people who are dependent upon their sons and daughters for a portion of their income, livelihood and so on. Approximately 2½ million Canadians are suffering directly as a result of the government's ineptitude and inability to come to grips with the economic realities of the present day.

• (2142)

The Prime Minister (Mr. Trudeau) is on the campaign trail these days. I guess someone up there does not like him, because when he was supposed to come to Brantford it snowed so badly he could not get in. A lot of work went into organizing the Liberal meeting at Brantford and I feel sorry for those who went to all the trouble. He was only 20 miles away and the highways were open. He could have been there, but he decided not to go.

An hon. Member: The highways were snowed in. I know, I was there.

Mr. Blackburn: We were all snowed in. Highway 2 was open all that morning and during the afternoon, but the Prime Minister decided not to risk it in his big limousine. He left his Liberal buddies in Brantford with about 600 doughnuts and I do not know how many gallons of coffee. I actually feel sorry for the local Liberal people who organized the meeting. Even I received an invitation, as a matter of fact. I do not know who slipped up there. It would take a long time to concert me to the Liberal party, a couple of lifetimes.

Some hon. Members: Oh, oh!

An hon. Member: Nobody would want to do that.

Mr. Blackburn: I can understand why the Prime Minister dwells almost entirely on the national unity issue at this time. He does not want to be reminded of the fact that he has been in office as Prime Minister for ten years, that when he came into office as Prime Minister promising to bring us together as

a country, he said: "I understand Quebec, I am Francophone"—although I think he is half Scottish by origin. I can understand why he wants to evade the economic issues which will plague him during the next campaign. We can understand why he wants to go ahead on the national unity issue if we remember that when he was elected ten years ago there was not one separatist sitting in the Quebec National Assembly. Today there are approximately 70 or 71 and they are in power.

I am not blaming the Prime Minister entirely for what happened in Quebec, but as a Francophone Prime Minister of the country surely he must have known what was going on in Quebec in the 1960s and 1970s. So why did he choose to ignore the natural linguistic and cultural aspirations of that province and instead try to superimpose upon English speaking Canada some quasi-linguistic program that would somehow solve our problems by converting Canada into a bilingual nation? If we were the size of Switzerland, I would understand it.

Now he wants to get away from the AIB and all the problems and troubles that the AIB has caused Canadians. He wants to ignore inflation and the ravages that unemployment creates within a family, a neighbourhood or a community, and somehow sell the idea of national unity, about which we have all thought very seriously over the years. What is new about it? It is very interesting, when you compare the economy with national unity—and incidentally this ties in with this bill—to note that the government had flattened out in the late summer and early autumn of 1976 so far as their popularity across the country was concerned. They did not know where to go, they had no ideas and no philosophy left, if they ever had any in the beginning. Then all of a sudden, in the middle of November 1976, René Lévesque was elected premier of Quebec and the separatists gave our Prime Minister an issue.

We are not looking for issues in this country today, we are looking for policies which will benefit all Canadians, whether French speaking or English speaking. This is what will cement this country. But if unemployment continues to increase in Quebec, if job opportunities falter and fail for the young in Quebec, the young people in Quebec will say: "Look, we have our language and we have our cultural traditions. What is the point of staying in confederation?"

You do not hold a country together with rhetoric. In all sincerity and honesty I am somewhat dismayed that the Prime Minister is now quoting from the Bible and asking people to love one another. You do not need to quote from the Bible; you have to work, you have to act. You have to bring in economic policies that will help Canadians recapture their sense of self-confidence and dignity as people in this country. What we need are not words and pronouncements from on high, not somebody who changes his hairdo every season or every two or three years. We need action. We need somebody who can bring in something which will assist those who need assistance.

Late last summer or early fall my party asked the government to create jobs, public works programs or grant tax credits or benefits to low and middle income earners, to put more money into circulation, and so on. The government has ignored this. But not president Carter. Not the United States, whose recovery is coming about much more rapidly than ours. In fact, I doubt whether we will have a real recovery in this country for at least a year and a half under present Liberal fiscal and monetary policies.

To twist this kind of economic problem into an emotional national unity issue in the hope that people who are hurting will forget their hurt feelings and come together in an election campaign to hold the country together is a fallacious and spurious approach to basic issues. I predict that unless we address ourselves to the economic issues of this country, an election based on the national unity issue will divide this country more than it is divided today. This is not so just with regard to Quebec; this applies to the prairies, to British Columbia and to Atlantic Canada. I do not know to whom the Prime Minister is listening these days but I do not think he is listening to the grassroots, to the people in the prairies or in British Columbia, to the ordinary people who go to work every day, who still have jobs, who come home at night to family meetings, who watch television, have debts and have to meet the budget every week. I think he is listening to some of the so-called "expert advisers" in the Liberal party here in Ottawa and to the bureaucrats.

We have to change our direction, Mr. Speaker. We cannot afford to continue in the same direction we are going now. Some of the writers in the popular press today are saying that not only have controls failed but they have made matters worse. How much longer we can continue with this kind of phoney economics is hard to say. The most recent poll reflects the growing concern on the part of average Canadians about the economy. Once again the Liberals have slipped two points. Obviously the national unity issue is not getting across to the majority of Canadians as the Prime Minister would like. Canadians today are still preoccupied with pocket book, bread and butter issues. I do not think the average Canadian expects anyone to wave a magic wand and make all our troubles go away overnight. I do not think the average Canadian wants a great deal in material terms. But I am sure the average Canadian is very concerned that we are not only not holding our own in terms of real income but also that we are falling back. Tremendous demands are being made upon Canadians to buy at a time when they simply do not have money. Wealthy Canadians do not spend a large proportion of their income anyway. They save it, invest it or bank it. The interesting thing is that even those who are in the middle income bracket are trying to do the same thing because they are afraid of what is going to happen tomorrow, next week or next year.

● (2152)

In my opinion, the Canadian people have lost confidence in this government. They have not lost confidence in themselves. But what is the Prime Minister saying wherever he goes? He says; "Be proud that you are Canadian; be proud of yourselves; work harder." These are pious, stupid platitudes which he spews forth at political meetings that are very well orchestrated to make sure that 99.9 per cent of the people in the audience are Liberal supporters. Therefore, the account in the

media looks great. One might get the impression that everybody in Hamilton is a Liberal. Let me say that the majority of Hamiltonians do not vote Liberal. However, no matter where the Prime Minister goes, that is the impression he wants to create.

It seems that we have adopted the Hollywood approach to politics, where everything is orchestrated and pre-arranged to the point where there is very little sense to it at all. We must come clean with the people of this country. We must be fair and honest with them. The Prime Minister is not doing that. When he does appear to be honest with the people of this country, and when he does appear to come clean with them, it is on the national unity issue and not on the economic issues which plague us.

When we advocated an expansionary approach to the economy last autumn, the government said that that would just send inflation up the ladder again. What nonsense! When there is plant operating capacity of about 80 per cent, an injection of cash will not reach inflation proportions for at least two years. Why not take the initiative now? I ask the Minister of Finance (Mr. Chrétien), who is not here tonight, no doubt because of other commitments, and the Prime Minister, who cannot be here tonight because of other commitments, to take a bold step forward instead of dilly-dallying back and forth and waiting for George to do it.

"George" happens to be the President of the United States. Our government is hoping that the benefits of the risks taken by the United States and the benefits of American guts will spin off into Canada. Then the Prime Minister will say that the credit is his, Americans are willing to gamble. They are not afraid of inflation. They want to put people back to work, and that is what the New Democratic Party of Canada wants to do today. We do not want those who are working to have to pay more taxes and higher unemployment insurance rates in order to keep people away from work. That is what the Liberal government has allowed to happen for the past two and one-half years. We just cannot afford any more unemployment, yet unemployment is going to get worse this winter and on to the spring.

I hope the Prime Minister has the courage to call a snap election. I would be delighted to go to the people of Brant in April, because I know that the makeup of this chamber would be radically changed. The Prime Minister says he will follow the polls. I must say that that really reflects a lack of courage. When the government brought in a bill to abolish capital punishment—and I was with the government on that issue—it ignored the wishes of anywhere from 70 per cent to 80 per cent of Canadians.

The Prime Minister says: "No, I am going to wait until the polls are favourable to me and the Liberal party before I call an election." I challenge the government opposite to call this election as soon as possible so that we can clean the cobwebs out and bring some vitality back to government. I do not want to be personal, but quite frankly when I look at the treasury benches day in and day out and note the difference between what happens when the Prime Minister is in his seat and what happens when he is away, I know that we are dealing with a one-man government.

An hon. Member: Right on.

Mr. Blackburn: Canadians do not want one-man governments, so I challenge the Prime Minister to call an election. We will fight the government on economic issues, and I welcome hon. members opposite to sit on my side of the House for the next ten years.

Mr. Oberle: Mr. Speaker, may I call it ten o'clock?

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

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

TRANSPORT—DATE WHEN HARBOUR PATROL BOAT WILL BE PROVIDED FOR VANCOUVER

Mr. Ron Huntington (Capilano): Mr. Speaker, on December 7, 1977, as recorded at page 1639 of *Hansard*, I asked the following question of the Minister of Transport (Mr. Lang):

> ... when will the minister take the initiative to provide a Canada-built harbour (patrol) vessel for the port of Vancouver, the largest and busiest harbour on the west coast of the North American continent?

● (2202)

The National Harbours Board in 1977 asked four Vancouver shipyards, all in need of work, to submit a design of and specifications for their concept of a good harbour patrol boat. The four companies, on their own time and at their own expense, went through the design and specifications bidding process with four separate designs. The tenders were opened on September 6, 1977. The high bid was $226,600 and the low bid was $191,400. The bids were close; the prices were right and were competitive.

The low bidder subsequently asked when he would be allowed to go ahead. He was told by the National Harbours Board and the Department of Transport that there was not enough money available to cover the bid. The four bidders were asked to quote again and reduce the horsepower of the vessels they had designed. What a stupid request, Mr. Speaker, for an organization in the government that is dealing with marine equipment all the time. As it happens, due to the escalation in value of the United States dollar and inflation attrition, it would not make any difference if the horsepower of the vessel was reduced.

We are now told by the Department of Transport and the National Harbours Board that they will go through the same futile exercise with the plastic boat industry. I caution them

not to get involved and waste their money since there seems to be no commitment on the part of the National Harbours Board to fulfil this very necessary equipment requirement for the port of Vancouver. What a waste of time and entrepreneurial working capital, particularly as one tallies the accumulated waste that is the taxpayers' legacy from this government.

An example of waste and apparent patronage occurred in 1974 when the National Harbours Board purchased a U.S.-built vessel in New Orleans, the *Supply Venture*. Apparently, someone in Halifax purchased this boat in New Orleans for $25,000, brought it to Halifax, then transferred the ownership to a company called Halifax Fishing Ventures Ltd. I have not been able to find that this company was ever registered, but it sold the vessel to the Department of Transport for $75,000 on a seaworthiness certificate. The vessel was shipped to Vancouver as deck cargo where in 1975 it was appraised at $10,000. It is nothing but a pile of junk. The engines have been removed but it has not been possible to get them to turn over. The boat lies in shame under a Vancouver bridge. This is an example of the patronage and waste of money involved in providing a needed boat for the port of Vancouver. The $40,000 has obviously gone to somebody but not to the entrepreneurs who put forward legitimate bids for the equipment. It is a national shame to see patronage and waste like this when hardworking entrepreneurs and skilled labour are idle and cannot even be given a simple, direct order for a badly needed patrol vessel for the port of Vancouver.

I draw to your attention, Mr. Speaker, the fact that I have been waiting for answers to my order paper questions on this subject since November 28, 1977.

All that is offered is more stonewalling, more secrecy, more cover-up and abuse within the mandate of trust given to this government by the people of Canada. I take this opportunity to ask again when the Minister of Transport (Mr. Lang) will take the initiative and provide a Canadian built harbour partrol vessel for the port of Vancouver, the largest, busiest and most profitable harbour on the west coast of the continent of North America.

[*Translation*]

Mr. Charles Lapointe (Parliamentary Secretary to Minister of Transport): I agree with the hon. member on the importance of the port of Vancouver.

[*English*]

An hon. Member: We know, we live there!

[*Translation*]

Mr. Lapointe: If the hon. member would only listen, he might learn something. I agree with the hon. member on the importance of the port of Vancouver, a port which, as everyone knows, is open twelve months a year, which is of great importance for the economy of the Pacific coast and the whole of Canada.

This port has known a very extensive development over the past ten years, because of the increasing tonnage which is using its facilities. Statistical reports indicate that over 40 million tons of goods have been handled in the port of Vancouver in 1976, which is more than any other Canadian port.

Of course, Mr. Speaker, in view of this fast increase of the tonnage handled in the port of Vancouver, it is understandable that—

• (2207)

[*English*]

An hon. Member: What is the question?

Mr. Lapointe: Wait until the end and you will hear the answer.

[*Translation*]

Mr. Speaker, it is quite understandable that a port of such importance wants to be provided with the necessary facilities to maintain its activities. At present, of the two patrolling vessels operating in the port of Vancouver, one has been in service for 17 years and the other for 33 years. Plans have been made to phase out the latter and replace it with a more recent boat which could better meet the more complex needs of the current facilities and the increased trade.

[*English*]

The Department of Supply and Services was therefore asked to obtain tenders for the supply of a suitable patrol vessel for the port of Vancouver and four tenders were received in response to the request. I understand, Mr. Speaker, that tenders have now been reviewed and that the contract will be awarded within the next few days.

An hon. Member: To whom?

Mr. Lapointe: I do not know, sir. It will be awarded within the next few days.

Along with the hon. member from the province of British Columbia we all look forward to the day in the not too distant future when the efficiency of the port of Vancouver will be increased by the addition of a new harbour patrol vessel.

THE CANADIAN ECONOMY—REASON FOR CONTINUING HIGH LEVEL OF INFLATION—DATE WHEN LEVEL WILL REACH FOUR PER CENT

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, the matter which brings me into the adjournment debate tonight is an exchange I had with the Minister of Finance (Mr. Chrétien) on November 29, 1977, an exchange which was recorded in *Hansard* at pages 1349 and 1350. Very simply, I asked the minister why inflation in Canada over the three prior months had been running at an annualized rate of more than 8 per cent while our neighbour to the south, the United States, was cruising along with an inflation rate of only half that of ours. I further asked the minister why the government had silently abandoned its one time projected goal of 4 per cent inflation for this year, putting it off instead until some time after 1980.

None of the questions were meant to be taken lightly. With nearly a million Canadians out of work, with inflation again

gathering momentum, and with the federal fiscal deficit topping $9 billion, these are serious questions of concern to all thinking Canadians. Yet the man most responsible for the government's fiscal and financial policies, the finance minister, merely ducked the questions by implying that he had never set such goals for the country, and that anyway they did not matter all that much.

This approach is all too typical of this government. When it finds that it cannot meet even its own standards of performance it simply puts those standards off, or maintains that goals are, after all, not important. When this administration brought in the wage and price control package it did so with much fanfare and ballyhoo about getting inflation down to 4 per cent this year. Let's remember that. It was the level of inflation we were told this government would achieve. Now, with inflation running about twice that level—in fact last month it was up to 9.5 per cent in a year over year basis—the government, rather than taking a hard look at its policy and programs, has decided instead to move the target back a couple of years.

We have even more current examples of where this minister is openly deceptive with the Canadian public. You will recall, Mr. Speaker, on October 20 the minister indicated that if we accepted his program inflation would be below 6 per cent in 1978. Before the finance committee of this House, the minister subsequently confirmed that by 6 per cent he meant that the average rate of inflation for the totality of the year 1978 would be 6 per cent. Those are his words.

● (2212)

On January 16 he crept into Toronto and spoke to the Canadian Club. He told them that the rate of increase in the consumer price index would be down to 6 per cent by year end, in short by December of this year as opposed to his earlier prediction. This type of deception by the Minister of Finance is totally unacceptable. It is time we called it what it is. It is open misrepresentation to the Canadian public.

The government seems to be in the position where they are willing to go to virtually any length to avoid living up to responsibility for the state of our economy. They will rationalize. They will make excuses. They will even attempt to rewrite history. They will do anything but face their own glaring mismanagement.

We saw this in committee recently when the Minister of Finance—naturally, it is very hard to get him before a standing committee of this House because he does not like to be cross-questioned when he is out of his depth and virtually does not know what he is doing—tried to account for a staggering $11 billion deficit in manufacturing trade. That is the amount this incompetent government has allowed to run up in this country. The minister came back with the startling observation that it is a matter of definition. He said that if we call it manufacturing, there is an $11 billion trade deficit. However, if you include certain other things, such as wheat, for example, which the good Lord presumably manufactures, he said the deficit would be something less than $11 billion.

What absolute hypocrisy to be suggesting that it is simply a question of definition. The government blame everyone they can think of. They blame the Arabs for our problems. They blame the United States government if it suits their purposes. They blame labour and management. They blame everybody but the obvious, themselves.

What is even worse, the government tries to minimize the seriousness of the situation. With a current account trade deficit of over $4 billion, with unemployment at the highest level in 40 years, and incidentally higher than in any industrialized country in the world, with inflation hovering at dangerous levels, the minister has the gall to tell the *Financial Times*, as he did last November, "and in ten years' time the people will say oh, gee, 1977—it was great."

The Minister of Finance has sent his parliamentary secretary here tonight because he does not like to face members of this House. I hope the parliamentary secretary will try to set the minister's record straight.

Mr. Ed. Lumley (Parliamentary Secretary to Minister of Finance): Mr. Speaker, the reason my minister cannot be here tonight is because he is speaking to the Canadian people in a very positive fashion. As the hon. member knows, the parliamentary secretary usually represents the minister at the late show.

To get a balanced view of our performance relative to that of the United States, it is necessary to look at more than one single indicator, as the member opposite has done. When a more comprehensive view is taken, it is not at all obvious that we are seriously underperforming relative to the United States.

While recent price increases in Canada have been somewhat greater in recent months than south of the border, there are other areas of economic activity where we have done better, in some cases much better, than have our American neighbours. For example, relative to 1974, business fixed capital formation here has increased by almost 50 per cent while the increase in the United States fell short of 30 per cent. Our merchandise exports are up 40 per cent over the same period while those of the U.S. increased by less than 30 per cent.

● (2217)

It is true that the rate of inflation, as measured by the consumer price index has recently been rising faster in Canada than in the United States. In December, the CPI in Canada was 9.5 per cent higher than one year earlier while the increase in the U.S. was 6.8 per cent.

The difference in these rates can be narrowed substantially when food and non-food prices are considered separately. Using the same year-on-year calculations, non-food prices in Canada were up 7.4 per cent while those in the U.S. were up almost as much at 6.3 per cent.

One of the main reasons why our food prices have moved up more than in the United States has been the recent depreciation of the Canadian dollar vis-à-vis the U.S. dollar. This means that the Canadian dollar price of goods whose price is set in the international marketplace has increased by the full

amount of the dollar depreciation. While all imports are subject to this effect to one degree or another, it is particularly evident with respect to food prices. There are two reasons for this. First, many food products are simply not produced in Canada due to climatic conditions and they have to be imported. Second, due to the perishable nature of foodstuffs, the impact of the lower dollar shows up right away; there are no appreciable inventories to stretch out and soften the impact.

While these price impacts are regrettable, they are unavoidable in an economy as open as Canada's. For example, the recent downward movement in the U.S. currency is not nearly so onerous in its price implications for the U.S. economy simply because imports form, relative to Canada, almost an insignificant portion of U.S. final demand and intermediate products.

As I have already mentioned, the non-food component of the Canadian CPI, while rising somewhat faster than the comparable U.S. series, has not been too far out of line. Part of the divergence that does exist in these non-food prices can also be traced to the lower Canadian dollar. In addition to making prices of consumer goods higher, production costs, which of course eventually wind up in final prices, have also been adversely affected to some degree since imported materials prices may now be higher as a consequence of the lower dollar. It is also the case that because energy prices started out at a lower level in Canada than in the United States, the rates of increase here must now be greater as we adjust to the world level. This is reflected in the CPI where Canadian energy prices in December were up 11.4 per cent while the November figures for the U.S. show a percentage increase of 8.1 per cent.

The greater upward pressure on our prices relative to the U.S. over the recent past must also surely be a lagged consequence of our very inflationary wage rate increases over the past few years.

Mr. Deputy Speaker: Order. I regret I have to interrupt the parliamentary secretary but his time has expired.

ADMINISTRATION OF JUSTICE—REQUEST FOR AMENDMENT TO PERMIT USE OF FRENCH IN ONTARIO COURTS

[*Translation*]

Mr. Jean-Robert Gauthier (Ottawa-Vanier): Mr. Speaker, on December 13 last, I asked the Minister of Justice whether he would use his good offices to encourage the province of Ontario to recognize the use of French in all provincial courts.

We know, Mr. Speaker, that the Ontario Judicature Act formally forbids the use of any language other than English in Ontario courts of justice.

The amendments to be made to the acts both federal and provincial would allow the use of French in the provincial courts.

As information is the best tool in clearing up misunderstandings, and in the hope of stirring interest in the English majority of my own province, I shall therefore use Shakespeare's language to add to what I have to say.

[Mr. Lumley.]

[*English*]

It is not generally known by Ontarians that their own French-speaking population has no legal right to use French in everyday dealings, such as the drafting of legal contracts, insurance policies and other important transactions, including even personal wills which must be translated into English before being officially registered. I sincerely believe that when English-speaking Canadians understand the situation which exists in some Canadian provinces where there are substantial French-speaking minorities they will wish to raise these Canadians, often their own neighbours, friends or even relatives, to the legal status of fully-fledged citizens of a state where the majority is respectful and generous in recognizing and accepting language equality whether in the legal, health, educational or social domains.

In the short time allowed me tonight I should like to call attention to a particular problem which affects French-speaking Canadians living in Ontario. Bearing in mind that French in the Ontario courts is tolerated only in a discretionary way without any legal guarantee and that section 127 of the Ontario Judicature Act formally forbids the use of any language other than English in Ontario courts, last December I asked the Minister of Justice (Mr. Basford) what pressures he intended to bring to bear on his Ontario counterpart to make sure that section 127 of the act might be amended so as to allow the use of French in all Ontario courts. You will recall, Mr. Speaker, that in the Speech from the Throne it was stated that after consultation with the provinces the government of Canada would amend the Criminal Code so as to guarantee the right of accused persons to be tried in the official language of their choice. This commitment follows the positive actions taken by the present Attorney General of Ontario, the Hon. Roy McMurtry, whereby ministerial direction and within his discretion he allowed French to be used in certain designated judicial districts, beginning with two experimental projects, Sudbury and Ottawa, and enlarging this privilege to include several other judicial areas in Ontario. This was an encouraging and far-reaching measure which pleased many residents of Ontario.

● (2222)

For the first time Franco-Ontarians have been given the privilege of defending themselves before the courts in their mother tongue. I say it is a privilege, Mr. Speaker, because a privilege can be withdrawn. What we want is a right. That is what we need, and we want it enshrined in legislation.

To reach this goal of providing the right to Francophones to be heard in their own language in Ontario courts certain amendments are required to the Criminal Code. The Attorney General of Ontario has asked for these changes to the Criminal Code, and I understand also that the federal Minister of Justice is presently studying amendments with a view to making provision for accused persons to have the right of choosing the official language in which their case will be heard

by the courts. This implies the use of judges and juries which can understand the language of the accused, and provision of the necessary administrative court services in the language understood by the accused.

In addition to the required amendments to the Criminal Code, amendments to the Official Languages Act would be required, making it the duty of federal courts to provide simultaneous translation of the proceedings, including the evidence given, from one official language to the other, and this everywhere in Canada.

Additional amendments would be required to allow an accused who was arraigned before a court of criminal jurisdiction and who speaks an official language other than that in which the proceedings of the courts are conducted the right to request a change of venue, making it possible for his case to be heard in a judicial district in Canada where his language is used.

As you know, Mr. Speaker, I have tabled before this House Bill C-210, an act to correct certain anomalies and inconsistencies in the Revised Statutes of Canada pertaining to the protection of Canadian language rights. I hope to be able to debate this bill in the near future.

In short, Mr. Speaker, I am asking the Minister of Justice of Canada for a progress report on his negotiations with the province of Ontario to make it possible to amend the judicature act of Ontario, the Criminal Code and the Official Languages Act. The province of Ontario has demonstrated its willingness to recognize that the use of the French language in Ontario is of fundamental importance in the administration of justice in this province. I am aware also that the federal government through its Department of Justice is co-operating with the province of Ontario in bringing forward the required amendments to make this possible. In times when we speak of justice, equality, tolerance and understanding, it is a measure of Canadian unity when provinces and the federal government can work together for the benefit of the citizens of this country.

Mr. Roger Young (Parliamentary Secretary to Minister of Justice): It gives me great pleasure to be able to respond this evening to this very interesting and important question and argument posed by my colleague, the hon. member for Ottawa-Vanier (Mr. Gauthier). I would take note at the same time, Mr. Speaker, that there is not a single member of the opposition present here in the House.

Mr. Knowles (Winnipeg North Centre): Order, order!

Mr. Young: Excuse me, Mr. Speaker, one has just come in; the one who is always here.

The Minister of Justice (Mr. Basford) does not intend to bring specific pressure to bear on the attorney general of Ontario in view of the fact that the federal parliament has no particular authority of jurisdiction over provincial judicature acts. However, I point out that Department of Justice officials have met with almost all of the provinces in an effort to obtain provincial co-operation for the implementation of amendments to allow for choice of language in a trial. I might add that the consultations with Ontario were especially productive. Ontario is well geared in the way of court staff and judges to implement bilingual trials.

Hon. members will appreciate, I am sure, that the administrative ramifications of these measures are significant. The support staff will have to be as bilingual as the judge and jurors and the court reporters. For some provinces these people will have to be trained as they are starting virtually afresh.

In respect of the introduction of amendments to the Criminal Code, there are finishing touches required for the consultations and the drafting of the bill itself. The Minister of Justice expects to be able to introduce these amendments very soon, although no specific date can be given at this particular time.

Mr. Deputy Speaker: The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at 2 p.m.

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

HOUSE OF COMMONS

Wednesday, January 25, 1978

The House met at 2 p.m.

● (1407)

ROUTINE PROCEEDINGS

[*English*]

EXTERNAL AFFAIRS

REQUEST GOVERNMENT DECLARE OPPOSITION TO CUBA'S USE OF ARMED FORCES IN OTHER COUNTRIES—MOTION UNDER S.O. 43

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity, namely, to move, seconded by the hon. member for York-Sunbury (Mr. Howie):

That this House views with fear and alarm the course followed by President Castro and the Republic of Cuba, recently intensified, of using the armed forces of that country to operate in Africa and elsewhere to bring about the downfall of administrations that are not communist.

Furthermore, despite the fact that such conduct by Cuba is a continuing threat to peace, the high degree of public admiration and friendship shown to President Castro by the present government of Canada in the last three years is being interpreted in Africa and South America as approval by Canada.

Therefore, in the hope that it will contribute to removing any misunderstanding of Canada's position, this House declares that it is unalterably opposed to and condemns what is being done by Cuba in this regard.

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

Some hon. Members: Agreed.

Some hon. Members: No.

FAILURE OF U.S.S.R. TO WARN CANADA OF IMPENDING CRASH OF SATELLITE—MOTION UNDER S.O. 43

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I rise under the provisions of Standing Order 43. In order that all members of the House of Commons can add support to the Canadian government's note of protest to the U.S.S.R. concerning that government's inexcusable failure to warn Canadian officials of the impending crash of a potentially dangerous satellite, I move, seconded by the hon. member for Northwest Territories (Mr. Firth):

That this House express its serious displeasure with the government of the U.S.S.R. for failing to warn Canada of the dangers posed to the Canadian people by the satellite which crashed on our territory.

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

Some hon. Members: Agreed.

Some hon. Members: No.

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CAPITAL PUNISHMENT

REQUEST FOR REINSTATEMENT—MOTION UNDER S.O. 43

Mr. A. D. Alkenbrack (Frontenac-Lennox and Addington): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. Recent legislation of the government regarding the abolition of capital punishment has obviously resulted in an increase in capital murder, particularly the murder of police officers. I move, seconded by the hon. member for Simcoe North (Mr. Rynard):

That this parliament immediately amend the Criminal Code and reinstate capital punishment as the ultimate, permanent and effective deterrent to capital crime.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

AGRICULTURE

REQUEST FOR MEASURES TO INCREASE PROFITS OF MILK PRODUCERS—MOTION UNDER S.O. 43

Mr. Armand Caouette (Villeneuve): Mr. Speaker, I seek the unanimous consent of the House, pursuant to Standing Order 43, to deal with a matter of urgent and pressing necessity.

In view of the financial difficulties industrial milk producers are faced with as a result of the government's inconsistent dairy policies, I move, seconded by the hon. member for Rimouski (Mr. Allard):

That the House urge immediately the Minister of Agriculture to take the necessary steps so that dairy producers may obtain the quotas or, either through subsidies or otherwise, the incomes they need to maintain a decent standard of living.

Mr. Speaker: Order, please. The House has heard the hon. member's motion. Pursuant to Standing Order 43, this motion

requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

INDIAN AFFAIRS

NORTHERN PIPELINE—NEGOTIATION OF SETTLEMENT OF LAND CLAIMS BEFORE CONSTRUCTION—MOTION UNDER S.O. 43

Mr. Wally Firth (Northwest Territories): Mr. Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. In view of the urgency Yukon native people place on the settlement of their land claims and their desire to have these claims settled as soon as possible, before the construction of a northern pipeline, and in view of the Dean Lysyk inquiry recommendation that a second stage inquiry be conducted, since this has not taken place, I move, seconded by the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas):

● (1412)

That this House is of the opinion that the government should begin negotiations immediately with a view to settling the land claims of the Yukon native Indians in principle prior to the commencement of construction of the proposed northern pipeline.

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

Some hon. Members: Agreed.

Some hon. Members: No.

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THE CANADIAN ECONOMY

REFERENCE OF OECD REPORT TO COMMITTEE—MOTION UNDER S.O. 43

Mr. Bill Kempling (Halton-Wentworth): Mr. Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. As the December, 1977, Economic Outlook published by OECD has painted a particularly pessimistic picture for Canada in the coming year, including a rising unemployment level, soggy real growth, and contains the observation that "the Canadian economy seems likely to continue to face difficult problems" notwithstanding the budgetary measures announced in October, I move, seconded by the hon. member for York-Simcoe (Mr. Stevens):

That there be an immediate reference to the Standing Committee on Finance, Trade and Economic Affairs of the OECD report so that we may receive further explanation with respect to that body's pessimistic view of Canada, and an explanation from the Minister of Finance of his growth projection for the GNP when virtually all other economic commentators see problems and feel that the Minister of Finance is being irresponsible in his projection of growth.

[Mr. Speaker.]

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

Some hon. Members: Agreed.

Some hon. Members: No.

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[*Translation*]

REQUEST THAT SUN LIFE STAY IN MONTREAL—MOTION UNDER S.O. 43

Mr. Léonel Beaudoin (Richmond): Mr. Speaker, I rise under the provisions of Standing Order 43 to ask for the unanimous consent of the House to discuss a matter of pressing necessity.

Given the national crisis through which Canada is going at this moment, and this is especially true in Quebec, and given the possible danger inherent in the departure from Montreal of the Sun Life Assurance Company of Canada, I move, seconded by the hon. member for Villeneuve (Mr. Caouette):

That this House urge the Sun Life board of directors and shareholders to reconsider their decision and to remain in Montreal in the best interests of everyone.

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

Some hon. Members: Agreed.

Some hon. Members: No.

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[*English*]

TRANSPORT CANADA

REQUEST THAT CALENDARS BE PRINTED IN CANADA—MOTION UNDER S.O. 43

Mr. Les Benjamin (Regina-Lake Centre): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In view of the fact that the Department of Transport has identified November 7 as the date of the next election, and that according to the 1978 Department of Transport calendar, printed in the United States, not only will November 7 be the election day but it will be a statutory holiday as well, I move, seconded by the hon. member for Winnipeg North (Mr. Orlikow):

That this House instruct the Minister of Transport to require Transport Canada to have its calendars printed in Canada and that they only designate Canadian holidays and anniversaries.

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

Some hon. Members: Agreed.

Some hon. Members: No.

FISHERIES

REQUEST FOR EXPLANATION WHY CHARGES NOT LAID FOR DESTRUCTION OF SPAWNING BEDS—MOTION UNDER S.O. 43

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, I rise under the provisions of Standing Order 43 to move a motion of urgent and pressing necessity. In view of the massive damage to the Weaver Creek spawning channel by logging and recreational activity in the mountains behind Weaver Creek, resulting in the loss of virtually the entire chum and sockeye run from the spawning beds—an estimated loss of some 700,000 salmon—and the serious effect this will have on the west coast salmon fishery, I move, seconded by the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas):

That appropriate charges be laid under the new fisheries legislation, Bill C-38, and that the Minister of Fisheries and the Environment be requested to rise in this House on motions to explain why charges have not been laid to date.

Mr. Speaker: Is there unanimous consent for the presentation of such a motion?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

LABOUR CONDITIONS

EMPLOYMENT TAX CREDIT PROGRAM—REQUEST FOR PROGRESS REPORT

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, my question is to the Minister of Finance. In light of the major crisis of unemployment that faces Canada and the fact that the only new economic legislation that this government has brought in is the employment tax credit program, which is three months later than it needed to be, can the minister tell the House whether the administrative arrangements are in place or are being put in place for the employment tax credit, and can he give the House a guarantee that the program will be in effect by February 15?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I spoke with my colleague, the Minister of Employment and Immigration, who will be responsible for the administration of this program. The program will be in place by March 1. I hope it will be passed very quickly. I should like to say that on Monday the Leader of the Opposition told the House that I was very often away. I am not very often away—

Mr. Speaker: Order, please.

Some hon. Members: Order.

• (1417)

Mr. Clark: Mr. Speaker, I think it is clear that we would have more economic legislation brought more quickly before this House if the minister were paying attention to his responsibilities as Minister of Finance.

Some hon. Members: Hear, hear!

Mr. Speaker: Order, please. I have just indicated that the hon. minister really cannot go back and explain his absence, and I do not think the hon. Leader of the Opposition should be permitted to make a comment on it.

Mr. Clark: We are now told that the unemployed who might look to this employment tax credit legislation for some help will have to wait until March 1 before the only item on the government's agenda is ready to take effect. I ask the Minister of Finance whether or not he is prepared to go to work in his department, to give attention to that department, to bring in a budget before March, and to stop dragging his feet as he has done on the employment tax credit legislation.

Mr. Chrétien: Mr. Speaker, it took the opposition five weeks to pass a bill which was proposed to the House in the spring. In addition to that, I was fighting against separation yesterday, not like the Leader of the Opposition who is going to Quebec City on Friday to try to make a cosy deal with the separatists.

Some hon. Members: Hear, hear!

Some hon. Members: Shame.

Mr. Speaker: Order. Perhaps it is appropriate that I take about two minutes now, which I will add on to the end of the question period, to remind the House of some of the difficulties we are getting into which relate to my relaxation of the requirements of the question period. In the first two days of our return here I thought it was not appropriate, after the recess, to be too stringent. However, as I permit longer questions with more extensive preambles, I find longer answers with more political input, and from both sides of the House that encourages a lot of barracking which probably would not take place if I were to take a harder line.

I felt things had started out today on a much more positive note, with a very brief question which was going to receive a very quick answer. However, we have begun to wander off the track a little. There is a natural temptation, in the atmosphere that exists in this fourth year of this parliament, to try to interject a few outside aspects in questions and answers. All of us realize that it is in our own best interests in the operation of this parliament if we again, through my guidance, return to a stricter line of short and precise questions, followed by short and precise answers.

Mr. Clark: Mr. Speaker, the minister, in seeking the leadership of the Liberal party in Quebec, failed to answer my short and precise question. I asked whether the Minister of Finance

is prepared to come to work in Ottawa and give his department the priority attention it and the unemployed in Canada require, so that we can have a budget brought in before the end of February.

Some hon. Members: Hear, hear!

Mr. Chrétien: Mr. Speaker, I was in Ottawa on Monday. I left at eleven o'clock and returned at three o'clock. I worked in my department all day outside of that time. I do not have to be given any lessons by the Leader of the Opposition as to how to work for my country.

Some hon. Members: Hear, hear!

Mr. Chrétien: Within a month after we returned in the fall, I had an economic statement and I changed the economic policies of the government somewhat. When I feel we need another budget, I will propose one. At this time, I think the best thing to do is to try to pass the legislation we have before the House. Of course, there is no miracle solution to this problem of the growth in unemployment. We are extremely preoccupied with it. Tomorrow I will meet with the ministers of finance. Next month the Prime Minister and the premiers of the provinces, with the ministers of finance, will have a meeting on all these matters. I am devoting all my time to that. However, I am not neglecting the other problems in Quebec. I believe I have to remain in Canada and fight for it. I will not make any cosy deal with Lévesque.

● (1422)

Some hon. Members: Hear, hear!

Mr. Clark: Mr. Speaker, will this part-time minister—

Some hon. Members: Oh, oh!

Mr. Clark: —give us a commitment to bring in a budget before the end of February? Will he tell the House of Commons, now, whether he and his government have rejected completely the idea of accepting the advice of the OECD and most other economists to add more stimulus to the Canadian economy through tax cuts or some other means, so that we will not have even more Canadians out of work as a result of the policies of this government to date?

Mr. Chrétien: Mr. Speaker, last week we had a meeting with the business people of this country, who stated that the economic policy of the government is the right one. The Conference Board said the same thing. Some people who are not known to be our friends, such as the president of the Royal Bank and the president of the Toronto Bank, agree with our policy. The only banker who does not agree with our economic policy is the former president of the Western Bank.

Some hon. Members: Hear, hear!

[Mr. Clark.]

REQUEST FOR REASSESSMENT OF GOVERNMENT'S EMPLOYMENT PROGRAMS

Mr. James A. McGrath (St. John's East): Mr. Speaker, my supplementary question is to the Minister of Employment and Immigration. Following the release by Statistics Canada earlier this month of the unemployment figure, showing 8.5 per cent—an all-time high rate of unemployment for the country—the minister is reported as having said, and I quote, "the system is probably working as well as it can, given the plight of the western world economy". While he was saying that, the OECD were issuing a report saying that Canada had the worst record of unemployment of any industrialized country in the western world.

I ask the minister, who I suspect is a little shaken up, having to bear this terrible burden of unemployment under this government, on behalf of the one million unemployed Canadians in this country, many of whom are facing hardship, whether he is prepared to reassess the government's employment programs in light of the failure of these programs to have any significant impact upon the terrible unemployment situation in the country.

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, I will try to be precise. I suggest to the hon. member that he read more carefully the OECD report, which indicated that Canada ranked number three among the countries that faced better prospects for recovery. We were after Japan and the United States as the third country that would, in fact, recover. I have indicated to ministers at provincial conferences that I am quite prepared to look at the Canada Works program to see if we can build in the economic growth component and work toward a more permanent type of job creation. We have had a twelvefold expansion in our job experience training program. That has been successful. The work sharing program now comprises some 12 different projects, where people are working who would not be working if we had listened to the opposition parties and had taken it out of the recent legislation. Therefore, we are doing our bit.

* * *

FINANCE

REQUEST FOR FEDERAL-PROVINCIAL DISCUSSIONS ON INCREASED COST OF WELFARE BENEFITS

Mr. James A. McGrath (St. John's East): Mr. Speaker, I will direct my final supplementary to the Minister of Finance. The one million Canadians who are unemployed will draw little consolation from what we have just heard, given the fact that Italy's record is better than ours on this question. On the basis of information from the Unemployment Insurance Commission, during the month of December over 2,000 people per working day were coming off unemployment insurance and having to go through the humiliation of applying for welfare, thereby placing a terrible burden on the provinces as well as on the people concerned. Is the minister prepared to enter into discussions with the provinces to measure the additional eco-

nomic burden that this unemployment situation is placing on the provinces which have to pick up these welfare payments, especially the poorer provinces which can least afford it?

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, first thing tomorrow morning I will be joining my colleagues the provincial finance ministers for a two-day meeting. Among the items under consideration will be the short term economic conditions. I intend to discuss this problem with them as I did last October and if solutions can be found and suggested quickly, we will do so. However, the situation is difficult and I must report to the House that last fall before making my statement in the House, I had obtained the agreement of all finance ministers. We will try once again tomorrow to develop a consensus to try to tackle all economic problems which are confronting us.

* * *

● (1427)

[*English*]

INDIAN AFFAIRS

NORTHERN PIPELINE—HOLDING OF INQUIRY INTO OPERATION

Mr. Edward Broadbent (Oshawa-Whitby): I would remind the Minister of Finance that in the fall of 1929 Mr. Herbert Hoover also had the support of all the bankers in the United States. My question is directed to the Deputy Prime Minister. No, Mr. Speaker, I will change my mind and address it to the Minister of Indian Affairs and Northern Development.

Considering that the hon. gentleman's predecessor said on April 19, "If the Alaska Highway application should receive approval, the government will establish a further inquiry to assist in developing terms and conditions for the construction and operation of the line", and considering that representatives of the Council of Yukon Indians have charged that the government has completely failed to implement this commitment to hold a follow-up public inquiry, can the minister clarify the situation, and will he take immediate steps to implement the commitment to which I have referred?

Hon. James Hugh Faulkner (Minister of Indian Affairs and Northern Development): No, I will not, Mr. Speaker. No decision has been taken on a further inquiry. In consultation with the Council of Yukon Indians and others I have raised the question of whether a further inquiry is really needed. The Lysyk inquiry went to some lengths in defining what would be contained in the terms and conditions, and I have made the point, both publicly and in private meetings, that in my view we really need to define the terms and conditions and make them available to the agency that will eventually flow from legislation and have them available for public discussion. In other words what I am saying, Mr. Speaker, is what we need now are precise proposals, rather than further inquiries. I say this while repeating that no decision has been taken; I am just telling the House what my thinking is now.

Mr. Broadbent: I take it that the minister's refusal to guarantee—

Mr. Faulkner: No decision has been made.

Mr. Broadbent: Saying there has been no decision implies a reversal of the previous decision. The previous decision was that there would be an inquiry. The position now taken is contrary to the commitment which was made.

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INDUSTRY

NORTHERN PIPELINE—SALE OF CONSTRUCTION EQUIPMENT TO UNITED STATES AND NOT CANADA

Mr. Edward Broadbent (Oshawa-Whitby): I should like to address a question to the Deputy Prime Minister. Is the hon. gentleman aware that the U.S. Alyeska Pipeline Disposal Company has for sale pipeline construction equipment worth between $1 billion and $1.5 billion which could service the entire Canadian section of the Alcan pipeline, and that this equipment is scheduled to go on sale not in Canada but in the United States? In this regard I ask the minister what specific guarantees have been provided to ensure that Canadian companies and Canadian workers will be used in the construction of the Canadian portion of the pipeline?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): I appreciate the hon. member providing this interesting information. Undoubtedly, he has gleaned it from the *Wall Street Journal*, which I have not had an opportunity to peruse recently. However, I will follow the hon. member as he leads me through the pages of the *Wall Street Journal* from day to day.

As to the second part of the question, which relates to the over-all opportunity for Canadian participation both in employment and in the provision of goods and services for the construction of the line, I repeat what has already been stated by the Prime Minister, that Canadian business and Canadian producers will have a full opportunity to participate—effectively, we believe—in the construction of this line. The estimated number of jobs to which the hon. member referred yesterday or the day before is still valid. It is our view that 100,000 man-years can be expected in Canada during the construction of this line. There is no withdrawal from the estimate put forward last September when the terms of the agreement were made public.

● (1432)

Mr. Broadbent: Mr. Speaker, whatever one might say about the reliability of the *Wall Street Journal*, by standards of comparison of reliability it is 100 per cent better than the minister. I have a final supplementary for the minister since he did not answer my second question after attempting to do so for two minutes.

Are there any specific guarantees respecting the construction aspect of the job? I am not referring to steel, because we

realize the government sold out the steel producers in Canada some time ago. Is the government making any guarantees that Canadian jobs and firms will be used on the construction? I put that question in the context of this very expensive construction equipment which is necessary and which is going on sale in the United States and not in Canada, and in light of the fact that a number of Canadians already have been denied the right to purchase that equipment.

Mr. MacEachen: Mr. Speaker, the hon. member has suggested that the Canadian steel industry has been sold out. I prefer to listen to the president of Stelco as a spokesman for the steel industry, rather than the hon. member. Mr. Gordon has stated that he is fully confident he will be able to compete successfully for this business in Canada. It amounts to a very substantial amount of business for Canadian companies and workers. Also, he believes they will be able to compete effectively in the United States against American competition. Thus, there is no question of selling out. I believe the hon. member is selling out any sense of honesty when he continues to repeat what is nothing but unsubstantiated rumour.

* * *

[*Translation*]

THE CANADIAN CONSTITUTION

SUGGESTION GOVERNMENT PLAY GREATER ROLE IN ECONOMIC MATTERS

Mr. Léonel Beaudoin (Richmond): Mr. Speaker, I should like to put a question to the Prime Minister.

On January 14 last, the Prime Minister granted an interview to the newspaper *La Tribune* of Sherbrooke. I noted that the comments of the Prime Minister were rather vague on one issue. He said among other things that his government would be willing to grant some powers to the provinces but in return, it would ask and I quote: But in return, the federal government would demand an increased role in the management of the economy.

I would like to ask the Prime Minister what he meant by an increased role in the management of the economy in that context?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I was speaking during a debate on the constitution where I specified that the throne speech in October referred to proposals which would be made during this session. Those proposals would not deal with the sharing of powers as such, but if the provinces wanted to discuss the sharing of powers — and between 1968 and 1971 we made several suggestions concerning the transfer of powers to the provinces — we might also suggest that some powers would be better exercised by the federal government than by the provinces which have done quite poorly.

Mr. Beaudoin: Mr. Speaker, I should like to put a supplementary. Can the right hon. Prime Minister tell the House whether the provinces have asked to discuss with the federal government the matter of this sharing of powers?

Mr. Trudeau: No, Mr. Speaker, but I would remind the hon. member that during the two years prior to October 1975, when the federal government announced price and wage controls, the provincial premiers, meeting among themselves, had begged the federal government to do something about inflation, explaining that the provinces had no powers in the field of inflation, that they may have had some powers but that even if all the provinces exercised them individually they could not achieve the results expected. They asked us to do something, which we did in October 1975 after consulting the premiers on the very same day. That, then, is an example of the transfer of temporary powers made at the request and with the support of the provinces.

* * *

● (1437)

[*English*]

FINANCE

INQUIRY WHETHER MINISTER DISCUSSED HIGH LEVEL OF UNEMPLOYMENT WITH OECD OFFICIALS

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, my question is directed to the Minister of Finance. Undoubtedly, the minister has reviewed table 8 which is contained in the OECD's Economic Outlook. Unfortunately, it shows that Canada has the highest level of unemployment of any of the 12 industrialized nations which it reviewed—higher than the average by almost 3 percentage points. Has the minister discussed with his staff or representatives of OECD why Canada should have had during 1977 the highest unemployment level of any of the industrialized nations?

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, in the Department of Finance, the economic policy of the government is under constant review. We are, of course, very much concerned by the rate of unemployment in Canada and know that one of the problems is the fact that the rate of entry into the labour force is the highest in the world; last year, Canada was, of all the countries in the world, the one where the largest number of new jobs were created. Unfortunately, the rate of new entries is such that, though we managed to get 290,000 new jobs from the Canadian economy last year, the rate of unemployment did not go down. Yet, the growth of employment in Canada is the highest in the world.

[*English*]

Mr. Stevens: Mr. Speaker, my supplementary question is directed to the Minister of Finance. Referring to the same Economic Outlook report, it is anticipated that in the current year, 1978, unemployment will exceed 8.5 per cent, and there is some danger that it could go even higher. Also, it is anticipated that job creation in Canada will start to decline. Has the minister discussed with his staff what can be done

effectively to reverse this OECD prediction, bearing in mind that Canada has bountiful resources which are second to none compared with the other industrialized nations which OECD reviewed?

Mr. Chrétien: Mr. Speaker, we do not agree with the OECD prediction. Most of the forecasters in the Canadian private and public sectors are predicting a growth of approximately 5 per cent for next year.

Mr. Clark: You are the only one.

Mr. Chrétien: No, sir.

Mr. Clark: Name one.

Mr. Chrétien: The Conference Board of Canada, and the Conference Board of the United States. The other day, in Toronto, the question was put to Mr. Rockefeller and he said—

Some hon. Members: Oh, oh!

Mr. Chrétien: Well, I did not know him. I did not ask the question. He is not a pal of mine.

Some hon. Members: Oh, oh!

Mr. Chrétien: I met him after his statement. He said that their private study concluded there would be more growth next year in Canada than in the United States.

Mr. Stevens: Mr. Speaker, my final supplementary question is directed also to the Minister of Finance. I should like to point out that the bankers he has been talking to are not among the unemployed of this country.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Stevens: As an estimated $1.2 billion is being paid out currently in various tax credits by this government and incentives to promote employment, and according to the government's own estimate there is another $1 billion going out for various make-work projects, government training projects, etc., will the Minister of Finance indicate whether his department or any department has undertaken the monitoring of those various programs to determine if we are actually getting the results we should from over $2 billion worth of incentives to try to correct the unemployment situation in this country?

Mr. Chrétien: Mr. Speaker, I am very glad the hon. member is at least recognizing now that we have put into the Canadian economy $2 billion of incentives. Of course we are monitoring this on a daily basis. A study is being conducted by the Department of Finance and the Department of Employment and Immigration. We are following that position very closely. If something has to be changed, we will be happy to do it.

EXTERNAL AFFAIRS

PRIME MINISTER'S KNOWLEDGE THAT SOVIET SATELLITE CONTAINED NUCLEAR PACKAGE

Mr. Allan B. McKinnon (Victoria): Mr. Speaker, my question is directed to the Prime Minister. When the Prime Minister visited the NORAD headquarters at Colorado Springs in late December, was he advised that the Russian Cosmos satellite carried a nuclear package, that it was in difficulty and likely to crash?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, when I finished my visit at NORAD in Colorado Springs, I gave a press conference indicating that I had been briefed not only on the problem of air defence, which is the subject of NORAD—air defence essentially against bombers—but that the officials at NORAD had gone further and had gone into a great deal of briefing concerning space and problems of space. At the time I indicated that Canada was fortunate, indeed, to be able to share a lot of the information regarding space because it was in NORAD, but which under NORAD—

• (1442)

An hon. Member: Now answer the question.

Mr. Trudeau: I am answering the question. If the hon. gentleman could follow the reasoning, he would see that I am answering the question, but it calls for a little bit of attention. In indicating that they had briefed me on space, I would only go as far as saying that they did tell me they were monitoring all the man-made garbage up there and they knew exactly what it was doing. They knew that some of it had already fallen and some would fall again. They went into some detail which I do not think is appropriate for me to go into.

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NATIONAL DEFENCE

MINISTER'S KNOWLEDGE THAT SOVIET SATELLITE CONTAINED NUCLEAR PACKAGE

Mr. Allan B. McKinnon (Victoria): Mr. Speaker, it seems rather clear that the briefing the Prime Minister received was the garbage. I should like to direct a supplementary question to the Minister of National Defence. Considering that the Prime Minister claims the briefing he got at Colorado Springs, as referred to in *Hansard* yesterday, would indicate they were extremely forthcoming in talking to him about space garbage, when did the Minister of National Defence know there was a nuclear package aboard the Cosmos satellite, and when did he know it was going to crash?

Hon. Barney Danson (Minister of National Defence): Mr. Speaker, I knew at the end of last week that there was a nuclear package aboard, and I knew that it was disoriented in orbit and was likely to come down somewhere on earth, possibly in Canada and possibly in the South Atlantic, last

Friday. I knew specifically when it did re-enter, on Tuesday morning, I believe it was.

Mr. McKinnon: What the Minister of National Defence has just said, Mr. Speaker, confirms that the Prime Minister was not given a full briefing at NORAD when he made his visit in late December. I would now like to ask the Minister of National Defence, who told us yesterday the operation was Canadian-controlled, whether he will inform us if the United States U-2 which is checking for radiation at high altitudes has reported to us on its findings so far, and whether the American technicians manning American radiation detection pods in the low-level search have reported anything to us on their findings so far.

Mr. Danson: Let me answer the first allegation, Mr. Speaker. I was going to use a word that is unparliamentary. Briefings at NORAD are very thorough and very intense. My hon. friend has had briefings there. I do not know if they allowed him a full briefing; they may have had doubts, considering the questions he is raising, for the sake of western security—

Some hon. Members: Oh, oh!

Mr. Danson: Certainly, there are those that are out of orbit, those that are not, and those that are disoriented. They are under observation. We cannot take precise readings that far in advance. Having regard to the second question the hon. gentleman asked—which is a legitimate question—there are Canadian crews on board the Hercules surveillance pods. They are reporting and working jointly as a team, and we do not make a clear distinction as to who is Canadian and who is American. When they are working together there, everybody is informed. The commander of the search, of RCC in Edmonton, is fully informed and fully aware. We have continuing co-operation with our American allies through NORAD and through the space program.

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OFFICIAL LANGUAGES

JUDGMENT RESPECTING LEGALITY OF QUEBEC BILL 101—GOVERNMENT POSITION

Mr. Marcel Prud'homme (Saint-Denis): Mr. Speaker, my question is addressed to the right hon. Prime Minister.

An hon. Member: "When am I going to get a cabinet post?"

Some hon. Members: Oh, oh!

[*Translation*]

Mr. Prud'homme: Following the ruling by Quebec Superior Court Chief Justice Deschênes that all clauses of Bill 101 related to legislation and justice language are invalid, would the Prime Minister offer his own comments to this House?

[Mr. Danson.]

[*English*]

Mr. Speaker: Order, please. If the Prime Minister wanted to make his own comments on a matter of that sort, during the question period would hardly be the time to do so.

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CONSUMER AFFAIRS

ANTI-CORROSION CODE FOR AUTOMOBILES—TIME AVAILABLE TO COMPANIES TO DECIDE ON ADOPTION

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, I have a question for the Minister of Consumer and Corporate Affairs. As the new Canadian anti-corrosion code for automobiles can only be effective if it is obeyed by all Canadian automobile manufacturers, and in view of the fact that so far only one of these companies has agreed to comply with the code, I ask the minister how long the companies are to be given to make the decision to come aboard before the government decides it will pass legislation to back up the code?

Hon. Warren Allmand (Minister of Consumer and Corporate Affairs): Of the so-called Big Three, Mr. Speaker, one of the companies has said very clearly it will follow the code. Another has said its 1978 vehicles actually go beyond the code, although it did not say it would follow the code exactly as written. We have not heard from one of the major three. Several of the importer companies have indicated they will go along with the code. While no time limit was set down, we are awaiting the results of competition and consumer pressures to see whether others will come along. If legislation is necessary—and we have said we will proceed with legislation if that is the case—it will be carried out in full consultation with the provinces.

Mr. Hees: Mr. Speaker, the government obviously intends to rely on voluntary compliance with the code, and this government in particular has had very sad experiences in trying to get people to obey guidelines on a voluntary basis. I ask the minister why the government does not now introduce legislation to back up the code, and thereby guarantee to Canadian automobile owners the kind of protection they have so long been denied.

Mr. Allmand: Mr. Speaker, we believe in doing things in co-operation with industry and the private sector. This code was developed in close co-operation with the domestic manufacturers and importers. I must say that it received the strong support of all provincial governments as well as the Consumers' Association of Canada and the Automotive Protection Association.

ENVIRONMENTAL AFFAIRS

KITIMAT PIPELINE CO.—REQUEST THAT DECISION ON APPLICATION BE DEFERRED

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, in the absence of the Minister of the Environment, I should like to direct a question to the Minister of Energy, Mines and Resources relating to the decision by the Kitimat Pipeline Company to reactivate its application for the construction of a pipeline from Kitimat, British Columbia, to Edmonton, requesting that the capacity of the pipeline be doubled to one million barrels per day. The west coast oil ports inquiry hearings headed by Dr. Andrew Thompson were postponed. Are they now to be resumed? If so, when will they be resumed? Also, will the minister assure the House that no decision will be made by the National Energy Board, or approval given by the government, until such time as the phase two hearings have been completed by Dr. Thompson?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, when the inquiry was interrupted it was noted that the proceedings might have to be brought forward again at a time when a live Kitimat application came forward. This matter will now be considered with Dr. Thompson and a decision on how to proceed will then be made as soon as possible. As to the other part of the hon. member's question, I think perhaps the Minister of Energy, Mines and Resources should respond.

Mr. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, I would be glad to hear the response of the Minister of Energy, Mines and Resources, but I would like the Minister of Transport to answer this question. In view of the fact that when the inquiry started, the government quite properly decided that public interest groups should have the opportunity to present their views and funded some of those groups, will this funding be carried on during the additional inquiry by Dr. Thompson and his group, and for what period of time?

Mr. Lang: Mr. Speaker, the question of funding public interest groups, and other questions relating to cost and the time of the inquiry, are among those things we will want to discuss with Dr. Thompson to ensure that all proper steps are taken in connection with any possible pipeline.

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IMMIGRATION

QUEBEC SELECTION CRITERIA—GOVERNMENT POSITION

Mr. Jake Epp (Provencher): Mr. Speaker, my question is for the Minister of Manpower and Immigration. It has reference to the tentative agreement between the government of Canada and the province of Quebec which would enable Quebec to establish its own points system for the selection of immigrants to that province. In view of the fact that the selection criteria would not be the same as for immigrants to other Canadian provinces, will immigrants qualifying under Quebec selection criteria have the right to interprovincial mobility? If so, has the government received the concurrence of the other provinces to accept immigrants who have qualified under Quebec's criteria?

• (1452)

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, we have an agreement in principle with the province of Quebec, at least at the ministerial level. It remains for the Quebec minister to obtain the concurrence of his cabinet colleagues. The details of the program which I have seen so far were mutually beneficial, so that not only Quebec but all the provinces will be able to accept responsibility under the BNA Act for co-determination and the participation they should have in the immigration field.

Mr. Epp: Mr. Speaker, the minister chooses not to answer my question but to bypass it. In view of the far-reaching implications that this agreement has in principle, and in view of the assurances which the minister gave to the Standing Committee on Labour, Manpower and Immigration that the committee would have an opportunity to study the regulations flowing out of the new Immigration Act, would the minister now fulfil his obligation and refer both the immigration regulations and the tentative agreement on immigrant selection to the standing committee for study and report back to the House?

Mr. Alexander: That is a good idea.

Mr. Cullen: Under the agreement there will be full mobility in the country: that is absolutely essential. Also, the agreement will be subject to the immigration laws. I have done more than a second mile, I think, by sending out to members of the committee the regulations as they are drafted, and I have asked for their comments. I have done that, also, in so far as provincial cabinet ministers who have this responsibility are concerned, so that they will note the message. I have also sent my provincial colleagues, in draft form, the kind of immigration agreement that I would like to see us enter into with Alberta, Saskatchewan, British Columbia or Quebec. However, full mobility will be there.

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ENERGY

NORTHERN PIPELINE—PREBUILDING OF SOUTHERN SECTION—GOVERNMENT POSITION

Mr. Erik Nielsen (Yukon): Mr. Speaker, I have a question for the President of the Privy Council. As I noted yesterday, the U.S. President's decision and report to Congress on the Alaska natural gas transportation system states repeatedly that there is a possibility of prebuilding the southern section of the line. I find it difficult to believe that the President of the United States would rely solely on the musings of the NEB for the statement. Therefore, I ask the President of the Privy Council for clarification. Was the prebuilding of the southern

portion of the pipeline discussed at all in the September negotiations?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, I have no recollection whatsoever that the matter was even discussed. Certainly, no provision was made in the agreement or in the negotiations leading up to the agreement regarding the prebuilding of the pipeline. In the legislation which is under preparation at present, which I hope to introduce reasonably soon to the House, there is no provision for the prebuilding of the pipeline. So it is a matter which has to be dealt with on different grounds from the general plan under which we are presently operating and the assumptions contained in the negotiations.

NORTHERN PIPELINE—ECONOMIC IMPACT OF PREBUILDING SOUTHERN SECTION

Mr. Erik Nielsen (Yukon): I direct my question to the Minister of Energy, Mines and Resources and ask whether he can explain the comments that he made outside the House yesterday which were reported on the CTV eleven o'clock news, namely, that the prebuilding of the southern portion of the pipeline could jeopardize the timing of the northern construction and delay completion of the pipeline until 1984-85, at a cost of perhaps $1 billion and thousands of jobs for Canadians. Does this mean that the government is not yet convinced of the benefits of preconstruction and is dragging its feet? Also, why is the government considering further delays in the building of the pipeline, when a short while ago they rejected a similar request by the Council of Yukon Indians?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, that report is quite erroneous.

NORTHERN PIPELINE—PROJECTED DATE OF COMPLETION

Mr. Erik Nielsen (Yukon): Mr. Speaker, I direct a further supplementary to the President of the Privy Council who may wish to answer this question instead of the Minister of Energy, Mines and Resources. Is there a possibility that the date for the completion of the pipeline that is mentioned in the pipeline agreement might be changed, and does that mean that Canada will be in a position to renegotiate the other conditions of the agreement? Does it mean that the government may be able to recoup some of the possible benefits they gifted away when they negotiated the agreement?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Without accepting the allegations contained in the last part of the question, may I point out that a timetable is provided in the agreement for the construction and operation of the pipeline, and there have been no discussions of any kind leading to a change in the provisions of that agreement. So I must say that I am at a loss to understand why there should be any doubt whatsoever as to the intention of the government to proceed with the legislation as quickly as possible and to proceed with the construction and operation of the pipeline according to plan.

INVENTORY OF NATURAL GAS—EFFECT ON ENERGY POLICY

Mr. F. Oberle (Prince George-Peace River): Mr. Speaker, my supplementary question is for the Minister of Energy, Mines and Resources. It refers to the reliability of the reports that have recently come from his officials with respect to the inventory of natural gas located in western Canada, which would indicate that both domestic and export commitments can be met until the year 1990. I ask the minister whether these reports and forecasts were based on located supplies, or do they include such areas as the Beaufort Sea? Also, can the department provide any assurance as to the reliability of the forecasts, or will such assurance be sought before these forecasts are used to formulate further energy policies, relating them to the construction of a pipeline in the north?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, all forecasts involve a series of probabilities. We have tried to make that quite clear in the various reports we have put before the Canadian people and before the House. As to the suggestion to which I believe the hon. member is referring, that there might be more gas in the gas bubble than was first expected, it is quite possible that there might be. That is the opinion of one or two persons in my department. My department's view in respect of the inventory situation of natural gas is substantially the same as the findings of the National Energy Board in its Reasons for the Decision regarding the northern pipeline.

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SOCIAL SECURITY

REQUEST FOR REPORT ON PENSIONS STUDY

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, I have a couple of questions relating to pension studies. I should like to direct the first one to the President of the Treasury Board. In April of 1977 he announced the establishment of a study to be undertaken by Tomenson-Alexander Associates. Has that study now been completed, and when will it be tabled in the House?

Hon. Robert K. Andras (President of the Treasury Board): Mr. Speaker, the study has been completed and it is now being translated and printed. I expect to be able to make it public in the not too distant future.

[*Translation*]

INQUIRY AS TO DATE OF INTRODUCTION OF LEGISLATION

Mr. Donald W. Munro (Esquimalt-Saanich): My second question, Mr. Speaker, will be for the Minister of National Health and Welfare.

To the best of my memory, an extensive study on pensions under all aspects, both public and private, was initiated in September 1976 within the government and in the public sector; it related more particularly to the Department of Finance and the Department of National Health and Welfare. My question is: When will this study be tabled in the House and referred to the appropriate committee? I also would like the minister to tell us whether she intends to introduce a bill based on this report and if so what will be the scope of such a bill?

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, just before Christmas I had a preliminary meeting concerning the preparation of the report. I have not yet received the report and so it is too early to answer the other questions. However, I will inform the House as soon as I get the report.

INELIGIBILITY OF CANADIAN WORKERS TO RECEIVE UNEMPLOYMENT INSURANCE BENEFITS

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, my question is for the Minister of National Health and Welfare.

Earlier this afternoon the hon. member for St. John's East pointed out that every day, because of the economic situation in Canada, about 2,000 Canadians become ineligible for unemployment insurance benefits and that in many cases they are forced to ask for welfare. Can the minister then tell the House if she has discussed this matter with the provinces and what immediate action we can anticipate from her to alleviate this serious situation?

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, the administration of welfare programs is under provincial jurisdiction. All Canadian deputy ministers of social services, including the deputy minister from my department, will get together as early as tomorrow in a federal-provincial meeting during which this subject matter will be dealt with.

Mr. Grafftey: I want to ask a supplementary, Mr. Speaker.

Considering that situation which is affecting many poor families in Canada, can the minister explain to the House why she has recently contacted the provinces by letter informing the provincial welfare ministers that the federal government intends to cut assistance in this regard in the area of welfare specifically?

Miss Bégin: I regret that the hon. member's information is out of tune with the facts, Mr. Speaker, and I would like to correct immediately the wrong impression he is giving to this House.

About December 14 last I wrote to my provincial counterparts to propose an early meeting at their convenience regarding the whole financing of social services, which in eight out of ten provinces would lead to an increase in real expenses and which would result in all provinces having an identical average per capita outlay within ten years.

As was explained in a press release issued at that time, unfortunately the country's economic constraints have forced me to delay for a year the granting of a supplementary amount of $132 million which is offered to the provinces and which will eventually be indexed, on agreement, after a year.

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● (1502)

[*English*]

LABOUR CONDITIONS

GOVERNMENT PROGRAMS TO ALLEVIATE UNEMPLOYMENT AMONG YOUNG PERSONS

Mr. Paul Dick (Lanark-Renfrew-Carleton): Mr. Speaker, I should like to address a question to the Minister of Employment and Immigration. In light of the steady increase in youth unemployment from 9.7 per cent in December of 1973 to 10.6 per cent in December of 1974, to 13 per cent in 1976 and to over 15 per cent today, and in view of the fact that it will continue to increase for the foreseeable future and that the existing youth employment programs apparently are not turning the tide, what specific programs will the minister's department implement during this session to combat this critical situation?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, I have catalogued for the hon. member and for this House several of the programs we have in place to deal with youth unemployment in so far as my own department is concerned. The employment tax credit program announced yesterday by my colleague will have a beneficial effect. Jobs will be created by the construction of the pipeline. All these things will have their impact in turning this situation around, as the hon. member has suggested.

Mr. Dick: In view of the fact that the minister has indicated no new programs in his department to combat the youth unemployment situation, is it the view of his department that this particular situation is under control, or does his department feel that the advice given in Toronto in April of last year by the Prime Minister to unemployed graduates, that they leave this country and go elsewhere for employment, is the appropriate advice for this year?

Mr. Speaker: Order, please. The hon. member for Winnipeg North Centre.

VETERANS AFFAIRS

REQUEST THAT BASIC RATE OF WAR DISABILITY PENSION BE RECONSIDERED

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I wish to direct a question to the Minister of Veterans Affairs. In view of the increasing concern on the part of veterans across Canada over the refusal of the government to restore the basic rate of the war disability pension to the average take-home pay of the five categories of public servants designated in 1973, has the minister resubmitted this matter to the cabinet, asking for a reversal of the negative decision which he announced a couple of months ago?

Hon. Daniel J. MacDonald (Minister of Veterans Affairs): No, Mr. Speaker, I have not resubmitted this question, but I would like to remind the House that on January 1 there was an increase of 7.2 per cent, in disability pensions across this country. As I stated previously, when the government sees things in a different light, I will bring this matter back to it.

Mr. McGrath: You will have a long wait.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, in view of the fact that the 7.2 per cent cost of living increase granted by legislation this month does not restore the basic rate to the level agreed upon in 1973, will the minister reconsider the position he is taking today? While he is pursuing that, will he also consider pressing for action on behalf of widows where the veteran's pension was less than 48 per cent, resulting in no pension for such widows, and also on behalf of the fewer than 200 veterans of World War I who were prisoners of war in that war but who do not receive the compensation provided by parliament?

Mr. MacDonald (Cardigan): Mr. Speaker, the answer to all those questions is yes. We have under consideration the widows referred to. I also expect to bring to the House some news about veterans of the First World War. This will be brought to the attention of the House at a later date.

* * *

PRIVILEGE

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

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I rise on a question of privilege of which I have given Your Honour the appropriate notice under Standing Order 17(2).

A couple of days ago most members of this House received a letter from CP Air dated January 13. Actually, it reached me only a couple of days ago and it was only yesterday afternoon that I was able to get the background information that leads me to believe that a question of privilege is involved.

As I say, this letter was written on the letterhead of a private corporation, CP Air, and was addressed to members of parliament. The letter expresses the desire of that company to provide us with service, and so on. It solicits our patronage. Obviously, there is nothing wrong with that, but in the letter we are told that there are two telephone numbers we can dial to get this special service. The significance of these two telephone numbers is that they are not ordinary private company seven-digit numbers; they are five-digit numbers. In other words, they are part of the government telephone service.

There is no comparable number for Air Canada. In the course of my inquiries I was told that a number had been established for Air Canada, but when I called that number the answer was "Central Travel Service" which, of course, is an agency of the government. When I called one of the two numbers listed in this letter the answer was a very pleasant "CP Air Executive Service".

Mr. Gillies: What is the number?

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, you will be wondering when I am going to get to the point of this being a matter of parliamentary privilege. My information is that this letter was sent to a limited number of persons. It was sent to most if not all members of parliament, although I have not yet ascertained whether any French-speaking members of the House received a letter in French. The letter was also sent to members of the other place. Apart from the members of these two Houses it was sent only to deputy ministers and possibly assistant deputy ministers; however, so far as I can ascertain, only to deputy ministers.

In other words, we, the 260-odd members of this House, are the majority of those to whom this letter was addressed. My point is that this puts us as members of this House in an awkward situation, if we accept this arrangement, whereby we are party to a scheme or arrangement which involves a government service being used, or abused, by a private company.

Mr. Lambert (Edmonton West): Nonsense.

Mr. Knowles (Winnipeg North Centre): My hon. friend says "nonsense". I do not know that any of the hotels of Ottawa, the restaurants or the taxi cab companies which would like to have our business, have been given the privilege of special government numbers, yet CP Air seems to have been given, or to have obtained this privilege.

Some hon. Members: Oh, oh!

Mr. Speaker: Order. I wonder if I might be permitted to allow the hon. member to conclude his argument.

Mr. Knowles (Winnipeg North Centre): My checking has produced the information that either the Department of Supply and Services or the Department of Communications was responsible for assigning a special number as part of Central Travel Service arrangements. I am told it was clearly understood that this was to provide a service for members and was not to be used as an advertising gimmick by a private company.

● (1512)

As I say, if the hotels of this city and other private businesses are not hooked into the government telephone service, why should CP Air have this special arrangement? I suggest that this puts us, as members of this House—because it is mainly to us it is addressed—in an awkward position.

I know we are accustomed to the CPR getting everything in this country for the past hundred years, but surely they should have to be approached the same as Air Canada is, through an ordinary, private, seven-digit number. Mr. Speaker, this matter should be looked into. If the letter had been given general distribution to the entire public service, Your Honour might say it has not got anything to do with the House of Commons, but in view of the limited number of people who received this letter it is primarily a House of Commons matter and, as I say, puts us in an awkward position.

I would be prepared to move the appropriate motion for the matter to be referred to a committee for investigation, and perhaps to have the numbers cancelled and CP Air put on the same basis as any other airline or company. In the meantime I would ask Your Honour to consider whether it is not a question of privilege for members of parliament to be put in this awkward position and to be made guinea pigs for CP Air.

Mr. Speaker: Order, please. As a result of notification by the hon. member of his concern with this problem and, of course, the formal notice given pursuant to Standing Order 17(2), I have had an opportunity to make only a very cursory investigation into the circumstances and to verify that the exchange involved is not one in any way under the control or administration of parliament. I felt that was my first responsibility.

The exchange involved, which gives access through a five-digit number, is in fact a government exchange but not one that is under our control or is involved in the administration of the House of Commons. I have, therefore, the greatest difficulty drawing a connection between the grievance the hon. member has raised and a question of parliamentary privilege.

The matter does concern an inquiry or grievance of some sort, however, and I think prudence has indicated in the past that if there is to be a response by either of the two ministers named as having the responsibility or authority in connection with issuing these privileges—that is to say, the Minister of Communications (Mrs. Sauvé), or the Minister of Supply and Services (Mr. Goyer)—we ought to await their response. At that time I can give a definitive decision as to whether there is any connection with parliamentary privilege. As I have indicated, I have great doubts about it in connection with a question of parliamentary privilege. I think I ought to wait to see whether an immediate response is forthcoming from either of the ministers before taking a final decision.

Order Paper Questions

POINT OF ORDER

MR. PAPROSKI—CHAMBER TEMPERATURE

Mr. Paproski: I rise on a point of order, Mr. Speaker. I know that the candlelight power in the House has been reduced by about 51 candlelights but there seems to be a problem with heat in the chamber. Perhaps Your Honour or the House officials could check to see what is happening. Some of the glare of the television lights has been eliminated but the heat in the chamber is still high. Maybe it is because of some of the members—I do not know—but I feel something should be done. This has happened since Monday of this week, and I hope Your Honour will check into it.

Mr. Speaker: Order, please. I will be very glad to monitor that. We are monitoring things on a daily basis and had hoped that the adjustments made during the recess would contribute to more comfortable temperatures. There is more difficulty with controlling the light level than the heat level—at least in theory. We ought to be able to do something about the temperature.

* * *

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, the following questions will be answered today: 445, 482, 522, 744, 745, 821, 896, 930 and 1,033.

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

[*Text*]

EXPENDITURES IN CONSTITUENCY OF NEW WESTMINSTER

Question No. 445—**Mr. Leggatt:**

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

Hon. Monique Bégin (Minister of National Health and Welfare): In so far as the Minister of National Health and Welfare is concerned: Fitness and Amateur Sport Program: Grants-in-Aid contributions to athletes of international calibre who require financial assistance for travel, training, living costs, equipment, training fees and relocation expenses.

Year	Recipient	Address	(Figures in $'s)
1970-71	Nil		
1971-72	Mahony, William V.	301 Carnarvon Street	$2,000
	Wedlock, David G.	1028-8th Avenue	$1,500
	Jones, Barbara A.	559 E. Columbia Street	$1,500
	Robertson, Nancy M.	334 Richmond Street	$1,000
1972-73	Phelan, Deborah	141 East Durham	$1,800
	Wedlock, David G.	1028-8th Avenue	$1,800

Order Paper Questions

Year	Recipient	Address	(Figures in $'s)
1973-74	Nil		
1974-75	Mahony, William V.	301 Carnarvon Street	$1,000
	Yakubowick, Joyce	814-4th Avenue #208	$1,800
1975-76	Van Buren, John	324 Holmes Street	$1,800
1976-77	Van Buren, John	324 Holmes Street	$1,800
	Tottenham, Doug	708-2nd Street	$ 500

National Welfare Demonstration Grants—To improve the efficiency and effectiveness of welfare services in Canada.

1970-71	1971-72	1972-73	1973-74	1974-75	1975-76	1976-77
$ Nil	$40,554	$99,685	$116,075	$122,446	$141,712	$35,392

New Horizons—To provide opportunities for retired Canadians to plan, operate and participate in meaningful activities.

1970-71	1971-72	1972-73	1973-74	1974-75	1975-76	1976-77
$ Nil	$ Nil	$ Nil	$13,862	$13,601	$30,525	$34,930

*In addition to the above, the Department of National Health and Welfare has incurred numerous other expenditures in the province of British Columbia, but it is not possible to isolate these expenditures by constituency.

INQUIRIES CONCERNING OCCUPATIONAL HEALTH MATTERS

Question No. 482—**Mr. Yewchuk:**

1. Did the Department of National Health and Welfare receive any inquiries concerning occupational health matters from private citizens or businesses in (a) 1972 (b) 1973 (c) 1974 (d) 1975 (e) 1976 and, if so, how many?

2. Does the Department have a policy respecting responses to such inquiries and, if so, what is it?

3. Is the Department in any way obliged to deal with complaints relating to occupational health matters of national scope?

Hon. Monique Bégin (Minister of National Health and Welfare): In so far as the Minister of National Health and Welfare is concerned: 1. Yes. Departmental records are not kept in a form which permits a reply as to the number of such enquiries.

2. Yes. Departmental policy is to respond in an informative manner and to refer enquiries relating to specific workplaces to the federal Department of Labour or to the provincial authority, depending under which jurisdiction it falls.

3. No.

GAP BETWEEN DOMESTIC MARKET AND PRODUCTION

Question No. 522—**Mr. Howie:**

In terms of millions of dollars, what was the Canadian production gap between the domestic market for secondary manufacturers and domestic production of secondary manufacturers in (a) 1970 (b) 1973 (c) 1976?

Mr. Bernard Loiselle (Parliamentary Secretary to Minister of Industry, Trade and Commerce): Statistics Canada reports: the estimated gap between the domestic market for secondary manufacturers and domestic production of secondary manufacturers, in millions of dollars, was as follows: (a) 1970, 111; (b) 1973, 2,665; (c) 1976, 5,009.

[Miss Bégin.]

MEDICAL RESEARCH COUNCIL—CANCER

Question No. 744—**Mr. Howie:**

Has the Medical Research Council funded any research presently underway into cancer?

Hon. Monique Bégin (Minister of National Health and Welfare): In so far as the Medical Research Council is concerned: Yes. $6.3 million during the fiscal year 1977/78.

MEDICAL RESEARCH COUNCIL—HEART DISEASE

Question No. 745—**Mr. Howie:**

Has the Medical Research Council funded any research presently underway into heart disease?

Hon. Monique Bégin (Minister of National Health and Welfare): In so far as the Medical Research Council is concerned: Yes. $5.7 million during the fiscal year 1977/78.

OLD AGE SECURITY BENEFITS

Question No. 821—**Mr. Howie:**

As of November 1, 1977, how many persons were receiving old age security benefits?

Hon. Monique Bégin (Minister of National Health and Welfare): In so far as the Minister of National and Welfare is concerned: as of October 31, 1977: 2,056,127.

BILINGUAL AIR TRAFFIC IN QUEBEC—PERSONNEL UNDER CONTRACT

Question No. 896—**Mr. McKenzie:**

With reference to the answer to Question No. 206, what are the names of the three individuals under contract to the Commission of Inquiry into Bilingual Air Traffic Services and (a) what amount was paid to each (b) what is the nature of their work, in each case?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Ogilvie, Cope, Porteous and Associates, Barristers and Solicitors of Montreal for the services of Mr. Yves Fortier, Q.C. (a) Amount paid as at October 20, 1977, $55,507.72. (b) Senior Counsel. R. Dixon, Speas Associates of Manhasset, New York, U.S.A. (a) Amount paid as at October 20, 1977, $160,990.26. (b) Analysis and assessment of technical matters associated with bilingual air traffic services in Quebec—with respect to the possible introduction of bilingual VFR in the Montreal area and the possible introduction of bilingual IFR in the province of Quebec. G.O. Boisjoli and Associates of Quebec City. (a) Amount paid as at October 20, 1977, $7,376.83. (b) Verbatim reporting services for the commission's hearings.

GROWTH HORMONES

Question No. 930—**Mr. Herbert:**

Is any action contemplated to make possible a domestically produced supply of growth hormones for hormone deficient children and, if so, what is it?

Hon. Monique Bégin (Minister of National Health and Welfare): In so far as the Minister of National Health and Welfare is concerned: Yes. The Medical Research Council has clearance for production and distribution under C.08.005 of the Food and Drug Regulations for human growth hormone for treatment of growth hormone deficient children.

NEW HORIZONS PROGRAM

Question No. 1,033—**Mr. Patterson:**

For each year since the inception of the New Horizons Programme, what amount was spent in the Constituency of Fraser Valley East?

Hon. Monique Bégin (Minister of National Health and Welfare): In so far as the Minister of National Health and Welfare is concerned: 1972/73, $19,480; 1973/74, $17,967; 1974/75, $58,609; 1975/76, $93,321; 1976/77, $100,355; 1977/78, $77,483.

* * *

[*Translation*]

MOTIONS FOR PAPERS

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, would you please call notice of motion No. 57 for the production of papers?

[*Text*]

GOVERNMENT CONTRACTS, EXCLUDING CROWN CORPORATIONS AND AGENCIES, WITH CANADIAN FIRMS AND INDIVIDUALS

Motion No. 57—**Mr. McKenzie:**

That an Order of the House do issue for a copy of all government contracts, excluding Crown corporations and agencies, with Canadian firms and individuals for the years 1976 and 1977.

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the number of papers requested is high and there are thousands of contracts. The necessary expenses in time and in personnel for the production of these documents would be considerable and prohibitive. Therefore, I ask that the hon. member withdraw his motion.

[*English*]

Mr. McKenzie: Transfer for debate.

Mr. Speaker: Transferred for debate.

Shall the remaining notices of motions be allowed to stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

ANTI-INFLATION ACT

AMENDMENT TO EXTEND RANGE OF PERSONS TO WHOM ANTI-INFLATION GUIDELINES APPLY

The House resumed, from Tuesday, January 24, consideration of the motion of Mr. Chrétien that Bill C-18, to amend the Anti-Inflation Act and guidelines, be read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs.

Mr. F. Oberle (Prince George-Peace River): Mr. Speaker, I welcome the opportunity to make a few brief comments on Bill C-18 which proposes changes to the Anti-Inflation Act. It would have been reasonable for even the most objective observer and follower of the progress of the anti-inflation program to expect that if any bill were to be placed before this House it should be one that would put this monster to bed—this cruel joke, this albatross which has been hung around our necks and the necks of the industrial and commercial interests in this nation. This monster has caused chaos in the economy and will continue to do so for some time. It will also disrupt the industrial relations process and a variety of other areas.

The bill attempts to correct some serious discrepancies that have occurred in the program. There were deficiencies inherent in the bill when it was introduced. Today the government is trying to legitimize its bastard child which was conceived—ill-conceived—some time ago.

This is not the first time the bill needed to be changed and the loopholes plugged, Mr. Speaker. Even before it became law the government had to make certain concessions to sectors of our society that were not happy with it. Organized labour and the unions were not happy with the legislation because of the effect on historic relationships and contracts. They demanded and received certain concessions to accommodate their sometimes legitimate and sometimes selfish aspirations. Some other groups called for changes before the legislation was passed, such as corporations dealing in export trade. Other sectors of the economy that could not reasonably be controlled such as agriculture and banking voiced their objections as well. Everything was to be straightened out and regulated, and there were to be changes in procedure in connection with the Bank Act.

• (1522)

Now, Mr. Speaker, to the Liberals the anti-inflation war has been a rather good election tool. As we are getting closer to the next election, it comes as no surprise to me that this situation should be brought before us again. Now one can say that the Minister of Finance (Mr. Chrétien) is quite right in saying the government has been consistent. At least during elections it has been consistent. In 1974 when we had proposed a program of major price controls, the Liberals were against it—it was a cruel joke; it would cripple the economy, it had not worked anywhere else in the world, it was a retrograde step in regulat-

ing some of the imbalances we had experienced at that time in the economy. One can reasonably say, Mr. Speaker, that the government could have reasoned, because we had laid out our program reasonably and succinctly, that the government won the election as a result of it.

Here it is 1978 and the minister is travelling throughout the country stating that the government is going to take this burden away from the shoulders of the citizens and is going to get rid of this program. The program was never designed to cure inflation but rather to break the inflationary psychology and to regulate some of the imbalances. One can say that the Liberals did not like the program in 1974. They do not like it now and they are starting to phase it out on April 14 of this year. What went on in between, that is something that the Minister of Finance and the government hope Canadians will forget. What happened in between should have no bearing on the stories the Liberals will be telling in the next election campaign with respect to regulating the economy through wage and price controls.

The problem that legislators have ignored and have forgotten is to consider that when the program was first conceived, even then and for the last ten or 15 years, significant changes have gone on, and our whole society is undergoing significant changes in its social structure. The anti-inflation program has contributed to these changes and, so to speak, has accelerated the changes. I am talking about the changes which will see the shift of the social structure, that segment of our society which once occupied the middle class,—the small entrepreneurs, small- and medium-sized businessmen,—which is now being replaced by the professional manager, the public servant and by the bureaucrat. The corporate manager now decides the direction in which our economy moves. And that most important sector of our economy, namely, the small business sector, and indeed those people who work for the small and medium business sector, are relegated to a minor position in our future social structure.

For a moment I would like to speak about this important sector in our economy, and particularly the two thirds of Canada's work force which does not have access to union power, which is not organized. Let me put it in context with this new corporate manager, with this economist and social engineer who only know the flow chart and know how to deal with the economy in percentages and with charts that have been designed in universities.

Let us look at how this program has affected and how it has widened the gap between organized and unorganized labour; how it has widened the gap between the small businessman and that sector of our economy which is organized in a monopoly or an oligopoly situation. Because the increases were all based on percentages the effect was that organized labour, or the bureaucrat or the professional manager earning $18,000 a year, with an 8 per cent increase was allowed an increase of $1,400, whereas the worker who works in a service industry or small business who may still be making $8,000 had to put up with $640, and that is not even a drastic example. The fact is that all of these people have to buy their bread, their necessities of life, in the same store, and the economists had completely overlooked that controls, based purely on the percentage increase, had a much different impact on one sector of the economy than it did on another.

[Mr. Oberle.]

Now, Mr. Speaker, as I have said, the reason the government had to amend the law so frequently is that it was so ill-conceived in the first place. Just for the record, and it will be repeated many times in the next few months particularly as we go into the election, I would like to look back to 1974 and make a comparison with the system that was proposed by the Progressive Conservative party in the election campaign. For one thing we have never professed that an anti-inflation program or mandatory controls would be a cure for inflation. What we had set out to do was to break the inflationary psychology and to allow ourselves a period of adjustment, during which some of the imbalances and the great gaps in the system, to which I have made reference, could be corrected. As my hon. colleagues will recall in order to do that we needed a 90-day period, during which everyone would be equal.

I for one had no problem selling that kind of a scheme to reasonable Canadians. There were imbalances in the system as there are now. But if we could assure our constituents for 90 days that the price of a loaf of bread and of a quart of milk would not increase, their contribution to that kind of an approach would be that for 90 days they could not ask for an increase in salary or benefits that they were receiving from their employers. If every reasonable Canadian, in light of the difficulties we experienced then and which we are still experiencing now, managed to live with that approach, then there would have been a period of adjustment for 18 months. Having used the 90 days to arrange the holy trinity of the economy, big government, big business and big labour to work out an agreement over an 18 month period, the necessary adjustments could be made allowing two-thirds of the work force who were left hopelessly behind to catch up to some extent with that section of the labour force that had made the excessive gains. And the same of course would be the case in the business sector, allowing the small businessman to pass through some of the costs which he had to face as a result of commodity exchanges, some of them from other sources.

The partners in the holy trinity wanted no part of that, at least not the corporations; nor did the unions. As you will recall, the unions threatened us outright that there would be a national strike if the Conservatives were elected, and that kind of a program brought in. Of course the Liberals played into their hands saying that they were right, there was no need for those kinds of controls; no need for any controls. The question was not one of regulating the economy with fiscal monetary tools, but the question was one of leadership; and the question was decided. We have yet to figure out where this great Messiah is leading us because on this issue he and the government have failed miserably.

● (1532)

It is difficult to speak on the anti-inflation program without looking at some of the root causes of inflation, particularly in

light of the fact that inflation is the most serious situation facing this country today in economic terms. Promises that 6 per cent and 4 per cent inflation would be achieved as a result of the program have just not been fulfilled.

The simplest way to explain the root cause of inflation is an increase in the money supply over which the government has control, particularly if it is in excess of the real growth of the economy. That, in simple terms, is the cause of inflation.

If we showed a real increase in the gross national product of 5 per cent and if the government increased the money supply by 5 per cent, it would be managing the economy in the context in which it should be managed. Anything in excess of that is inflation because there is nothing to back it up. My colleagues all know that the average increase in the money supply over the past five or six years has been in the area of 15 per cent or 17 per cent.

The government has increased its spending during the time of the anti-inflation program at a rate precisely double that of the inflation rate. That gives a clear indication that the government, for some reason or other, deliberately inflated our economy. It increased the money supply to the point where it could no longer manage the economy with traditional tools and methods that we have learned to use.

Why would a government take deliberate steps like that? There are fundamental reasons for it. In our situation we have very serious problems in fulfilling our social contracts. Commitments the government has made to the provinces, to public servants in the form of pensions, transfer payments to individual Canadians in the form of unemployment insurance payments and so on, are already too high. The government finds it very difficult to fulfil its social contracts. The only way the government knows how to get out of that kind of dilemma is to increase the money supply, paying the recipients of these social programs with watered-down currency.

This is not just a domestic activity or domestic con game. The exchange of commodities on a global basis has had the effect whereby some countries have diluted their currencies, hoping that the sellers of essential commodities would not discover the fact before a deal was made. That is what brought on the energy crisis.

The best way to explain inflation is to point to the fact that heavily industrialized western nations were ripping off the Arab countries. The Arabs discovered that whereas they used to ship 2,000 barrels of oil in order to be able to purchase a Cat or some other form of equipment, they now had to ship ten times that amount to the industrialized countries in order to make the same kind of purchase. They got together, looked at the situation and worked out ways of getting out of that situation, which they did. They increased the oil price, through a cartel, in line with industrial commodities that were being traded on world markets.

The oil crisis did not affect the Canadian economy in the same way that it affected our trading partners with which the government likes to compare our economy. We were not affected in the same way as Japan, West Germany, the United States and some of the other industrial giants in the world economy.

It can well be said that the global oil crisis had no effect on our economy. Because of the position we were in in 1974 or in the years that the oil crisis was raging throughout the world, we were exporting more oil than we were importing. As a result, we were not suffering these negative effects and in fact were putting money in the bank during that time.

This international con game is still continuing. Countries are still watering down their currencies in the hope of gaining a better position in the trading community. As a result, people are being cheated out of commitments the government has made and cannot fulfil.

The reason controls do not work is best illustrated by comparisons that we have made as far back as 1972, when a socialist government was elected in British Columbia. The first thing it set out to do was to move against free enterprise. Because there was such a critical shortage of living accommodation in the city of Vancouver, the government decreed in 1973 that there should be a rent control of 6 per cent. Statistics indicated that Toronto had precisely the same problem, roughly 98.8 per cent occupancy with high rents.

After one year of rent control in the province of British Columbia, rents had gone up 3 per cent more than in the city of Toronto. People began scratching their heads, wondering what had gone wrong. The fact was that every person who had anything to rent increased the rent by 6 per cent, whether it was necessary or not. They knew that if they did not do it that year, they could not do it the next. The ceiling automatically became the floor. Some exceptions were made. In some cases the problem was so acute that additional housing units had to be brought on stream and special deals were made with contractors.

The same was true with the Anti-Inflation Board. The ceiling of 8 per cent became the floor. The ceiling of 12 per cent became the floor. Everyone ran off in different directions trying to pass through costs here and there, trying to discover an historic relationship, anything that would lend itself to a logical argument which could be advanced to the Anti-Inflation Board. That is the reason the Anti-Inflation Act has not worked.

● (1542)

The only way out of this dilemma is through leadership by example. If the government wishes to maintain any credibility at all it must take drastic measures not only to curb the increase in its spending but to bring about a decrease in expenditure. We in this party claim that there are, indeed, ways of decreasing government expenditure and we are prepared to propose programs which would cut billions of dollars from the budget. It is not sufficient for the government to curb the rate of increase in its size. The size of the administration must be reduced. It must assume responsibility for reassessing some of the programs it has established. It must refrain from hiring consultants to the tune of a billion dollars a year to help

find a way through the jungle which the administration itself has created.

The cliches of the Minister of Finance will no longer convince anyone. Too many promises have been broken. Too many commitments have been abandoned. The government will, no doubt, go into the next election campaign telling the people that it has removed controls, secured the co-operation of the big unions and of the business sector, and promising a lower rate of inflation—6 per cent at the end of this year and 4 per cent, eventually, in line with the real growth of the economy. But attempts along these lines will meet with no success.

The government has failed to arrange for the co-operation of a tripartite tribunal as is so necessary at this point in time. It is true on occasions there have been conferences in back rooms between representatives of the government and their friends among the business giants. But that is not enough. A totally integrated Canadian corporation today is a company which has a consultant sitting on one of the regulatory boards and agencies which the government has created. Similarly, a well integrated company needs to have some of its directors sitting on the boards of banks as well.

The government calls in its friends and talks about labour, which is supposed to be responsible for the horrendous crisis through which we are passing, and then it calls in some labour leaders to take part in discussions, although I must say they did not play the game as well as the business sector did. Nevertheless, they call in labour as well, and sit together in a back room and talk about the business sector being responsible for the dilemma in which we find ourselves. The fact is, in the whole period during which the anti-inflation program has been in force there has been no attempt to bring the parties together in one room to discuss, for example, the formulation of an industrial and social strategy. No attempt has been made to work out what share each should have of the pie—to divide it fairly, giving government sufficient money to operate, giving industry enough money to meet the horrendous cost of upgrading its technology and modernizing its plant, and giving labour, too, its fair share in the real growth of the economy.

The minister may travel across the country telling Canadians that next year real growth will amount to 5.5 per cent. The fact is, though, that all the evidence, all the traditional sources of information, indicate it will be less than that, possibly 3 per cent. I do not wish to be a prophet of gloom but there is no indication, either, that we are likely to receive anything less than a 9 per cent inflation rate at the end of this year.

The Minister of Labour (Mr. Munro) has told us, of course, that according to some indicators, Canada, next to Japan and the United States, has the best potential for showing a measure of economic recovery. Well, Mr. Speaker, I believe we always have the best potential to be number one in economic terms in the industrial community, but we have not yet learned to seize the opportunity presented to us by the richness of our resources and the skills of our workers. We have not yet been prepared to make the commitment required to muster these resources by giving the necessary incentives to industry and to the workers to dig us out of this predicament, which has brought with it a measure of shame to our country because we have slipped from number three position in the world to number ten, next to such countries as Luxembourg.

The measure we are discussing today is a housekeeping bill which attempts to plug loopholes so far left open. It is an attempt to ensure that when controls are lifted the unions will not demand that their members be placed in the position they might have expected had controls not been imposed. The government is trying to stick a finger into a leaking dam. The bill is a nothing bill unless ministers are prepared to tell us plainly what plans they propose to adopt as the country enters the post-controls period. We fear that, in the absence of any attempt to arrange a tripartite agreement, the country is in for some rough months, if not rough years. Canadians are beginning to realize it will take a very fundamental change, namely, a change of government, before we can expect a turn around.

[*Translation*]

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, I do not know where the Minister of Finance is at this time but I would like to point out that being the sponsor of this bill he finds himself in a rather unpleasant situation since he was just recently appointed Minister of Finance and must consequently accept to steer this bill of amendments through the House although the faults therein were inherited from his predecessor.

The press release of December 19 when this bill was introduced said that the government intended to bring in amendments to the Anti-Inflation Act to secure a more orderly withdrawal of wage and price controls as announced by the hon. Jean Chrétien. There was mention of amendments which had been introduced last summer under Bill C-59 but which were abandoned before the last session of parliament was prorogated. We are now told that these amendments introduced under Bill C-16 provide for the first time that there will be some orderly transition between the control period and the lifting of certain controls on April 14.

But a thorough examination of Bill C-16 does not indicate any mention of the date of April 14. This would be done by order in council.

I wonder whether electoral reasons did not determine the date of April 14 since the control legislation will no longer be in effect on December 31. December 31 is too far in the future for the election requirements and demands of the government before the end of the year. It is anticipated that it will be for the month of June or the fall—there is uncertainty as to whether there will be an election, so they say that there is going to be a transition period starting on April 14, but what kind of transition? This is not indicated at all in the bill. The withdrawal of this mandatory program is intended for a public which is not too well informed. We are grandfathers to all those people and in our benevolent attention for the well-being of the Canadian public we are going to start withdrawing those controls. There is nothing in this legislation for that, except that the legislation will continue to be in effect until December 31 next.

So I quite simply say that this bill is being brought before us for purely cosmetic reasons. I say so very simply, publicly and formally. If it were not against parliamentary rules, I would actually say hypocritical, but that is a bit too strong. So I simply say cosmetic.

We now find ourselves in the last period for presenting reports and it is already foreseen that the mandate of the Anti-Inflation Board will extend beyond December 31 for everything that concerns its regular administration. I would have thought that this was included in the act passed in 1975, but one has to go back to the debates of 1975 to realize that the opposition of the day had indeed clearly informed the public and criticized the bill as presented—I think it was then Bill C-89—and we have never witnessed such a jumble, a package of measures, devised God knows where for the purpose of being presented to us in a hurry. I still recall vividly the first meetings on the anti-inflation bill which took place in the railways committee room and the eagerness of government members. If a member of the opposition dared criticize or challenge the measure, he was guilty of obstruction. The measure was deemed necessary! Indeed it was imperative in October and November 1975 but these very same members, under the guidance of the right hon. Prime Minister (Mr. Trudeau), were all heard during the 1974 electoral campaign condemning any form of control over incomes and prices.

Well, there was a difference of course. In the Bible we read about the conversion of St. Paul on the road to Damascus, but in this case, between I don't know where and Ottawa, during the year 1974-75, the conversion of Saint-Pierre took place. I call him "Saint-Pierre" just for the sake of comparison because I strongly doubt that he or myself ever wish him to be canonized! Isn't it quite singular for instance to see how his apostles, the government members, all came into the fold. Their conversion to controls was instantaneous and those of us who can still feel some measure of indulgence toward them noted that there were some shortcomings in this bill.

Mr. Speaker, if a member of the opposition, if my colleague from York-Simcoe (Mr. Stevens), if the member for Don Valley (Mr. Gillies) and others, ever dared criticize the bill, we were strongly lashed at not only by the government but by a biased press which was poorly informed on the subject. At that time, how should I say, the pass word—

• (1552)

[*English*]

It was the in thing to be in favour of controls, that sudden conversion, and to be with it. It was the spirit of Canada's galloping Prime Minister, no matter what road, what lane, or what lost trail he might either gallop, trot, walk, or merely meander on.

True enough, there were certain spirits who were against this. We in the official opposition divorced ourselves entirely from the motivations of the New Democratic Party opposing controls. I had seen their flip-flops during 1974. Their leader at that time spent three weeks during the election campaign trying to destroy the program here in Ontario, and that is the only place where he was at all effective.

• (1602)

The program of wage and price controls had been advocated by the Conservative party since early 1973. I do not for one moment subscribe to the view that it was wrong to disclose this particular type of program in detail to the public of Canada. Everyone knows that in editorials and in all sorts of places opposition parties are being asked to outline their programs weekly, much like supermarkets such as Steinberg's, Dominion, Loblaws and A&P in eastern Canada, and Woodward's or Safeways in western Canada. The people want to know weekly what is the price for cabbage, pork chops and orange juice, as well as for other things in the supermarkets. They apparently also want to know the weekly stand of political parties on any particular point. All I am suggesting is that this sort of reaction to a disclosed program is totally belied by the performance of the Canadian public in 1974. At that time the public had a most essentially detailed program that would affect the economy. It had been laid out and was not something brought in at the last moment. It was outlined here on the floor of this House.

In the budget debate of 1973 I first disclosed that we had such a program, and my colleague, the hon. member for Don Valley fleshed it out as we agreed would be done during the time we had for the debate. That program was laid out. There was no surprise in it and it did not vary, except perhaps in the minds of some of the so-called pundits and political critics.

The NDP assaulted the program. They were totally against it. The then leader offered a price review board as an alternative. What on earth was he using to try to delude the public? He was using another variation of wage and price controls. Such a price review board would place emphasis on prices and presumably profits, but an integral part of price is the cost of rent, of financing and of labour. When I refer to the cost of labour I do not mean only labour on piece work, but also managerial salaries. These costs are all part and parcel of the cost of production. The prices review board would have looked at all suggestions for increases in prices to the public.

This was just a flip-flop, and the net result was that the electorate in Ontario and British Columbia gave the NDP the back of its hand. The leader of the party lost his seat, I would suggest, because of his total lack of sincerity in attacking the program of wage and price controls as it applied in 1974. As a matter of fact, this government did the greatest possible disservice to the public of Canada, and we are the inheritors of the resulting problems in 1978, by its dilly-dallying and deliterious actions, and even by its wrong actions in 1972.

The 1972 budget of John Turner was a totally uncalled for expansionary budget, particularly when you can remember that the Prime Minister had boasted in 1969 that inflation had been licked and wrestled to the ground. He did so even though figures from the Dominion Bureau of Statistics or any other probe indicated a straight line. The Prime Minister was deluding the Canadian public that he knew what he was talking about.

I give him a certain credit for intelligence. I do not think he misunderstood the situation but was simply misleading the Canadian public through those years.

The Prime Minister was unavoidably driven into a corner after 1974 when we were experiencing at least nominal double-digit inflation. This is similar to the unemployment situation in that unemployment figures do not represent a true picture. There is always an underestimation in these matters. It is nonsense to talk about inflation at a rate of 8 per cent, 9 per cent or 9.5 per cent because this is just under the double-digit figure. If you ask people what they will sell their houses, property or farms for, whether they are ordinary working folk or those in the higher income brackets, you will find they want a return of 11.5 per cent or 12 per cent. That is what the public indicates as the degree of inflation.

It is ridiculous to ask the people of Canada to save and invest their funds. The Lord knows that we have had exhortations from "A" to "Z", and from midnight to midnight, 24 hours of the day, to save and to invest, providing we can stay ahead of the tax man. Why should people save to invest when they only get a return of 8 per cent or 9 per cent on Canada Savings Bonds at a time when inflation is 9.5 per cent or 10 per cent? They are not standing still, they are beginning to go backwards. How can we encourage people to save their money? Do not tell me this applies only to those people with incomes of over $25,000 or $30,000.

● (1612)

Every member of the House has had phone calls from old age pensioners who are on modest incomes, but not necessarily limited to what is paid under the old age security and the guaranteed income supplement. Some have perhaps saved a little on the side, maybe they are retired farmers and are getting something from the mortgage on their farms. They have had savings of one sort or another. They might be getting the Canada pension on top of old age pension, and in some provinces they live in residences for senior citizens which are highly subsidized by the provincial government out of the taxes from the general taxpayer, and to that extent they have an addition to the old age security provided by society. But even if they want to buy $200 or $300 worth of Canada Savings Bonds per year, and that is a very modest objective, how can you tell them that they are going to do anything worth while if, on the coupon rate of the Canada Savings Bonds, they will fall behind because inflation has gone up to 9.5 per cent or 10 per cent? There is no profit in trying to delude the public to that extent, and I think it is an act of deliberate dishonesty on the part of the government to engage in such tactics and to adopt such a laissez-faire attitude with regard to the economy as a whole.

Mr. Blais: Mr. Speaker, I rise on a point of order. To my mind there has been a very precise ruling by Mr. Speaker relating to the use of unparliamentary language. The hon. gentleman has used terms with regard to this government that, in my view, are completely unparliamentary, and I ask him very seriously to withdraw those remarks.

[Mr. Lambert (Edmonton West).]

The Acting Speaker (Mr. Turner): I suggest to the Postmaster General (Mr. Blais) that the hon. member for Edmonton West (Mr. Lambert) has used them in regard to the government as a whole, not in regard to any individual.

Mr. Lambert (Edmonton West): Mr. Speaker, I wondered whether that was going to be the protest of the Postmaster General (Mr. Blais). From time to time he has been gently exposed to the rules of the House. May I suggest that he take a course in depth on the procedures of the House? I did not say the Postmaster General deliberately misled the House. My statement was that the government misled the public, and that has been perfectly acceptable since Anno Domini, in the same way that it is open to a backbencher on the government side to say that the opposition has misled the public. Of course, God forbid that they should say that because they have no occasion to do so. Be that as it may, I will take on the Postmaster General on a point of order at any time of day or night, and he better get up early in the morning.

When we see this government being honest with the public in so far as inflation is concerned, that will be the second coming of Christ. It has been dishonest with regard to inflation for almost a decade. I can go back to 1968 and 1969, long before the entry to the House of the majority of government backbenchers sitting here today, and I distinctly remember speeches made by the Prime Minister before he became Prime Minister, and subsequent to that time, as well as of the then ministers of the Crown, with regard to inflation. According to them we were doomsayers at the time, but at that time our dollar was worth about 50 per cent more than it is now. We have seen the savings of the Canadian public eroded to the point where they are now.

Some hon. members opposite were with me in Washington last week as members of the Standing Committee on Finance, Trade and Economic Affairs. We heard there a very good exposé of the U.S. economy. Our hosts, and I thank them publicly here, were most co-operative and went out of their way to be frank and to make themselves available at a most inopportune time for them on the eve of the president's message to Congress on the state of the nation and on the eve of the presentation of the U.S. budget. They were quite candid in their replies.

There are hon. members opposite who heard me make statements suggesting that unfortunately I thought the U.S. administration suffered from some of the problems that have faced our Canadian administration with regard to inflation, that they simply refused to bite the bullet and take the necessary steps. The same situation prevailed in this country until 1974 when wage and price controls were imposed. They should have been imposed long before that time and in a different form. The Prime Minister was upset. There was no way that he would consider a freeze and he made the comment "zap, you're frozen". That was his slogan in 1974, and it was said to the workers of Ontario. I am only sorry they did not have cotton wool in their ears at the time so they could have avoided hearing it. It was the worst thing he could possibly have said.

Members of the finance committee have heard from members of the administration, not only privately but publicly, and from the former chairman of the AIB, who was one of the first ones to say it, that it was unfortunate that the government had not chosen an immediate freeze instead of this creeping sort of program which has been in force and which, frankly, sabotaged the whole principle. A good deal could have been done, but this program as it has worked out has been on the down-slide for many months, and the sooner the government gets rid of it the better because it is causing us to have a surplus of Canadian investment in the U.S. as against investment here in Canada.

Consider the major realty companies in this country. They are investing hundreds of millions of Canadian dollars in the United States and they have been doing so for the last two years. Why? Because we have the most aggressive tax system in so far as business and returns to Canadians are concerned. We have ten times too many regulations, starting with the federal government and going on to the provinces and the municipalities. I will put the blame on the backs of the provinces and the municipalities with regard to realty developments in this country. It is a known fact, it is notorious, and it is to our utter shame.

● (1622)

If there are going to be realty developments, whether of a residential, commercial or industrial nature, it will take developers up to five years to fight their way through an almost impenetrable jungle of a mish-mash of assinine regulations in many instances. During all that time, of course, developers will pay taxes and interest. However, in the United States it takes two years at a minimum. It may take three years, but still that is a big difference. Our major Canadian industrial and commercial developers soon know what the answer is and where the money is going to be made. That is the proof of the pudding. Let us not worry; tax is going to be paid. The Income Tax Act will affect those profits. There will be no exploitation of the public or anything like that.

It is high time this program came to an end. The commodity index on the basis of prices last month was 9.5. Within two months it will be over ten. When we include increases in the prices of petroleum products between now and mid-summer, it will be over ten. The figure will be a double-digit figure.

Wage and price controls are as effective as a sword fight with icicles in the mid-summer sun. The only thing good I see in this bill I pointed out at the beginning. Mr. Tansley, the present administrator, was in the committee dealing with supplementary estimates in November of 1976. I said the following, as recorded at page 6:22 of the minutes:

> One point that I did want to raise particularly, Mr. Tansley, is the legal effect of your orders or the decisions or the recommendations of the AIB. They do not modify any contract, do they? They are merely a rollback of rates of compensation for whatever may be the term of the contract or the agreement and that if—I put it to you—say in June in 1977, it were decided to lift the whole program of price controls, all those contracts would spring up like so many mushrooms before dawn at the contract rates and that we have a time bomb sitting in in so far as prices as well as compensation rates in all these contracts which we are now seeing.
>
> And I think you would confirm you are seeing more and more two- and three-year contracts and the strategy is simply, now you negotiate for a contract well down the road at rates—you may roll them back—but as we approach the terminal date of this program, or shall we say the political attractiveness of lifting the program, there is going to be a very serious adjustment because you have not the power to modify the contract.
>
> MR. TANSLEY: It is my personal view that your concern is well placed but I do not know that I am in a position to say much more than that.

In parenthesis I might say that I confirmed this in subsequent meetings with the then minister. With regard to clause 5 of the present bill insofar as it applies to controls on wages and prices, I agree that there should be a legal amendment of any negotiated agreement for working conditions and pay to the extent that they have been modified by the Anti-Inflation Board or by the administrator and not merely deemed to be a roll-back with a subsequent time bomb.

As my colleagues have pointed out, the first part of the bill is but a retroactive application of a recommendation made by the AIB at the request of the government. I do not like the retroactivity of clause 1 and clause 8. The government had the opportunity and did amend the act, and to that extent I find the act objectionable. Personally, I think the anti-inflation program in its present form has to be wound down and out. It was in a bad form to begin with, and it now has a deleterious effect on our economy. The sooner we get rid of it, the better off we shall be.

Mr. Andy Hogan (Cape Breton-East Richmond): Mr. Speaker, it is on the record in *Hansard* that I have been opposed to wage and price controls as imposed by this government since Day 1.

Mr. Stevens: You voted for them twice.

Mr. Hogan: I voted for selective price controls.

Mr. Stevens: You voted for them twice.

Mr. Hogan: Do you want to make your speech now, Sinc?

Mr. Stevens: When you sit down.

Mr. Hogan: The ungracious intervention by the so-called finance critic, who I think used to be the president of a western bank and now has a bleeding heart for the unemployed in this country, to the effect that I personally voted for price and wage controls as imposed by this government is a complete distortion, if not an outright fallacy.

As everybody in this House and as this whole country knows, in both the 1972 and 1974 elections this party took a stand in favour of selective price controls, and our continuing conviction was enunciated in the House yesterday by our leader when he said that in such things as mortgages, automobiles and in other particular sectors of the economy, whether we are elected or in the opposition, we would still push for selective price controls as a means of overcoming price instability and price inflation in the economy. What was imposed by the government was altogether different.

The government has almost total control of wages but loose control of prices. Prices of imports and other commodities

which are important to ordinary families are exempt from controls. That is the basic reason the New Democratic Party opposes wage and price controls. We keep repeating, and the Canadian people should remember, that what this government says on the campaign trail may not necessarily be what we get six months later.

● (1632)

The Prime Minister (Mr. Trudeau) and his party, even this party and the Social Credit party, stood against the then leader of the opposition when he advocated wage and price controls. I have no qualms about that because while this party believed in selective price controls, we could not agree to tying up the economy with wage and price controls. Every country in the western world that had tried this, including the United States, had found it inadequate as a means of controlling prices. We know that in reality wage and price controls are simply a means of controlling wages. The results are there for all to see.

In a year-end interview with journalist Bruce Phillips of CTV, the Prime Minister was asked to defend the economic record of his government. Mr. Phillips pointed out that the cost of living had increased by 9.5 per cent over the last twelve months, but the Prime Minister countered that it was unfair to look at the year-to-year change in the consumer price index—the figures for the latest month available showed it standing at 9.1 per cent—without reference to the over-all trend during controls. Just the other day the Prime Minister referred to the increase in the gross national product for the last three months but he did not mention that in the last three months the consumer price index has been growing at an annual rate of 11 per cent.

In the interview with Mr. Phillips the Prime Minister claimed that by the end of the three-year control period the inflation rate will have been brought down from almost 12 per cent to 6 per cent. A few moments later he said that on the over-all three-year average, we will be on target. Mr. Speaker, the Prime Minister was wrong in his view of recent economic history and he will be proven wrong in his forecast.

The Prime Minister claimed that the inflation rate was almost 12 per cent when the controls program was introduced in 1975 but, according to Statistics Canada, the consumer price index was 10.6 per cent when controls were imposed. The three-year target that the Prime Minister mentioned was not 6 per cent, but was 4 per cent. As for the Prime Minister's forecast of 4 per cent this year, every economist that I know of says this country will be lucky to have an inflation rate of 8 per cent for 1978.

Everybody knows that the national unemployment rate will be at least 8 per cent this year—perhaps 8.5 per cent. This does not allow for the forecast by the Department of Labour of decreased participation by all groups in the work force. This is an important measure of the under utilization of people in the economy.

When Hon. John Turner was minister of finance this party told him and the government that inflation cannot be controlled by deliberately creating more unemployment. The Liberals seemed to believe that expansionary policies would push up the cost of living, but this party regards such thinking as a fundamental error. The results are shown in the one million unemployed and the fact that for the last three months there has been an 11 per cent increase in the cost of living, considered on an annual basis. Things are particularly bad in the Atlantic region and areas like mine where there is low income and unstable employment.

Both Mr. Turner and the hon. member for Rosedale (Mr. Macdonald), when they occupied the finance portfolio, accused this party of not caring about inflation. We responded by accusing them of hurting regions, individuals, and national unity by waging the fight against inflation on the backs of the unemployed. Just recently Mr. Ralph Sultan, chief economist of the Royal Bank of Canada, who is not known as a wild-eyed radical, said that the current thinking is that expansionary policies would be inflationary. That is the thinking of this government which the former minister, Mr. Turner, got from Mr. Simon, who was secretary of the treasury in the United States at one time. Mr. Sultan said that this may be one of our fundamental errors, and we certainly agree with that. He also said that inflation seems to be built into our economy regardless of our growth rate.

The Prime Minister's economic policy for the last three or four years has been based upon this notion, which is prepared to see unemployment rise as a trade-off for less inflation. I suggest that 1977 has shown this policy to be bankrupt, and 1978 will prove that to be the case even more. There will be no double-talk during the next election campaign to fool the Canadian people.

When we look back over this period of wage and price controls introduced by a government which was elected after pushing hard against this type of thing, we see how the Atlantic region, for example, suffered from these small "c" conservative fiscal and monetary policies. It also suffered as a result of a stupid commercial policy that for too long allowed an over-valued exchange rate, as well as a complete failure to co-ordinate the monetary, fiscal, commercial and exchange rate policies in order to bring about a balance between stimulation of the economy and stable prices.

● (1642)

They fell hook, line, and sinker for what the American people were telling them under a very conservative Republican administration. I think this happened to the former minister of finance, Mr. Turner, and the hon. member for Rosedale willy-nilly had to follow. As a result the latter is practically out of politics today, because all he got was an increase from following these policies, an increase of unemployment, and he could see an increase in inflation coming up at the same time.

As I mentioned yesterday in another speech, despite the good intentions of the Prime Minister on national unity through his bilingual policy, and I was never so mean or small to attack that policy except in its implementation but never concerning intention, this government has mismanaged in an

extremely poor way the economy of our nation. The Atlantic region has worsening unemployment, in northern New Brunswick, Newfoundland and in Cape Breton which we, as a nation, should be absolutely ashamed about. It is not only now in these areas which have been traditionally hard hit but also right into the heartland of the industrial part of this country. In Ontario 7.1 per cent of the work force is unemployed. If you added the discouraged workers of Ontario the figure would likely be 8 per cent. It is no longer then a strictly Atlantic region problem or a problem for the other hard hit areas such as the Northwest Territories.

The national policy being implemented and used by this government has made it much worse for the hard hit and traditionally low income and heavy unemployment areas of the Atlantic region. Together with ridings such as the one where I come from, the one where the Deputy Prime Minister (Mr. MacEachen) comes from, and the various other areas I have mentioned, the unemployment situation is spreading now into northern Ontario and seeping down into the heartland of southern Ontario.

In 1967, when the Cape Breton Development Corporation was set up, the coal industry was declining and being phased out. The Sydney steel plant was the cornerstone industry so far as Cape Breton was concerned, but the federal government would not take over that industry.

It said to the government in Halifax, the small provincial government with a bureaucracy which did not have the expertise, a government which did not have the financing, that it should take it over so that the provincial government would be looking after the steel plant. If there was anything that was designed and planned, and stupidly planned if it was planned, to bring trouble to the people in that region in the future, it was that kind of an arrangement. To this very day we have suffered. I am not saying that the federal government did not make contributions, perhaps up to $100 million to the Sydney steel plant within the last ten years. However, because of the fact the main owner was the provincial government which did not have the expertise, they did not know and did not recognize that this plant had to compete internationally if it was going to exist. As a result of the federal government's refusal to make it a separate division under Devco we are in a plight in Cape Breton now which can only be classified as grim.

I would like to make a suggestion both to the Deputy Prime Minister—I see him in the House—and to the Department of Regional Economic Expansion although the minister of that department is not present at the moment. I would like them to give serious consideration at this stage of the Sydney steel plant history to making it a separate division under Devco. I will explain why I feel this is necessary.

The provincial government has made a complete mess of trying to renovate the steel plant. A lot of money has been spent there. Before I came into politics I pleaded with them to put in basic oxygen furnaces as a substitute for the old open hearth furnaces. Although you might not know the technology of the steel industry it was plain you could cook a batch of steel in about half the time with these furnaces that you could with the old open hearth ones. Incidentally this was introduced into North America in Hamilton by Dofasco in 1955. By the time we were in difficulty in Sydney in 1973, the Japanese were producing 95 per cent of their steel by this method. It is no wonder they cleaned out the markets and everybody is trying to keep restrictions on imports and using quotas and tariffs against the Japanese because they are beating all the so-called free enterprisers in the United States at their own game. Under Japan's system the government did not back out. They actually helped these Japanese firms without actually nationalizing them.

There have been literally hundreds of millions of dollars put into that plant, and it was wasted. Some $20 million was recently given by the federal government and that is just for housekeeping chores. If the job had been done five or six years ago they would not need to give them that money now. It is ridiculous to be given money to lift open hearth furnaces which should now be completely non-existent. In the proposed plans they were to replace the open hearth furnaces with basic oxygen ones. The result would have been that today, instead of a loss of $30 million in these plants, the maximum loss would be some $10 million taking into account output and the depressed international situation in steel during the last three or four years. More important we would be ready for a new influx of capital with a base to allow us to compete in the future.

The situation is unrealistic. Either the Sydney steel plant should be closed or it should be taken out of the hands of the provincial government. They should pick up the debt that is owed. There is a continuing debt, not from general revenues, but from guaranteed loans which they gave to that corporation. Devco ought to take it over and renovate it. Devco or Sysco are going to be coming in there within the next year and a half—it will be after the election—and I am sure promises will be made during the election campaign with a plan which will require $200 to $250 million from the federal government in order to renovate that plant.

When my leader spoke yesterday about the need for national planning, everybody got uptight about it, because they take it to mean continual government intervention. We want some sense in the steel sector. It is not difficult to run a steel plant in Hamilton which is near the source of raw materials and the markets. They use coal from the United States. Possibly in ten years there will be some difficulty. The coal may not be available. A lot of government help may be needed there yet.

● (1652)

It will take a special effort in order to build up the Atlantic region and the steel industry there. I plead with the Deputy Prime Minister because he is the only representative of Nova Scotia in cabinet. He knows about these problems. There is no way to bring back the Sydney steel plant unless it is taken over by Devco and made a separate division. I admit that because of mistakes which have been made it will be tough sledding, but there is no other way it can be done.

As a result of wage and price controls, along with the international situation, the situation at that steel plant has gone from bad to worse. It is sickening to hear a former Liberal premier of Nova Scotia, who now exists in the other place while at the same time trying to run a big university, telling the Halifax Rotary Club that most of the blame must be put on the Sydney steel workers instead of on mismanagement by the Nova Scotia government and their cohorts in running that plant.

An hon. Member: Shame!

Mr. Hogan: It is a damned shame. It is even worse than what the Minister of Industry, Trade and Commerce (Mr. Horner) had to say about the "unappreciability" of the Cape Breton workers. I do not think that word is even in the dictionary, but that does not matter to him. He has made a slur against people who have long suffered in our Confederation. They have been alienated by economic forces and a lack of political clout.

One does not have to be here very long to know that the maritimes have no political clout. The west is now starting to get some because it has economic clout. Those who represent the maritimes do not apologize for having to ask for these things because, in a well planned economy, they would be sharing in the wealth.

There is no way an international steel plant can operate without government money in such an area after private enterprise has pulled out. What is the alternative? There are 125,000 people in one county. Are they to be put on welfare? There are enough people on welfare and unemployment insurance already. As one member pointed out earlier today, every day there are 2,000 people coming off unemployment insurance and going on welfare. Is that where our economy is heading?

In addition to the government failing miserably with regard to the Atlantic steel situation over the past ten years, it has also failed with regard to what has traditionally been a basic and important industry in the Atlantic region, namely, the fishery. I think the present Minister of Fisheries (Mr. LeBlanc) is on the right track. If we had had his type of thinking ten or 15 years ago, our stocks would not be depleted to the extent they are at present. The government would not now have to make such an enormous investment in order to bring the fisheries back to a viable level. Jobs could have been provided that are now desperately needed in the Atlantic region fishing communities.

New Brunswick, Nova Scotia, Prince Edward Island and, in particular, Newfoundland, are heavily dependent upon the fishery. In the past, large foreign fishing fleets have been allowed to come in. Because it was thought that every species was renewable, they were permitted to take all they wanted. Our independent and inshore fisheries were allowed to die off. The fishermen were given small subsidies. They were pushed onto special unemployment insurance benefits. That is not good enough.

Whether we like it or not, this has contributed as much to national disunity in this country as the linguistic question or any other factor. As I said before, I am not convinced that the separatist movement in Quebec is only as a result of cultural and other deep historical reasons. It is also as a result of policies of this government over the past ten years, specifically the past five.

Mr. Pelletier: Come on.

Mr. Hogan: That has inflamed the situation. Moving from 7.1 per cent to 11.5 per cent unemployment in five years has inflamed the cause of the young people. It is hard to deny that. I would be dishonest if I said that was the only cause. However, I believe that increasing unemployment among the young people in Quebec and in general has added to the difficulties of keeping this country together. The hon. member is an old student of mine and I kind of took it to heart.

Mr. Pelletier: He was my professor.

Mr. Hogan: The Atlantic region has traditionally suffered as a result of the geographic distance from its central markets. We have the same complaint as western Canada with regard to freight rates and rail transportation.

I may be very wrong on this. I know the experts are mixed up in view of the energy situation. However, the Minister of Transport (Mr. Lang) places a lot of emphasis on the future of air travel even though gasoline prices are increasing to the point where they now constitute 22 per cent of the operating costs of Air Canada. He talks of road building as the predominant way of helping the Atlantic region. The minister almost neglects rail passenger transportation for the future. Tax rates are not being adjusted equitably to give us some chance to compete in the central market. That is the traditional complaint at both ends of the country. There is no real attempt to plan the economy.

It is not a God-given thing in economics for the manufacturing industry only to be here and not there. That protection of artificial barriers which pushes up the price to consumers is the price we have to pay to keep Quebec and Ontario going. We are witnessing that now. The furniture industry, textile industry, clothing industry, and footwear industry constitute, directly and indirectly, hundreds of thousands of jobs in these two central provinces. Many of these will go down the drain if the protection they have had in the past is not continued.

It is a sad commentary on a government that has been in office so long that it has not tried to change the economy structurally in order that this area would not be so heavily dependent upon tariffs, and that the west and the east are still disadvantaged in the area of transportation. This has built up into a feeling of alienation.

Despite these difficulties, we all love Canada. However, you can only push people and regions to a certain edge before they become less Canadian. We must lessen the income disparity between the better off and poorer regions, such as the one I represent. I am saying nothing new. The government has had

ample opportunity to take action. Indeed, one could almost argue that we have a one-party system in Canada since, for historical reasons in the province of Quebec, the Liberals always start with 55 seats. We are in a desperate economic plight and at the same time we face this problem of national disunity involving not only Quebec but the Atlantic region and the western provinces.

● (1702)

I have mentioned the Atlantic region. I want to turn, now, to conditions in my home town and draw attention to what has happened under wage and price controls there, bearing in mind that the measures through which the government has sought to fight inflation have resulted in increased unemployment. I am not saying this was done deliberately but it has been the result of government policy and the party opposite should be turned out for it. If John Turner followed incorrect advice and if the hon. member for Rosedale persisted in the error, then it is time the Canadian people held the Prime Minister responsible for this gross mismanagement of the economy and the high unemployment which has resulted.

The largest town in my riding is Glace Bay which, according to the 1976 census, had a population of 21,836, less than the number recorded in the 1971 census. The town is presently facing serious difficulties as a result of the slump in the national economy. As members in this group have consistently pointed out, it is the lower income regions which are most seriously affected.

The provincial government of Nova Scotia is super cautious, afraid to adopt deficit financing at a time of such high unemployment in the province, and as a result we in Glace Bay find ourselves unable to get loans from the provincial government to create jobs, provide services, and look after the aged in the recently-built Seaview Manor. A further factor is the stubbornness of Atomic Energy Ltd. which refuses to increase its payments to the town in lieu of taxes as it has done with respect to projects in Ontario. This raises a question I intend to put to the Minister of Energy, Mines and Resources (Mr. Gillespie) when I have the opportunity. Atomic Energy of Canada is a Crown corporation and if it is behaving as badly as everyone in my riding feels it is, the situation is one which should be corrected.

The town of Glace Bay is faced with increasingly heavy welfare costs. Surely the Minister of National Health and Welfare (Miss Bégin), who seems to be one of the few in cabinet with a strong social conscience, one of the few one can admire for good intentions, anyway, could use her influence to see that the department of social assistance in Halifax increases its payment to the town of Glace Bay. Perhaps representatives of the Department of Finance and the ministry of urban affairs could meet with officials of the municipal affairs department in Nova Scotia to arrange for special payments to be made to Glace Bay so that the town could meet its escalating costs.

I return to the general topic, that of the dismantling of controls. We in this party fought to end controls in 1977. The bill as it now reads would extend the controls beyond the date of December 31, 1978, originally anticipated. The regulations accompanying it provide for an allowable wage increase in the third year of controls amounting to 6 per cent when, under the original legislation, the figure was to have been 8 per cent.

I draw attention to the fact that the cost of living has been increasing at the rate of about 11 per cent for the past three months. In the opinion of most economists the figure for the year is not likely to be less than 8 per cent. I say to the government that it is inviting further confrontation not only from organized labour but from many workers who are being asked to take 6 per cent at a time when the cost of living has risen to 8 per cent or higher. There is no way in which the Liberal party can get away with another flip-flop during an election campaign. No credit will be given to protestations by the Minister of Finance that inflation next year will be 6 per cent instead of 11 per cent. The people of Canada will not fall for it this time.

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, as the last to speak on the bill from the Progressive Conservative caucus in this House I feel I must say immediately that we cannot, we must not, and we shall not vote for the legislation at second reading later today.

The bill does three things. Initially, the clauses patch up certain deficiencies which have existed for more than two years in the government's anti-inflation program. It refers to certain decrees issued by the government in December, 1975—and they are in effect now, in 1978—asking parliament to ratify or sanction what has been done as far back as 1975. In my view it is almost contemptuous of parliament that this state of affairs should have been allowed to exist for so long, notwithstanding the fact that members opposite have had ample opportunity to bring in remedial legislation embodying the ratification they are now seeking. To bring in such a bill now is contemptuous of parliament, bearing in mind that the government intends to decontrol the whole system by April 14 of this year.

The second thing the bill does is patch up loopholes which existed, and exist, in the initial legislation—Bill C-73. As my hon. friends have pointed out, we in this party drew attention to these deficiencies at the time the legislation was introduced. The original bill did not provide for so-called AIB clauses, that is, clauses which could be written into contracts and which would be in effect upon termination of the anti-inflation program.

The third thing the bill does is, in effect, to give life after death to the control program. There are certain measures the government wishes to take notwithstanding the fact that on December 31, under the present legislation, the controls terminate. So we are asked to make provision for the continuance of a substantial public service and to ensure that some level of activity may continue after 1978.

● (1712)

I should like to indicate the more general reasons why we intend to vote against Bill C-18 on second reading. The Conservative party is the only party in this House that has consistently voted against the government's anti-inflation legislation. At third reading on Bill C-73 we voted against the government's legislation. On Bill C-86 we voted against the government's legislation as well. Notwithstanding the fact that the NDP like to pretend they have been violently opposed to the anti-inflation legislation, we know they joined with their cousins on the government side to support Bill C-86 when it was going through the House. Once again we will vote against the government's bill which is now before us.

We intend to vote against the government because it has not conducted the economic affairs of this country, especially in relation to inflation, in a satisfactory manner. Time and again this government represents that somehow or other it feels it has done a relatively good job compared to other countries. Fortunately, we have the "Economic Outlook" which was published by the OECD last December. As an independent body it can be relied upon for an independent judgment as to what in fact has transpired in the Government of Canada, its record on inflation, and the record of other countries.

In 1975 when this program was brought in, the facts show that there were only six other nations which were doing better as far as inflation was concerned. Those nations were the United States, Germany, Austria, Denmark, Sweden and Switzerland. In short, we had the seventh best inflation level of any of those countries. At that time we had a 10.8 per cent inflation level, compared to the United States at 9.1 per cent, Germany at 6 per cent, Austria at 8.4 per cent, Denmark at 9.6 per cent, Sweden at 9.8 per cent, and Switzerland at 6.7 per cent.

In October, 1975, we were told that our record was not good enough, and that if we accepted the suggestions of the Prime Minister (Mr. Trudeau) concerning the anti-inflation program, he would somehow bring inflation down to a much lower level in relation to other countries. According to the OECD, in the 12 months to October, 1977, we are running as number ten among world countries. We have lost ground. There are three more countries which are ahead of Canada as far as the inflation level is concerned. That has occurred under the controls program of this government. How can any thinking member of this House stand up and support Bill C-18 later today?

The countries which are ahead of Canada have gained on us, as far as inflation is concerned, since this controls program was inflicted upon Canadians. The countries which now have better inflation levels than Canada are the United States, Japan, Germany, Austria, Belgium, Luxembourg, the Netherlands, and Switzerland. The total OECD average inflation level is now below that of Canada. The government's anti-inflation program has been a disgrace.

I know many, including members of the press, who like to say: "Yes, but what is your alternative? What would you have done differently?" In this respect our credentials are good.

[Mr. Stevens.]

Consistently we have asked the government to take steps to relieve inflation in this country, which it has failed to do. We called for the termination of controls on June 30, 1977. We indicated that following termination there should be a monitoring for approximately six months. Also we indicated that we felt the counterproductive nature of controls was such that it was time to call a halt to them. Using its brutal majority, the government voted us down. Consequently, in insisting its program should continue, the government has contributed to unemployment in this country and has not come up with a satisfactory inflation level.

A credible government should provide us with a two-year guideline setting out what inflation levels exist in the nation. It should set out what real growth targets it intends to work toward. The anticipated job creation programs should be set out, as well as where the jobs will be located on a regionalized basis. Not only should the government partake in rhetoric concerning restraint, but it should set out a clearcut program for the reduction of the government's share of the gross national product, in conjunction with the provinces. The government must accept a more restrained approach to monetary growth than we have witnessed in the past decade under the leadership of the present Prime Minister.

I should like to refer to the remarks made by the Minister of Finance (Mr. Chrétien) to the Canadian Club in Toronto. He said:

> To sum up, we expect real growth this year of 5 per cent, more than any other leading western country with the possible exception of Japan.

I do not mind the Minister of Finance going to a town that I know something about, but I wish he would at least give the facts. The figures he gave are not correct. He can anticipate a 5 per cent or 10 per cent real growth, if he wishes, but in his heart he must realize that credible independent agencies such as the OECD do not agree with him. Those agencies do not feel we will experience a 5 per cent real growth in the current year. In fact, if one looks at their predictions for the larger industrialized nations, one will find a rather sad picture for Canada. They predict our real growth will be 3¾ per cent, which means that Canada's real growth will be behind that of the United States, Japan, and almost equal to that of Germany. Most important, according to the OECD, Canada's real growth will be virtually tied with or equal to the average real growth of all countries which it has reviewed, including Italy which has an anticipated 1 per cent real growth.

There is a developing pattern with the Minister of Finance, of giving wrong facts to the Canadian public. Obviously he feels he is beyond his depth. It is fine for the minister to pluck out of the air a 5 per cent real growth figure. Obviously he is doing that to take attention away from the actual real growth figures of 1977. For that year the OECD indicates that Canada had a real growth of 2¼ per cent. Incidentally, that real growth was less than that of the United States, Japan, Germany, France, and it was less than the real growth of all the countries reviewed by the OECD.

• (1722)

We have a Minister of Finance who ignores the real growth figures for 1977, because they are very damning of this government, but plucks figures out of the air from which he in effect creates the illusion that in this current year, 1978, we are going to be ahead of any country, with the possible exception of Japan. It is time we knew the minister for what he is. He is misleading the facts to the Canadian public.

Some hon. Members: Hear, hear!

Mr. Paproski: A part-time, do-nothing minister.

Mr. Stevens: It was demonstrated today that this minister is nothing but a part-time Minister of Finance. Everytime he is under pressure because of economic issues he quickly wraps himself in the flag and begins to defend national unity. If the Prime Minister wanted a minister to defend national unity he should have given the present Minister of Finance the job of Minister of State for Federal-Provincial Relations, and let him spend full time travelling across the country talking about national unity. I would then say, more power to him.

I suggest there is no ministry in which it is more important to have a man with the strongest available talent working full time than the ministry of finance. If this minister cannot produce or come up with a proper budget to stimulate this country, it is time we got rid of him and, hopefully, got somebody else who could do the job.

The other startling thing I noted today is the fact that the Minister of Finance, in a rather desperate state, is now beginning to quote the bankers of Canada to justify his position. Just how naïve does he think we are in the opposition? Does he not know we realize that by giving these same bankers three eights of one per cent as a standby fee for $1.5 billion credit, which the minister obtained to shore up our dollar, he is putting into the respective banks a credit of $5,600,000 per year for the next seven years? With that type of standby fee payable, whether or not there is any money taken out, who would not expect favourable comments from the bankers when the Minister of Finance asks them how he is doing?

Those are the facts, Mr. Speaker, and I have checked them out. I have discovered that Libya and other countries obtained comparable credit terms with no standby fee comparable to the fee paid by the Government of Canada. Those are the facts.

I have already referred to the provisions and calculations found in reports of the OECD regarding economic outlook. There is one other thing I should put on the record. This government has been told repeatedly that if it does not correct some of the inflationary forces it has put into the economy we will have greater inflation. In this connection I should like to refer hon. members to the thirteenth annual review of the Economic Council of Canada published in late 1976. It is entitled "The Inflation Dilemma." I think it is very important that we read some of these economic reviews.

For reasons not fully disclosed we now have a new chairman of the Economic Council of Canada. The time has now come when we must ask ourselves whether the new chairman of the Economic Council of Canada will come forward with the same critical opinions of this government's action we have seen in the past, or will we find that this chairman has been chosen because our august Prime Minister, the emperor, likes no criticism from the Economic Council or any other body?

Before voting on Bill C-18 let me quote a few statements made in that review by the Economic Council over a year ago. At page 57 it is stated, and I hope hon. members will note this—

An hon. Member: Why don't you use the latest one?

Mr. Stevens: It states:

> The federal government is not a neutral participant in the inflationary process. It contributes to the determination of inflation through its influence and objectives in the conduct of monetary policy, its control and administration of the national debt, and its expenditure patterns and fiscal structure.

We all agree with that and I think it is important the Economic Council made that point.

At page 72 of the same review we find the following statement:

> From our examination, it is clear that the federal government has been the principal benefactor from the rising inflation of recent years, through the unanticipated transfers of real income from businesses and individuals. It has gained in real terms through the built-in progressivity of personal income taxes, through the cost and inventory accounting required in the corporate tax regulations, and through its situation as a net debtor.

The Economic Council has called it the way it is. It is the federal government which manufactures inflation, and the council has pointed out how the federal government is the chief benefactor of inflation.

At page 84 of the review the Economic Council in fact refutes one of the common excuses raised by this government for its sad performance in respect of the oil situation in Canada. It states:

> Among the main western countries, those initially injured the most by the oil "crisis" were Japan, Italy and France; the least injured was Canada, a net oil exporter at that time.

In short, Mr. Speaker, the Council is saying we had the smallest disadvantage because of the oil situation, as compared to other countries.

Perhaps one of the most significant things to be said is found at page 135 of the report. It reads:

> Over the medium term, of particular importance in our view is the labour market situation. For the terminal year 1979, the unemployment target is set at a minimum of 4.5 per cent of the total labour force—

In 1976 the Economic Council of Canada was talking about an unemployment level of 4.5 per cent for next year. In view of the statements I have read into the record, is it any wonder the Prime Minister of Canada finds it embarrassing to be living with an 8.5 per cent unemployment level and a 9.5 per cent inflation level? I would recommend that members read that Economic Council of Canada review again.

I heard one Liberal backbencher suggest that I should read a more up-to-date review. That is typical of Liberal attitude. Those people always like to read the current press release which gives them the reassurance that all is well, but rarely do they go back to find out what in fact was anticipated in earlier releases, particularly those things which have not materialized.

I have outlined what we in this party feel are the most serious problems in this country, particularly the interrelationship between high inflation and high unemployment, which are not being satisfactorily coped with by the present government.

● (1732)

At a time when we need the strongest minister of finance since confederation, we have one of the weakest. I think it is time that we pressed the minister and the Prime Minister consistently to get on with some of the meaningful things that must be done in this country if we are to have our unemployment level and inflation level go down. If they cannot produce, then let us give the Canadian public an opportunity through a general election to say who should be governing this country.

Some hon. Members: Hear, hear!

An hon. Member: Resign.

Mr. Deputy Speaker: Is the House ready for the question?

Some hon. Members: Question.

Mr. Deputy Speaker: All those in favour of the motion will please say yea.

Some hon. Members: Yea.

Mr. Deputy Speaker: All those opposed will please say nay.

Some hon. Members: Nay.

Mr. Deputy Speaker: In my opinion the yeas have it.

And more than five members having risen:

Mr. Deputy Speaker: Call in the members.

The House divided on the motion (Mr. Chrétien) which was agreed to on the following division:

● (1742)

[*English*]

(*Division No. 18*)

YEAS

Messrs.

Allmand	Boulanger	Caron
Andras	Breau	Chrétien
(Port Arthur)	Buchanan	Clermont
Andres	Bussières	Collenette
(Lincoln)	Caccia	Condon
Appolloni (Mrs.)	Campagnolo (Mrs.)	Corbin
Basford	Campbell (Miss)	Corriveau
Béchard	(South Western Nova)	Côté
Bégin (Miss)	Campbell	Cullen
Blais	(LaSalle-Émard-Côte	Cyr
	Saint-Paul)	Danson
Daudlin	Isabelle	McRae
Dawson	Kaplan	Nicholson (Miss)
Demers	Lachance	O'Connell
Dionne	Lalonde	Ouellet
(Northumberland-	Lamontagne	Pearsall
Miramichi)	Lang	Pelletier
Douglas	Laniel	Philbrook
(Bruce-Grey)	Lapointe	Pinard
Dupras	Lavoie	Portelance
Duquet	Leblanc	Poulin
Faulkner	(Laurier)	Prud'homme
Fleming	Lee	Raines
Flynn	Lefebvre	Reid
Francis	Lessard	Roberts
Gauthier	Loiselle	Rompkey
(Ottawa-Vanier)	(Chambly)	Rooney
Gendron	Loiselle	Roy
Gillespie	(Saint-Henri)	(Timmins)
Goodale	Lumley	Roy
Goyer	MacDonald	(Laval)
Gray	(Cardigan)	Savard
Guay	MacEachen	Sharp
(St. Boniface)	MacFarlane	Stollery
Haidasz	MacGuigan	Tessier
Harquail	Maine	Trudeau
Herbert	Marceau	Trudel
Holt (Mrs.)	Marchand	Turner
Hopkins	Martin	Wood
Horner	McIsaac	Young—103.

NAYS

Messrs.

Alexander	Friesen	McGrath
Alkenbrack	Gilbert	McKenzie
Allard	Halliday	McKinley
Andre	Hargrave	McKinnon
(Calgary Centre)	Hees	Mitges
Baker	Hnatyshyn	Munro
(Grenville-Carleton)	Hogan	(Esquimalt-Saanich)
Bawden	Holmes	Neil
Beatty	Howie	Nielsen
Beaudoin	Huntington	Nowlan
Benjamin	Hurlburt	Oberle
Blackburn	Jarvis	Orlikow
Brisco	Johnston	Paproski
Cadieu	Kempling	Patterson
Caouette	Knowles	Peters
(Villeneuve)	(Winnipeg	Ritchie
Clark	North Centre)	Roche
(Rocky Mountain)	Knowles	Rynard
Clarke	(Norfolk-Haldimand)	Schellenberger
(Vancouver Quadra)	Lambert	Scott
Coates	(Bellechasse)	Smith
Cossitt	Lambert	(Churchill)
Dick	(Edmonton West)	Stevens
Dionne	La Salle	Stewart
(Kamouraska)	Leggatt	(Marquette)
Douglas	MacDonald	Symes
(Nanaimo-Cowichan-	(Egmont)	Towers
The Islands)	MacDonald (Miss)	Wenman
Ellis	(Kingston and the	Wise
Elzinga	Islands)	Woolliams
Epp	Masniuk	Yewchuk—78.
Firth	Mazankowski	
Fraser	McCain	

● (1802)

Mr. Speaker: I therefore declare the motion carried. Bill read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs.

It being after six o'clock this House stands adjourned until 2 p.m. tomorrow.

At 6.10 p.m. the House adjourned, without question put, pursuant to Standing Order.

END OF VOLUME II